

# The south in the national economy

Business



After the civil war era, the Reconstruction era had begun.

One of the main sectors of the economy that needed to be restructured was agriculture, which was the mainstay of the Southern economy. After the civil, about four million Negroes were emancipated. This was a revolution that seldom happens in any part of the world. The main reason why this revolution was unique was not only because of its magnitude, but also the suddenness with which it happened. It took almost a decade after the end of the civil war before the southern states started to record a gradual growth in the amount of cotton produced. However, new issues started emerging, relating to which one was more efficient, between slave labor and free labor.

Other issues that cropped up include taxation, hostile relations between the south and north states, and the eventual cessation of southern states.

According to Thornton & Ekelund (2004) the tariffs that were imposed after the civil war, it was believed, were going to bring about a fair play between southern states and the northern ones, in terms of the manner in which they conducted their economic activities. However, scholars make a mistake of resting on cotton as the main sole yardstick of testing the prosperity of Southern states. Cotton was a chief product that people in the south cultivated for export as well as for local use, in the industries that were in the northern states. Proponents of free labor hoped that cotton production was going to improve after the end of slavery. It was argued that free men were more productive than slaves.

Nevertheless, cotton was a good index of assessing the level of productivity both before and after the civil war. In 1869, a significant increase in cotton

production was recorded. Unofficial estimates indicate that 3 million bales were produced. Additionally, the crop of the 1869 promised to be better than at any other time since the end of the war. However, there were many unfavorable symptoms in many Southern States. The level of political agitation was high.

This level of agitation not only seemed sound, it was completely unavoidable. The level of disaffection with federal rulers was very high; there were occasional outbreaks of violence. This violence was partly engendered by very fierce hatred among parties. Optimists believed that this was a small moment in the presence of the promise of prosperity. If political uncertainty continued to prevail in the Southern States, the pace of recovery in the cotton-based economies was going to be hampered. In this case, the material interests of all Southern States would be greatly hampered, owing to the massive level of disruption that already been caused by the civil war.

After the civil war, the Southern economy started on the path of diversification and commercialization. In terms of agriculture, patterns of land use became more and more cotton-intensive because more and more stretches of upcountry land were committed to cotton, meaning that production of pork and corn was decreased. Meanwhile, the region, just like many other parts of the nation, was also undergoing an unprecedented boom in construction of railroad. Manufacturing enterprises were also started by enthusiastic carpet baggers and boosters. Generally, the manufacturing level in the southern states leveled out in the decade following the civil war but it redoubled throughout the 1880s.

The main enterprises that were set up included cotton mills, phosphate mines, and commercial fertilizer manufacturing factories. In South Carolina, phosphate mines started shipping about 100, 000 tones of fertilizer to many foreign countries, including Great Britain. New Economic Policies Southerners started to embrace free labor after the civil war. New systems of labor were introduced. This meant that new commercial infrastructures and structures were needed, and therefore, an overhaul of the cotton industry was unavoidable.

It was uncertain whether the transition from slave labor to free labor would lead to improvement in levels of cotton production. Meanwhile, the transition was a smooth one. Former slave owners got to retain their land and whenever possible, they tried to impose as much control as they could on the people who worked on the land. On their part, the freed men started complaining for an increase in the minimum wage (Wright, 1974). They also insisted on being given the freedom to shop for the labor that they were giving out. This means that they were opposed to working in gangs on the cotton plantations, as it had been the case before the civil war.

Plantation owners could either pay the high wages or to increasingly break down their holdings into plots that were family-sized and to let African Americans undertake farming activities on a share basis. Sharecropping practices had a profound influence on cotton production. By early 1870s, the system of sharecropping was beginning to solidify (Woodman, 1979). For the freedmen, this system allowed them to operate in economic units that were family-sized. These pieces of land allowed them to have a certain measure of economic autonomy, something that was unimaginable before the civil war.

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However, their level of economic autonomy soon started shrinking (Cobb & Stueck, 2005).

In the new marketplace where farming supplies, store goods and clothing were being purchased, black found themselves bowing under the direct control of former planters and storekeepers. These storekeepers and former planters used to take out liens on the blacks' future crops, meaning that the freedmen were tightly bound into cotton farming. Ultimately, the gains of the freedom were undone by the free market that had been entrenched in a society where economic inequalities had already taken root. According to Franklin (1994) tenancy was a central element of the agricultural reforms that took place in the Southern States after the Civil War. There were three main types of tenants in the Southern States' plantation regions in the century that followed the Civil War: Share, cropper and cash.

The cropper was also known as the sharecropper and did not own any work stock or farm implements. A sharecropper only provided labor in the production of cotton. The most preferred tenant farmers were sharecroppers since they were working under the direct supervision of a manager or planter. Strictly speaking, sharecroppers were not tenants but were laborers who were paid through a share of the crop that was yielded. In the setting of customary rental agreements, the sharecropper and the landlord shared the yield on a fifty-fifty basis. They also shared equally, the cost of insecticide, ginning, fertilizer and all other costs of production.

A share tenant was simply a farmer who was in possession of work stock and farm implements. The share tenant was allowed to pay less in the form of

rent, usually between one third and one fourth of the total yield. This is because he contributed a greater deal into the production of cotton. The share tenant had more freedom and flexibility by virtue of owning some work stock and farm implements. A cash tenant was a person who had to pay a certain pre-agreed amount of money either in the form of cash or various agricultural commodities in order to be allowed to use land for agriculture.

Just like the share tenants, cash tenants possessed work stock and farm implements, but since he had paid a certain agreed-upon sum of money, at the beginning of every crop year, he was not charged according to his success as a farmer, making this arrangement the most attractive one of all three (Surdam, 1999). Transformation in cotton plantation farming after the Civil War Some scholars have dismissed the claim that agricultural infrastructure and technology remained static between the American Civil War and the Great Depression of the 1930s (Somers, 1973). Many significant changes took place in the form of both spatial organization of plantations and the manner in which cotton was processed and marketed. These modifications were very significant in the way in which they altered the cotton plantation landscape in the Southern States. The landscape had been reordered, the slave labor force had been replaced by one that was based on tenancy, the railroad had been introduced, there was a central place hierarchy and most importantly, the agricultural infrastructure had become more complex (Jones, 2006).

Many historians have overlooked the spatial reorganization took the form of changes in approaches to ginning and responsiveness to the railroad.

Fundamentally, cotton gins become more important than stores since the <https://assignbuster.com/the-south-in-the-national-economy/>

problems associated with time and place utility had been solved through construction of the railroad. The small plantation gin houses of the Old South era were replaced by new centrally-located cotton gins, which at the time were known as community ginneries. Changing trends in international competition for cotton after the Civil War Soon before the Civil War broke out, the U. S was the leading exporter of cotton in the world. When the war ended, the future of cotton plantations was in the hands of white people in the South.

Northern republican businessmen remained opposed to the idea of confiscating large tracts of land from owner of plantations in the South. Instead, they supported the idea of plantation management by landowners, a situation that would ensure fast resumption of large-scale production of cotton. During the reconstruction period, it became evident that important position of cotton as a key export commodity had not diminished even after the war had caused immense destruction of the agricultural infrastructure. In fact, northern capitalists and the federal government expressed the awareness that the financial recovery of the U. S depended largely on the restoration of the cotton sector.

By 1870, this restoration had taken place and once again, the U. S regained her position as the world's number one cotton exporter. Cotton exports were badly needed in order to help in the task of reducing the federal debt as well as to stabilize the nation's monetary affairs. The structure of the Southern States' economic opportunity increased significantly after the Civil War.

While destruction of property and infrastructure was taking place in the mid 1860s, other exogenous forces were also working by reshaping the prospect

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of the South. The national economy was going through a process of integration, whereby centralization was being focused on the Industrial Belt of the Midwest and Northeast.

This development had a negative influence on states that were adjacent to these regions but on the whole picture, Southern State farmers benefited from booming export market for their cotton. Between 1850 and 1914, a truly global market emerged, leading to competition among farmers from different parts of the world. U. S cotton producers were competing with their counterparts in India and Egypt. Cotton the period the civil war and the World War II, cotton and tobacco exports were very impressive.

During this time, these two commodities together comprised a very large share of the total value of the country's merchandize exports. Between 1861 and 1910 the share stood at 30% while between 1861 and 1940, it amounted to 21. 5%. Although production and exportation of cotton in some parts of the West, particularly California emerged only during the late 1920s, the South dominated cotton export business between 1850s and 1950s. For much of this period, the South had to contend with many problem, of which the Civil War and international competition was only part. It is difficult to imagine that in the 19th century, the events that were taking place in the Alabama cotton fields could have an influence on the agricultural activities being undertaken along the valley of River Nile, in Egypt.

For instance, when the Southern ports were blockaded, Egypt's cotton production increased, as there was minimum competition from the U. S market. Lincoln Administration's policies In the course of the American Civil



War, the American Lincoln administration sought to promote trade with the Confederating states for many reasons. However, the trade was controversial, mainly because the Confederate government was opposed to the contempt with which Lincoln's contemporaries treated the new trading policies. The northerners traded with southerners for various reasons.

However, it remained unclear whether the traders were experienced cotton dealers or the war had created new participants. It was also unclear whether some Treasury agents dealt in Cotton trade through corrupt dealings. The issue of the role that President Lincoln played in this trade was also frequently discussed whenever cotton trade policies between the northern and southern states were being discussed (McPherson, 2000). It was clear that any merchant who could manage to get the cheap southern cotton into New York was going to make a very handsome profit. Most of the restrictions that prevented trading between the North and South to take place were in the form of non-intercourse edicts and blockades. However, any trader who was able to cross his goods beyond the military frontier would be able to transport his merchandize at a very low transport cost.

Such a trader stood to make very huge profits, especially in situations where trade was restricted towards maintenance of very high prices. For this reason, the scarce trade permits were transformed into very valuable property rights and the mechanism of allocating them was very important, especially the issue of selection, if vices such as bribery and cronyism were to be avoided. There were many reasons why the Lincoln's administration allowed the North-South trade to take place. First, the federal government sought to implement its naval blockade in order to prevent all owners of <https://assignbuster.com/the-south-in-the-national-economy/>

southern cotton plantations from generating any revenue through cotton exports. They also intended to prevent them from importing the manufactured provisions that were necessary for cotton production.

On the other hand, northerners and southerners alike were afraid that Europeans may intervene in case their cotton textile manufacturers were denied access to raw cotton. Indeed, these fears are the ones that had inspired the South's cotton trade embargo of 1861. For Lincoln, there was a more pressing agenda, that of fostering the spirit of Unionism. Towards this end, he countenanced very small levels of trade to loyalists in various occupied areas such as Memphis, Norfolk and New Orleans. Furthermore, textile manufacturers in the North needed raw materials or else, they were going to be pushed out of business.

Lincoln advanced specious arguments. First, he believed that the increase in transportation costs that had been induced by the blockade would increase cotton costs three-fold in both Great Britain and New York, but such an increase was not going to help cotton growers a great deal. The farmers who were offered permits between 1864 and 1865 faced new challenges; when it became clear that the northerners were going to win, cotton prices began falling, a situation that made the permits lose their property-right value considerably. The one-sided policies of the Lincoln administration led to distortion of prices, a good example of which was the Purchasing Act (1864). The Federal naval blockade and the cotton trading permits played a very significant role in furthering the national interests that Lincoln was pursuing.

These interests were safeguarded mainly through the tactic that President Lincoln used, of exploiting the greed among Southern plantation owners. The Lincoln's administration, for domestic reasons, sought to emphasize to Europe that the Civil War conflict in America was not as a result of slavery. The president also had the task of considering the question of slavery. As a result of President Lincoln's insistence that the problem between North and South did not have anything to do with slavery, the French and British press stopped being empathetic to the course that the Southerners were pursuing. This had a negative effect on cotton exports to these two countries, both during the war and afterwards. The affairs of the south cotton economy were deteriorated by through the creation of a vast credit system that was characterized by exorbitant exactions and tremendous evils that brought tremendous bankruptcy and poverty to thousands of families (Hunter, 2001).

Scholars have commented about the credit system, saying that it did not benefit cotton farmers at all; that rather, it crushed all independence the hard-earned independence of the Southerners. When the plantation aristocracy was displaced soon after the abolition of slavery, many southern blacks had hoped that the economy would be diversified and that more and more sections of the population would have a fairer share of the national cake. Two decades after the abolition of slavery, this did not seem to be the case. Analysts heap the greatest blame for the failure of the cotton economy on a rural merchandizing and credit system that forced all small farmers to fall into a "debt peonage" of one type or the other. Modern historians have also accepted such a view, insisting that there is enough proof to show that such policies were not workable considering the problems that the American

small farmers were already facing in the new tenure land system, which they were not used to.

**Conclusion** The problems that emerged when the issue of the cotton economy became very explosive after the Civil War were all caused by slavery. Slavery was a deeply rooted institution that could not be demolished without war and disruption of the economy. In other words, it took a revolution in order to bring slavery to an end. Historians argue that the economic success of the United States between 1790 and 1860 is attributable to slavery that was being practiced in the Southern states. No wonder the U. S remained the Cotton King for almost throughout the 19th century and early 20th century.

Immediately after the Civil War, the cotton-based economy suffered from many problems in its attempt to regain its position of dominance on the international markets. These problems included competition from other parts of the world such as Egypt, new, one-sided policies of the Lincoln administration, and the instabilities of transition from a free slave labor system to a tenure system of managing cotton plantations. With time, the country overcame these problems and the U. S continued to dominate the international cotton markets until the time of the Great Depression.