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Exchange on Marc Egnal, *Clash of Extremes: The Economic Origins of the Civil War*

DID ECONOMIC CLASHES REALLY IGNITE THE CIVIL WAR?

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Marc Egnal. *Clash of Extremes: The Economic Origins of the Civil War*. New York: Hill and Wang, 2009. xiv + 416 pp. Maps, tables, notes, bibliography, and index. \$30.00.

I suspect mainstream academicians tend to believe that most scholars with training in the fields of economic and business history have a strong tendency to explain past events from a materialistic viewpoint. Well, it ain't necessarily so! At least it is not true with respect to my outlook on historical events. More often than not, my tendency has been to approach skeptically all sweeping economic interpretations. Although I have written about the colonial economy and its multiple financial sectors in a fair amount of detail, I have never been convinced that economic forces played a major role in explaining the underlying motivations for the independence movement. Thus I began this review assignment with a doubtful eye. And at the end, I remained doubtful about the power of the author's thesis, although it can be stated that Marc Egnal has presented perhaps the most comprehensive argument to date for the role of economic forces in creating an increasing hostile and explosive political atmosphere between and among the citizens of the Northern and Southern states.

In his concluding paragraphs, Egnal states forthrightly the main thrust of his interpretive approach. "This work argues that more than any other concern, the evolution of the Northern and Southern economies explains the Civil War" (p. 347). To support this argument, he asserts that the dramatic rise of the economy surrounding the Great Lakes states in the 1840s and 1850s was a major factor that previous historians have failed to fully appreciate in their analyses of the causes of the political confrontation and the subsequent military conflict. When augmented by the appeal of antislavery, the revived Northern interest in the advantages of a more activist federal government in the promotion of nationalistic economic goals largely explains the electoral success of the fledgling Republican Party after 1855. In short, antislavery was an important element, but the enhanced prospect of the seemingly unlimited

benefits of economic expansion was even more critical in explaining Northern actions—and reactions—during the war years and in the postwar era as well. Meanwhile, in the Southern states, the political gains of the Republican Party—not only in the White House, but also in numerous congressional races—acted to “heighten concerns of the cotton planters that their way of life was doomed” (pp. 347–48).

According to Egnal, the key evidence that the core of the Republican Party was insincere about human rights issues was revealed by its actions in the late 1860s and 1870s. The Republican platform of high tariffs, a generous homestead program, the return of commercial banks with national charters, and federal aid for building an intercontinental railroad were all enacted and sustained. However, the party’s commitment to the recently freed slaves soon wavered. “Republicans strongly supported the industrial state,” the author explains, “but were willing to abandon African-Americans in the 1870s” (p. 348).

I believe the title choice for this book was unfortunate. The implication, if not the intent of the author, was to portray from the outset the Northern and Southern economies as two systems in diametric opposition. In nearly four decades as a practicing economic and business historian, I have rarely, if ever, heard any of my peers describe the two economies in such stark terms. On the contrary, the general consensus has been that the two economies were complementary and, indeed, becoming increasingly complementary as time passed. As Adam Smith had predicted seventy-five years previously, specialization had produced positive gains for all concerned. In the 1850s, incomes per capita for the white population in all sections of the nation rose at the highest rates ever previously recorded. The guesstimates are in the range of one to two percent of growth per annum. These rates probably rank among the highest ever recorded for a population of similar size and geographic dispersion in the whole history of the human race prior to 1860. Was the author unaware of the scholarship on income growth on this time period, or did he willfully ignore its implications?

Rather than worrying about economic prospects, most Southerners were optimistic about the future of their businesses—whether plantations or mercantile firms. Cotton prices were high. Slave prices were advancing. The Panic of 1857 had little effect on the South, which proved the viability and sustainability of the slave economy. Certainly, Southern planters believed that the westward expansion of slavery might be advantageous to their welfare, but in no sense were they likely to be seriously damaged by anything that happened west of the Texas border.

In an article published long ago in 1966 on the net impact of the civil strife, Stan Engerman concluded that the war had not contributed to an economic acceleration in the Northern states. Instead, it had interrupted an ongoing upswing in business activity and personal-income growth throughout the

nation for the white population. The logic of that analysis suggests that, if the Republicans were primarily interested in advancing the Northern and Midwestern economies, then squandering millions of dollars in an effort to suppress a large-scale Southern rebellion was not a rational use of financial resources. The money spent on the military could have been used to finance a whole series of internal improvements. If the issue of economic advancement was paramount, why not just let the Southern states go their own separatist ways?

In an article published in the *Journal of Economic History* in 1975, Claudia Goldin and Frank Lewis concluded that the cost to the Union in waging the war was sufficiently high to have compensated slaveholders at near market prices for the loss of all their human assets. While compensation to the masters of slaves and serfs was common for emancipation programs in other countries, compensation was never seriously considered by either side in the decades leading up to the U.S. Civil War.

What I found particularly disturbing about the organization of the book was how the author spent so little time describing the development of the so-called Lake economy in the late 1840s and 1850s. For background purposes, he might have pointed out more explicitly that, during the late 1830s and early 1840s, many of the canal and railway transportation projects financed by the Midwestern states had failed miserably and gone into bankruptcy. State bonds went into default. In the aftermath, some states altered their constitutions to disallow the expenditure of any public monies on future development projects. In other words, state funding, which had served many localities in prior decades, had dried up. The only remaining alternative for future funding was the federal government. Democrats who had previously championed local funding were now forced to align themselves with Whig platforms if they wanted renewed financial assistance.

As it happened, the fresh funding came from an unanticipated source. Private funding of the railroads from the mid-1840s through the 1850s rose to astronomical levels. Millions of dollars were spent in laying track from the East to the Mississippi River and northward to the Great Lakes. Bostonian and Wall Street investment bankers, essentially a new breed for this nation, gathered enormous amounts of capital from sources at home and abroad. Much of the railway network that is operational today in the Midwestern states was built in the 1850s. The cost to taxpayers was zero. Egnal could have drawn on numerous scholarly sources to explain in detail the broad extent of the internal infrastructure that was already in place on the eve of the war. Why so slight the coverage of private investment? Was it because the amounts requested for harbor and river improvements would have looked piddling in comparison? In truth, the citizens of the Midwestern states did not require government monies for economic advancement in their own backyard. The private sector had emerged to fill the gap.

The political campaign to raise public funds for a railroad connection to the Pacific was not to finance a project critical to the welfare of the Midwestern economy. Private funds were not available because investors calculated that, because of inadequacies on the demand side of the equation, building the proposed railroad was premature. The main stimulus for this grand project was its benefit as a visible expression of the nation's destiny, to put it politely—or, less politely, the arrogance of empire building.

In fairness to the author, Egnal does cite prominently the egotistic, nationalistic attitude of the leadership of the Republican Party with respect to the completion of the transcontinental railroad network. Even if the rewards seemed tenuous and would likely accrue sometime in the indefinite future, the voting public was increasingly attracted by this vision of a strong and united continental economy. What had already occurred in the Great Lakes region could be extended westward to everyone's benefit. Moreover, these lands had the prospect of becoming free-soil areas, without the stain of legalized slavery. Egnal is persuasive in following this line of argument about the lure of infrastructure improvements. It was a key element in the evolving Republican platform, and it helped to attract new voters from competitive political parties.

With regard to the assertion that economic forces were critical in shaping the reaction of the Southern states to Lincoln's election, I must confess that, in my way of thinking, we are essentially dealing with an undeniable truism. Economics is simply a critical subset of the slavery issue. Slavery as a social system and the economics of slavery are indivisible entities. Southern extremists who were politically active and irrepensible in their demands were determined to preserve the existing social and economic order at all costs. Any outside threat was magnified a thousand-fold. Meanwhile, as stated earlier, the Southern slave economy in the 1850s was thriving, and the outlook was highly favorable whether their Southern locality was connected politically with the Northern states or functioning independently. Great Britain was still the best customer for Southern cotton produced by slave labor. What more did you need to know? The advocates of secession believed the Confederacy could survive economically as an independent nation and rise to greater heights in the decades ahead.

So, yes, economics was very near the heart of Southern actions and reactions in 1860 and 1861. The goal was the preservation of the slave system and the existing slave society for the foreseeable future; and separation from a government under the control of a strictly regional, antislavery political party seemed a viable strategy for resisting any potential negative consequences.

How about Egnal's argument that the majority of Republicans deserted their commitment to the welfare of freed slaves in the 1870s, but simultaneously remained faithful to the avowed program of continued assistance to the busi-

ness community? It is important, I believe, to remember that most Republican voters were focused narrowly on preventing the expansion of slavery in 1860. By the end of the war, probably a majority willingly endorsed the sudden and unexpected emancipation of African American slaves throughout the nation. But only a minority—only an extremist faction—was truly committed to undermining and reversing the basic foundations of racism. That goal was never a part of the political bargain for either the Northern or Southern states.

Antislavery was a commitment with strict limits, and that mission was largely accomplished in 1865. Indeed, Republicans actually delivered more than originally promised, since slavery was not only banished from the territories but also from all the Southern states as well. Meanwhile, the goal of using government in developing the national economy was an open-ended policy proclamation and could be pursued perpetually. In short, the fact that economic advancement was a more enduring objective does not prove in any meaningful way that opposition to slavery in the Western territories was a less important issue in the minds of Northern voters from 1858 to 1864.

Regretfully, I must complain about the author's research design for this project. Once he had decided to put the word "economic" in the title, he should have felt obligated to seek out every pertinent article published over the last half century in the following journals: *Journal of Economic History*, *Explorations in Economic History*, *Economic History Review* (British), and *Business History Review*. Other journals that focus on related disciplines or on geographical regions also occasionally publish articles with a clear economic angle. Some of the same authors also published important books. Egnal does occasionally cite the secondary literature published by economic and business historians, but he could have done more—much more. By the way, anyone looking for a fairly extensive bibliography on the economic history of this era today should consult the entry entitled "The Civil War and Reconstruction," by Jeffery Rogers Hummel, in *Government and the American Economy: A New History*, edited by Price Fishback (2007). Hummel lists 130 authors and cites over 200 publications. The entries by Richard Sylla and John Wallis on earlier periods are likewise pertinent. I can recommend this volume to every American historian for the value of the fifteen up-to-date bibliographies alone.

They say revolutions are often triggered by rising expectations, and Egnal's presentation suggests that civil wars can arise from similar origins. The slave states and free states both had leaders who believed continued economic progress was their destiny, whether joined together as a single political unit or functioning as two separate entities. In that sense, economic forces may have subjectively played the key role in causing secession and the Northern reaction to it. Perceptions rather than realities may have ruled the day.

In this purposely controversial volume, Egnal attempts to vault economic issues ahead of slavery in his attempt to identify the single most important

cause of the Civil War. While I was not persuaded by the evidence presented in this volume, other readers might react more positively. Clearly, economic considerations were the second most important issues facing citizens in the period from 1855 to 1865, if not the very first.

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