
CHAPTER 8 TOWARDS A NATIONAL ECONOMY

The American Nation:
A History of the United States, 13th edition
Carnes/Garraty

GENTILITY AND THE CONSUMER REVOLUTION

- Widespread emulation of aristocratic behavior
- Gentility
 - In Europe was product of ancestry and cultivated style
 - In America defined by possession of material goods
- To meet increasing demand for goods, producers had to locate the requisite capital, find ways to supervise large numbers of workers, and discover how to get raw materials to the factories and products to the consumer
 - Solutions created the “market revolution”

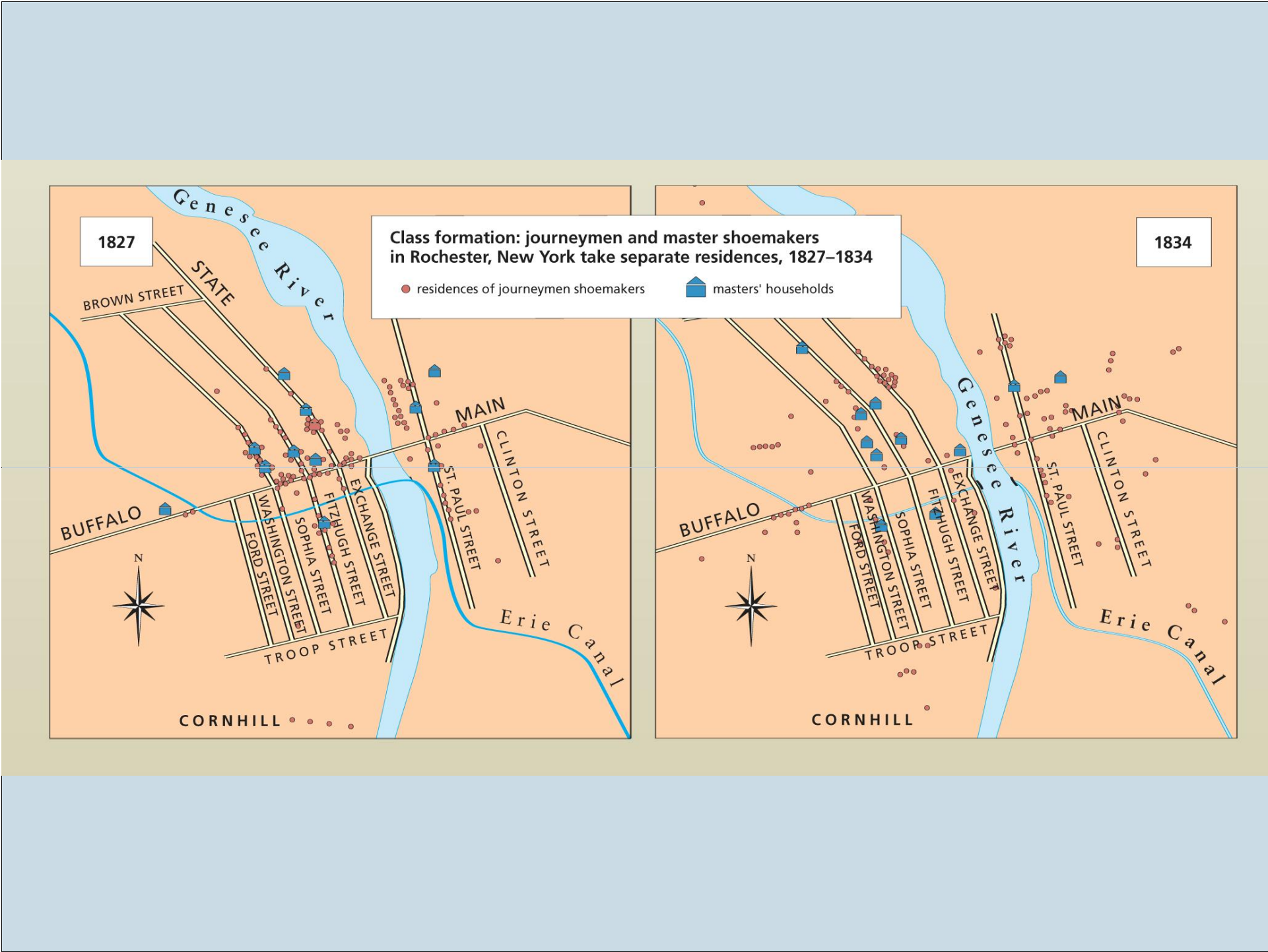
BIRTH OF THE FACTORY

- By 1770s British textiles had factories run by waterpower, and later, steam
- Americans replicated these methods after Samuel Slater slipped out of England in 1789 with plans for machines



BIRTH OF THE FACTORY

- Opened factory in Pawtucket, Rhode Island, in December 1790
 - Made cotton thread
 - Labor force = 9 children
 - Wages = 33 - 67 cents a week
- By 1800, 7 mills with 2,000 spindles operating
- By 1815, 213 factories with 130,000 spindles



BIRTH OF THE FACTORY

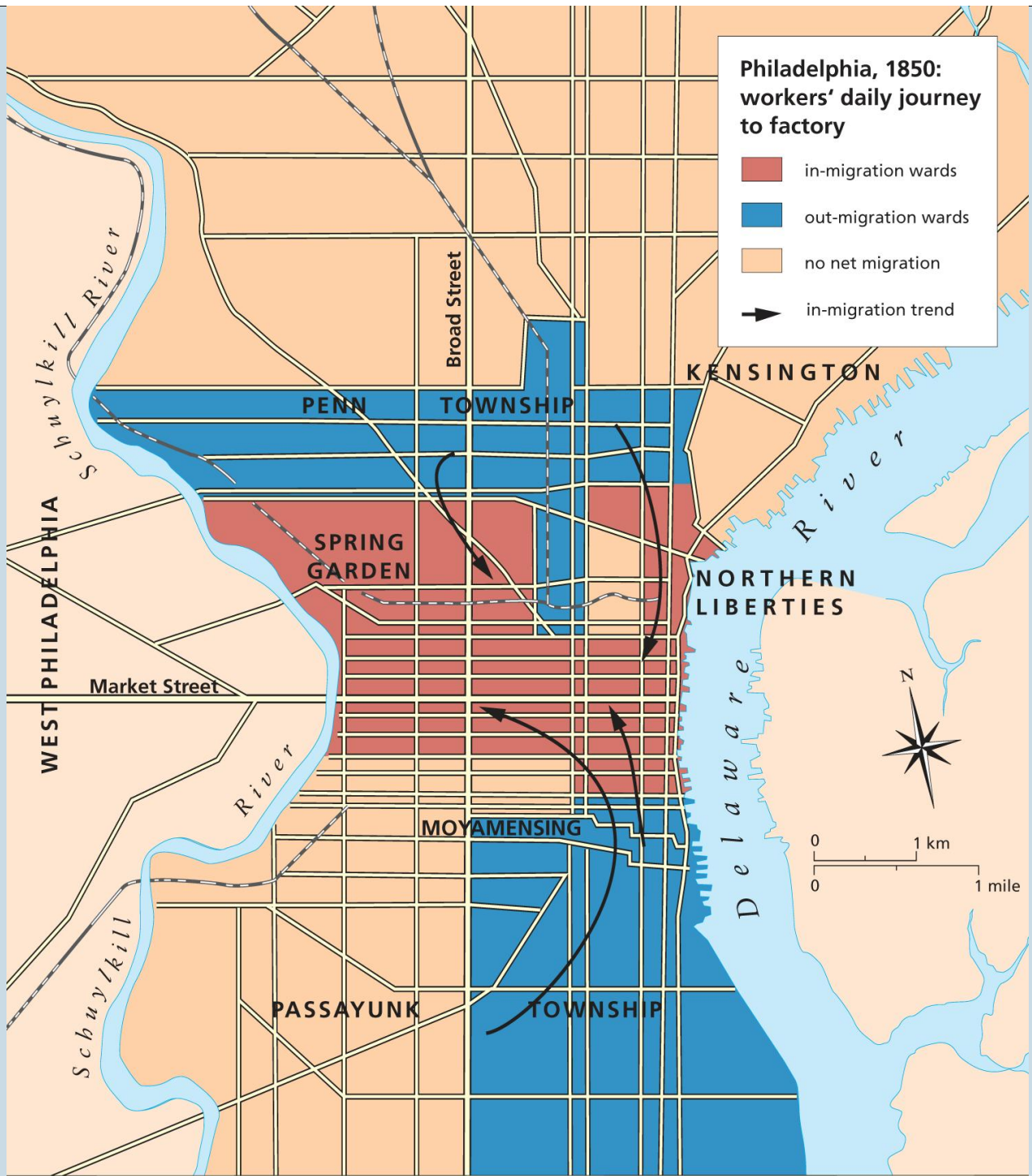
- Boston Associates, headed by Francis Cabot Lowell, smuggled power loom plans from England and established factory at Waltham, Massachusetts
 - Combined machine production, large-scale operation, efficient management, and centralized marketing procedures
 - Concentrated on mass production of standardized product
 - Profits averaged 20% a year
- 1823: Boston Associates harnessed Merrimack River and established \$600,000 corporation in East Chelmsford, Massachusetts (300 inhabitants)
 - Within three years the town, renamed Lowell, had 2,000 residents

AN INDUSTRIAL PROLETARIAT?

- As machines replaced skilled labor, the ability of laborers to influence working conditions declined
 - Skilled workers either moved up to employers or sank down to unskilled workers
 - Gap between owners and workers increased
 - Distinction between skilled and unskilled workers blurred
- Some worker protests but little class solidarity well into 1850s

**Philadelphia, 1850:
workers' daily journey
to factory**

- in-migration wards
- out-migration wards
- no net migration
- in-migration trend



AN INDUSTRIAL PROLETARIAT?

WHY NO SELF-CONSCIOUS WORKING CLASS?

- Existence of frontier siphoned off dissatisfied and displaced workers
- Expanding economy created many opportunities for laborers to rise out of working class
- Ethnic and racial differences kept workers from seeing themselves as distinct class
 - Influx of cheap immigrant labor
 - Growth of free black population between 1800 and 1830
- Early factory conditions actually improvement for most workers
- Workers drawn from outside regular labor market—were mainly women and children

LOWELL'S WALTHAM SYSTEM: Women and Factory Workers

- “Waltham System”— employment of young, unmarried women in textile mills
 - Came from New England farms to work for a year or two
 - Housed in boardinghouses that were strictly supervised
 - Earned between \$2.50 and \$3.25 a week (half went to room and board) for about 70 hours of work
 - Usually not working for support but additional income
 - Not allowed in supervisory positions despite composing 85% of workforce
 - By 1840s, were replaced with Irish immigrants as their protests for changes in conditions increased and as they found alternate employment as schoolteachers and clerks

IRISH AND GERMAN IMMIGRANTS

- 1790-1820: U.S. population more than doubled to 9.6 million
 - Birthrate exceeded 50 per 1,000
 - Fewer than 250,000 immigrants entered U.S.
- Increased immigration
 - 1820s—150,000 immigrants
 - 1830s—600,000 immigrants
 - 1840s—1.7 million immigrants
- 1850 census: U.S. population = 23 million, more than 10 percent foreign born
 - Most from Ireland and Germany, though substantial number from Great Britain and Scandinavian countries

IRISH AND GERMAN IMMIGRANTS

- “Pull” factors
 - Prospect of abundant land
 - Good wages
 - Economic opportunity
 - Promise of political or religious freedom
- “Push” factors
 - Faced starvation if stayed in home country
- Prosperous immigrants went west
- Some found work in factories
- Poorest (usually Irish) had to settle in eastern cities – no money to move west or buy land
 - In the process created first culturally distinctive, property-less, city-bound class who were deeply resented by native workers

THE PERSISTENCE OF THE HOUSEHOLD SYSTEM

Small improvements

- Leather transmission belts and metal gears in waterwheels allowed larger and more efficient machines in mills and factories
- Mechanization of woolen industry
- Iron stamping machines and rolling machines
- Coal instead of charcoal for iron puddling
- Improvements in the manufacture of paper, glass, and pottery
- 1820: commercial canning of sterilized foods
- 1820: invention of machine for cutting ice

RISE OF CORPORATIONS

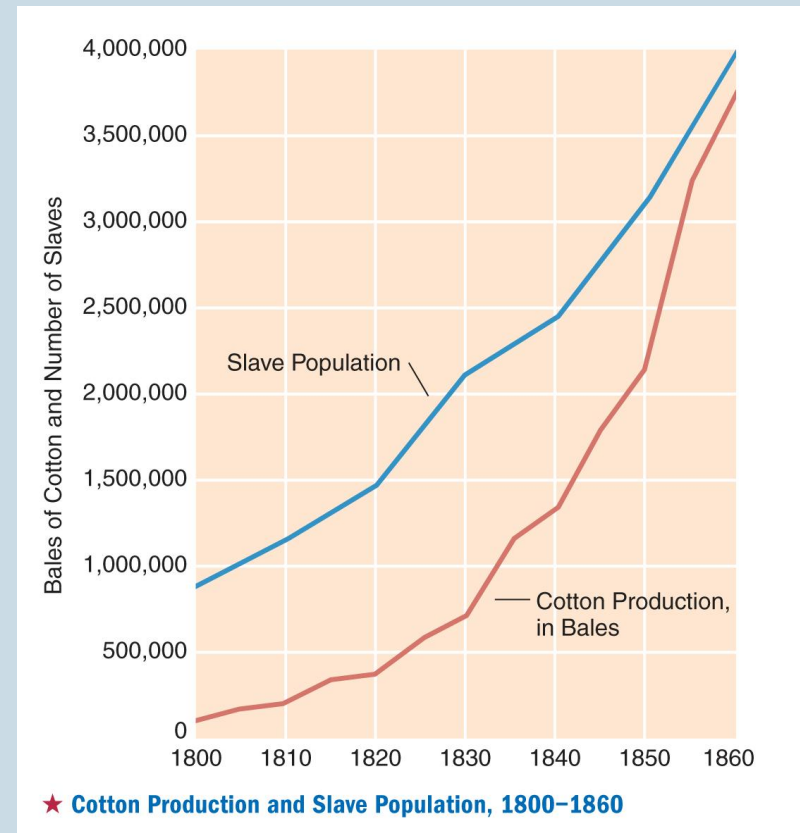
- Mechanization required substantial capital investment
- Corporations slow to develop because people thought only quasi-public projects entitled to privilege of incorporation, obtained through special act of state legislature
 - Associated with monopoly, corruption and undermining of individual enterprise
- Growth of industry
 - Lessened, for a time, the importance of foreign commerce
 - Value of U.S. exports only reached 1807 level in 1850s
 - Nationalistic and isolationist tendency augmented
 - Capital preferred industry to commerce
 - Growth of cities encouraged commercial agriculture

COTTON REVOLUTIONIZES THE SOUTH

- Textile mills caused increased demand for cotton
 - “Sea-island” cotton was high quality but had limited growth area in U.S.
 - “Green-seed” cotton had large growth area but seeds difficult to separate
- South Carolina and Georgia needed new cash crop after Revolution
- 1793 Eli Whitney invented the cotton gin
 - Gin made it possible to clean 50 times as much cotton as by hand

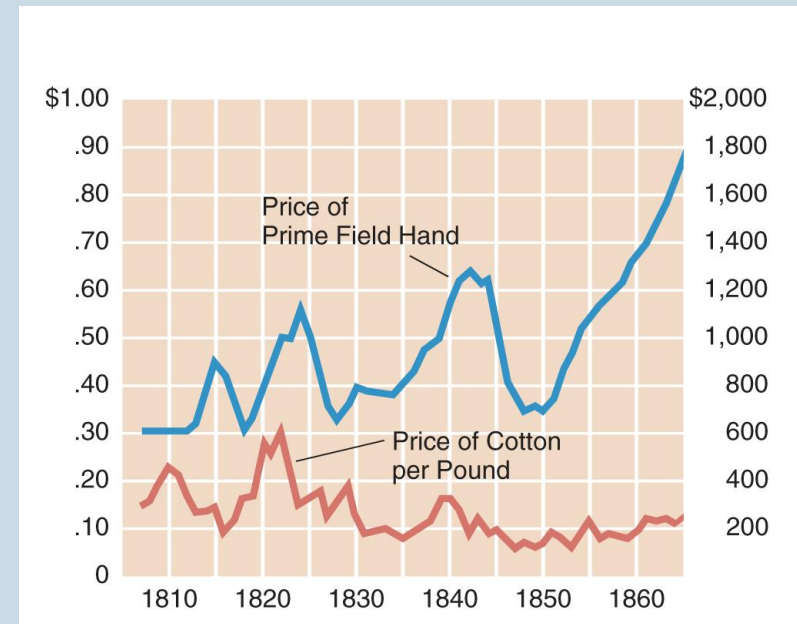
COTTON REVOLUTIONIZES THE SOUTH

- Cotton production increased from 3,000 bales in 1790 to over 400,000 bales a year in early 1820s
- Cotton prices in 1790s ranged from 26 to 44 cents a pound; 1800-1810: 15-19 cents per pound—result was profits of \$50 an acre
- All upland cotton needed was 200 consecutive days without frost and 24" of rain
- Crop spread throughout South and spread west after War of 1812



COTTON REVOLUTIONIZES THE SOUTH

- Cotton stimulated the economy of the rest of the nation
 - Exported and paid for European products
 - Transportation, insurance, and final disposition of crop fell into hands of northern merchants
 - Surplus corn and hogs of western farmers helped feed the slaves of new cotton plantations
- Cotton was major force in economy for a generation after 1815



REVIVAL OF SLAVERY

- Growth of cotton revitalized slavery
- Property rights placed ahead of personal liberties of black Americans
- Increasing signs of rebelliousness appeared among blacks, especially after uprising in Haiti in 1804
- Southern whites had increased fear which led to increased repression such as mass executions in wake of 1801 discovery of slave revolt plot of Gabriel

REVIVAL OF SLAVERY

- Revolutionary mood had led many to free slaves, which simply convinced others that such a move was a bad idea
- 1780s opponents of slavery proposed colonizing blacks far away
- Colonization movement had two aspects
 - One was a manifestation of embryonic black nationalism and reflected in disgust of black Americans with local racial attitudes and interest in African civilization
 - Other aspect was a paternalistic white movement

REVIVAL OF SLAVERY

- American Colonization Society founded 1817
 - Purchased African land and established Republic of Liberia
 - Despite support from many influential whites, colonization did not work since most blacks had no interest in it
 - About 12,000 went, but by 1850 only 6,000 were alive
- Cotton boom acted as brake on colonization movement

REVIVAL OF SLAVERY

- Price of slaves doubled between 1795 and 1804
- Slave importation
 - Some 25,000 slaves were smuggled into the country in 1790s
 - South Carolina reopened trade in 1804 and between then and 1808 imported 40,000
- Trade in slaves encouraged movement from upper South to lower South
 - Organized business by 1820s

REVIVAL OF SLAVERY

NORTHERN BLACKS

- Denied the vote, except in New England
- Could not testify in court
- Could not intermarry with whites
- Could not obtain decent jobs or housing
- Could not get even rudimentary education
- Most states segregated blacks in theaters, hospitals, and churches and on public transportation facilities
- Were barred from hotels and restaurants patronized by whites
- Northern blacks could at least protest

ROADS TO MARKET

- Inventions and technological improvements vital to settlement of West
- Efficient transportation network would increase land values, stimulate domestic and foreign trade, and strengthen the entire economy
- Mississippi River provided one way commerce

ROADS TO MARKET

- Efforts made to build roads to connect the West with eastern markets
 - 1794 Philadelphia to Lancaster road opened
- In heavily populated sections, good roads, which cost as much as \$13,000 a mile in rough terrain, were worth their cost
 - Road ran from Albany to Lake Erie by the War of 1812
 - By 1821 New York had 4,000 miles of good roads

TRANSPORTATION AND THE GOVERNMENT

- Most highways and many bridges were built as private business ventures
 - Tolls collected at gates
- Profits of early roads caused boom in private road building but most made little money and were supported by state subsidies
- Federal government also erratically involved
 - Built Old National Road from Cumberland, Maryland, to Wheeling, Virginia, from 1811-1818
 - Later extended to Vandalia, Illinois
 - Further road building was hampered by political squabbles in Congress

TRANSPORTATION AND THE GOVERNMENT

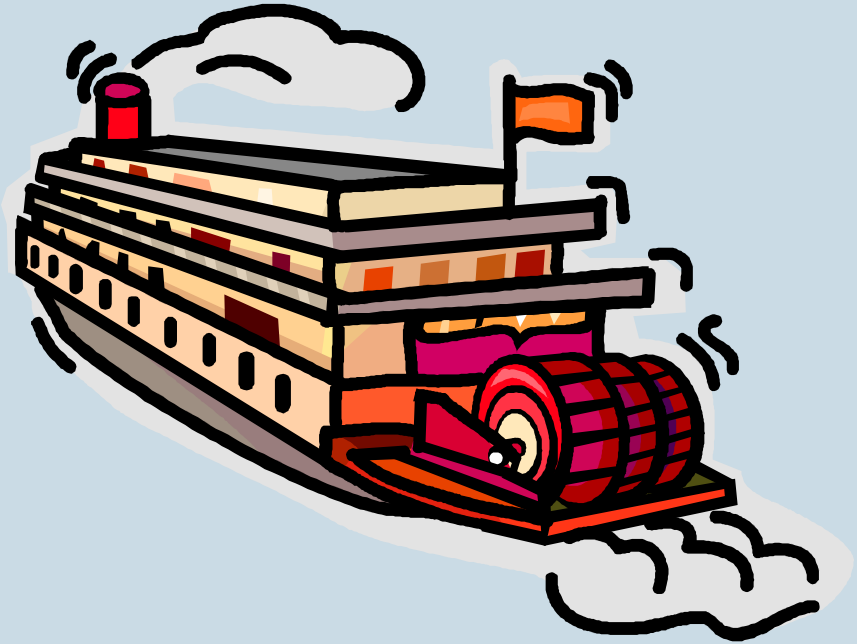
- Wagon freight rates averaged 30 cents a ton per mile around 1815
 - transporting a ton of oats from Buffalo to NYC would cost 12 times the value of the oats
- Turnpikes enabled transportation of coffee, books, clothing, and hardware across Appalachians but at considerable cost
 - Cost more to ship a ton of freight 300 miles from Philadelphia to Pittsburgh over land than it cost to ship it almost 3,000 miles over water via New Orleans

DEVELOPMENT OF STEAMBOATS

- Rafts and flatboats carried downstream traffic
- Upstream transportation made possible by steamboat (which was essentially invented in 1807 by Robert Fulton)
 - *Clermont* was 142 feet long, 18 feet wide and drew 7 feet of water; could travel 5 miles an hour
- Growth of steamboat traffic
 - After 1815 steamers were going from New Orleans to Ohio
 - By 1820: 60 vessels were operating between New Orleans and Louisville
 - By 1830: more than 200 steamboats on Mississippi

DEVELOPMENT OF STEAMBOATS

- New Orleans
 - 1816-1817: 80,000 tons of freight reached city from interior
 - 1840-1841: 542,000 tons
- Freight charges plummeted to as little as a tenth of previous cost
 - 1818 coffee cost 16 cents a pound more in Cincinnati than in New Orleans
 - By 1828 cost less than 3 cents more
- Competition increased luxury of steamboats



THE CANAL BOOM

- Canals were more expensive to build than roads but made more efficient use of horse power
- New York Governor DeWitt Clinton convinced legislature to fund building of canal from Lake Erie to the Hudson River
 - Began 1817
 - 363 miles long at a time when longest canal in U.S. was 28 miles
 - Completed in 1825, the canal was a huge financial success, making back its cost quickly and soon bringing in \$3 million a year in profits



Canals and Roads, 1820-1850

NEW YORK CITY: Emporium of the Western World

- New York was largest city in country
 - 1818: Black Ball Line ran regularly scheduled freight and passenger service to Liverpool
 - Auction law stated that auctioned item could not be withdrawn if bid satisfactory to seller was not received
 - Canal cemented New York's leading position and sparked canal building boom throughout the country, though few as successful as the Erie Canal
- Boom in western canal building led to overextension and financial disaster
 - Canals did benefit western farmers and national economy

THE MARSHALL COURT

- Chief Justice John Marshall's belief in a powerful central government often resulted in decisions favorable to manufacturing and business interests
- Series of important cases 1819-1824 shared two major principles:
 - "Sanctity" of contracts
 - Supremacy of federal legislation over the laws of the states

THE MARSHALL COURT

- *Dartmouth College v. Woodward* (1819)
 - New Hampshire tried to alter college's charter received from King George III in 1769
 - Marshall ruled a charter was a contract and both parties had to consent to change
- *McCulloch v. Maryland*
 - Maryland tried to tax the Bank of the U.S. as a "foreign" bank
 - Marshall declared the bank constitutional, which made Maryland's tax unconstitutional
 - Strengthened implied powers of Congress, confirmed "loose" interpretation of Constitution, aided economic growth

THE MARSHALL COURT

- *Gibbons v. Ogden* (1824) “steamboat case”
 - 1815 Aaron Ogden had purchased from Robert Livingston the right to operate ferry between Elizabeth Point, New Jersey, and New York City
 - Thomas Gibbons, who had federal coasting license, set up a competing line and Ogden sued
 - Ogden claimed Gibbons had no right to cross into New York waters
 - Marshall ruled in favor of Gibbons, destroying Livingston’s New York monopoly
 - National authority takes precedence in regulating commerce when it crosses a state border

THE MARSHALL COURT

- Ruling opened interstate steamboat business to all
 - Competition kept rates low and service efficient
- Marshall had broadly interpreted the word “commerce”
- Marshall and colleagues firmly established principle of judicial limitation on the power of the Legislatures and made Supreme Court part of American system of government

THE MARSHALL COURT

- *Charles River Bridge Case* (1837—two years after Marshall's death)
 - State of Massachusetts had built a bridge across Charles River that drew traffic from older toll bridge
 - Sued by owners of toll bridge who said free state bridge ruined their company stock and therefore bridge violated contract clause of Constitution
 - Chief Justice Roger B. Taney ruled that state had the right to place the benefit of all above the benefit of a few and that improvements that add to public “wealth and property” take precedence

MILESTONES

- 1790 Samuel Slater sets up first American factory
- 1793 Eli Whitney invents cotton gin
- 1794 Philadelphia–Lancaster turnpike is built
- 1807 Robert Fulton constructs *North River Steam Boat (Clermont)*
- 1808 Constitutional prohibition of importation of slaves goes into effect
- 1813 Boston Manufacturing Company opens in Waltham, Massachusetts
- 1816 Second Bank of the United States is created
- 1817 American Colonization Society is founded in order to establish republic of Liberia for freed slaves
- 1819 Chief Justice John Marshall asserts “sanctity” of contracts in *Dartmouth College v. Woodward*
Chief Justice Marshall strengthens implied powers of Congress in *McCulloch v. Maryland* (Bank of United States)
- 1824 Chief Justice Marshall defends supremacy of federal government over states in *Gibbons v. Ogden* (steamboat case)
- 1825 Erie Canal is completed
- 1837 Chief Justice Roger B. Taney rules in favor of the whole community over a particular company in *Charles River Bridge v. Warren Bridge*

WEBSITES

- The Marshall Cases

<http://odur.let.rug.nl/~usa/D/1801-1825>

- Whole Cloth: Discovering Science and Technology Through American Textile History

http://invention.smithsonian.org/centerpieces/whole_cloth/index.html

- Erie Canal

<http://www.eriecanal.org/>

- The Era of the Mountain Men

<http://www.xmission.com/~drudy/amm.html>