

Nations of nations essay

[Economics](#)



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Between the mid 1840's and the mid 1850's the United States experienced one of the most remarkable periods of growth in the history of the world. Every economic indicator surged forward, manufacturing, grain and cotton production, population, railroad mileage, gold production and sales of public land. The building of the railroads stimulated business, and making transportation cheaper energized the nation's economy. The American dream that Henry Clay had dreamed of arrived with a rush just as Clay was passing from the scene. Inevitably, this growth caused dislocation that was aggravated by the boom psychology that once again infected the popular mind. In 1857 there was a serious collapse.

The return of Russian wheat to the world market after the Crimean War caused grain prices to fall. This checked agricultural expansion, which hurt the railroads and cut down on the demand for manufactures.

Unemployment increased. Frightened depositors started runs on banks; most of which had to suspend specie payments. People called this abrupt downturn the Panic of 1857. Yet the vigor of the economy was such that bad times did not last long. The upper Mississippi Valley suffered most, for so much new land had been opened up that supplies of farm produce greatly exceeded demand. Elsewhere conditions improved rapidly.

The South, somewhat out of the hectic rush to begin with, was affected very little by the collapse of 1857, for cotton prices continued high. This gave planters the false impression that their economy was immune to such violent downturns. Some began to argue that the South would be better off out of the Union.

Before a new national upward swing could become well established the sectional crisis between North and South shook people's confidence in the future. Then the war came and a new set of forces shaped economic development. References: Fishlow, A. (1966). *American Railroads and the Transformation of the Ante-Bellum Economy*. Cambridge: Harvard University Press. Rosenberg, N.

(1972). *Technology and American Economic Growth*. New York: Harper& Row.