Tracking the Economic Divergence of the North and the South

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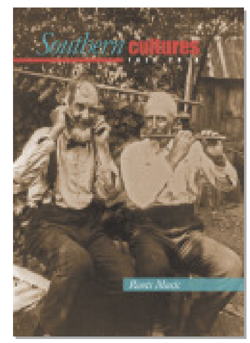

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ESSAY

Tracking the Economic Divergence of the North and the South

Peter A. Coclanis

Questions relating to the distinctiveness of the American North and South have intrigued historians and the public for generations. In fact, these questions and broader related controversies have proven among the most long-lived and provocative in the literature of American history. Travelers visiting British North America in the eighteenth century, for example, often commented on the differences between the northern and southern colonies. Such travel commentary grew in both abundance and verve in the first half of the nineteenth century, with Tocqueville's *Democracy in America* being the most notable case in point. Questions relating to regional distinctiveness gained even greater currency with the approach of the Civil War, and many historians since that time, perhaps taking their cue from William Seward's famous "irrepressible conflict" speech of 1858, have sought to interpret the rupture between North and South in schematic, dichotomous terms: a split between two distinct economies, societies, and, at times, even civilizations. It is much easier, after all, to impart meaning to the 620,000 lives lost during the Civil War by arguing that those who died did so in defense of beliefs and values under attack by people with antithetical worldviews.

Despite the power of this appeal to difference and to the idea of the irrepressibility of sectional conflict, this interpretation has not gone unchallenged. In the 1940s and 1950s, a number of Civil War historians sought to downplay differences between North and South by arguing that the war was repressible and targeting one group in particular for blame: the "blundering generation" of politicians holding office in the decades prior to the war. To these revisionists, political fallibility rather than distinctive beliefs and values, chance and circumstance rather than inevitability, best explain the coming of war. Scholars emphasizing difference quickly pointed out that the qualitative differences between the sections far outweighed their similarities, however numerous, and that even if the North and South were more similar than different, it does not necessarily follow that war was repressible. The Civil War revisionists never completely rebutted

Many historians, perhaps taking their cue from William Seward's famous "irrepressible conflict" speech of 1858, have sought to interpret the rupture between North and South as a split between two distinct societies. William Seward, frontispiece portrait from The Life of William Seward, Volume 1*, published by Harper & Brothers, New York and London, 1900.*

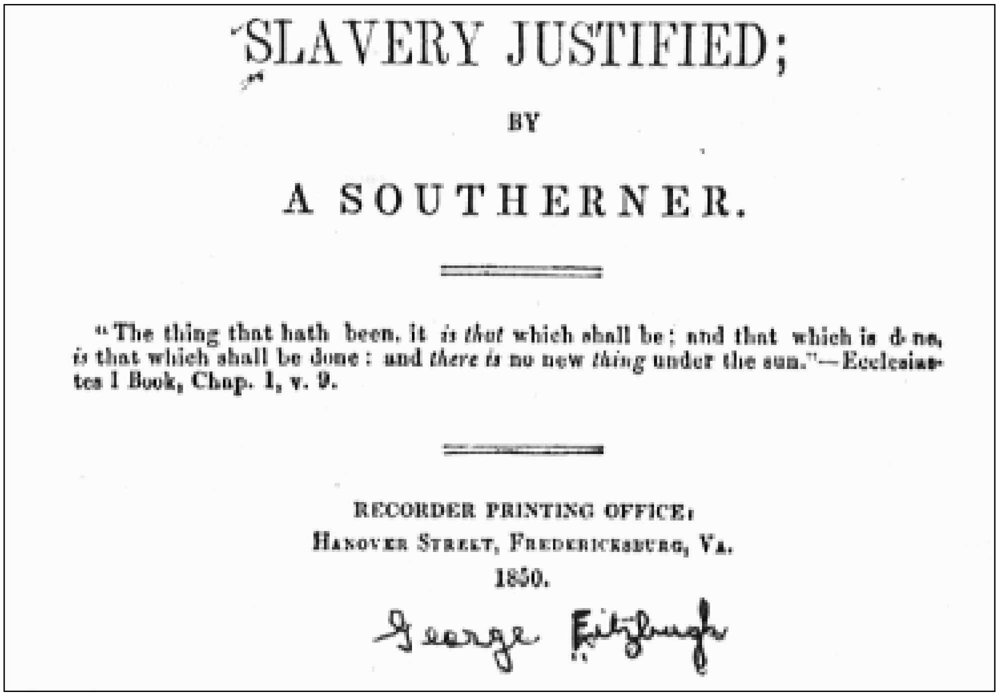
these arguments, and their interpretation is currently out of favor. Today, most scholars once again stress the differences rather than the similarities between the North and the South, even as they disagree among themselves over the details.[1]

While political historians would doubtless offer alternative chronologies, economic historians commonly trace the roots of regional difference and distinctiveness back to the seventeenth century. The North and the South began to diverge as early as the mid-to-late seventeenth century when the formalization of racial slavery, the production of a staple crop (tobacco), and the rise of a nascent plantation sector set the South down a path never followed in temperate colonies in the North. These divergences were due largely to differences in climate, profit

The North and South began to diverge over a century before the United Colonies even began printing these two dollar notes in 1776. Frontispiece facsimile from Personal Recollections of the American Revolution*, published by Rudd & Carleton, New York, 1859.*

possibilities, and what classical economists called "land"—or natural resources—rather than to any stark contrasts in settlers' backgrounds, culture, or worldviews. Once the South embarked upon this path, inertial forces—what economists call lock-in mechanisms associated with path dependence, or path influence—worked to keep the region on a developmental route distinct from those followed in the North.[2]

Not surprisingly, the materialist argument for path dependence or influence goes against the view that attributes economic differences between North and South predominantly to cultural differences between the dominant groups in the two regions. To downplay the importance of culture and cultural difference as independent variables is not to suggest that from the start the European settlers in the southern colonies were just like those in the northern colonies. Nor is it to privilege in any absolute or universal sense material concerns above all others. What this argument does suggest, however, is a commitment to the idea that by the late seventeenth century—that is to say, after the radical Protestant communities in New England began to backslide into the mainstream—the behavior of most Europeans in what later became the United States is explainable or at least



SLAVERY JUSTIFIED;

BY

A SOUTHERNER.

"The thing that hath been, it *is that* which shall be; and that which is done, *is* that which shall be done: and *there is* no new *thing* under the sun."—Ecclesiastes 1 Book, Chap. 1, v. 9.

RECORDER PRINTING OFFICE:
HANOVER STREET, FREDERICKSBURG, VA.
1850.

George Fitzhugh

Formalization of racial slavery sent the South down a path never followed in the North. The title page of Fitzhugh's Slavery Justified *quotes Ecclesiastes in defense of the institution, and perhaps also explains in part the South's entrenchment in it: "The thing that hath been, is that which shall be; and that which is done, is that which shall be done: and there is no new thing under the sun." Published by Recorder Printing Office, Fredericksburg, Virginia, 1850.*

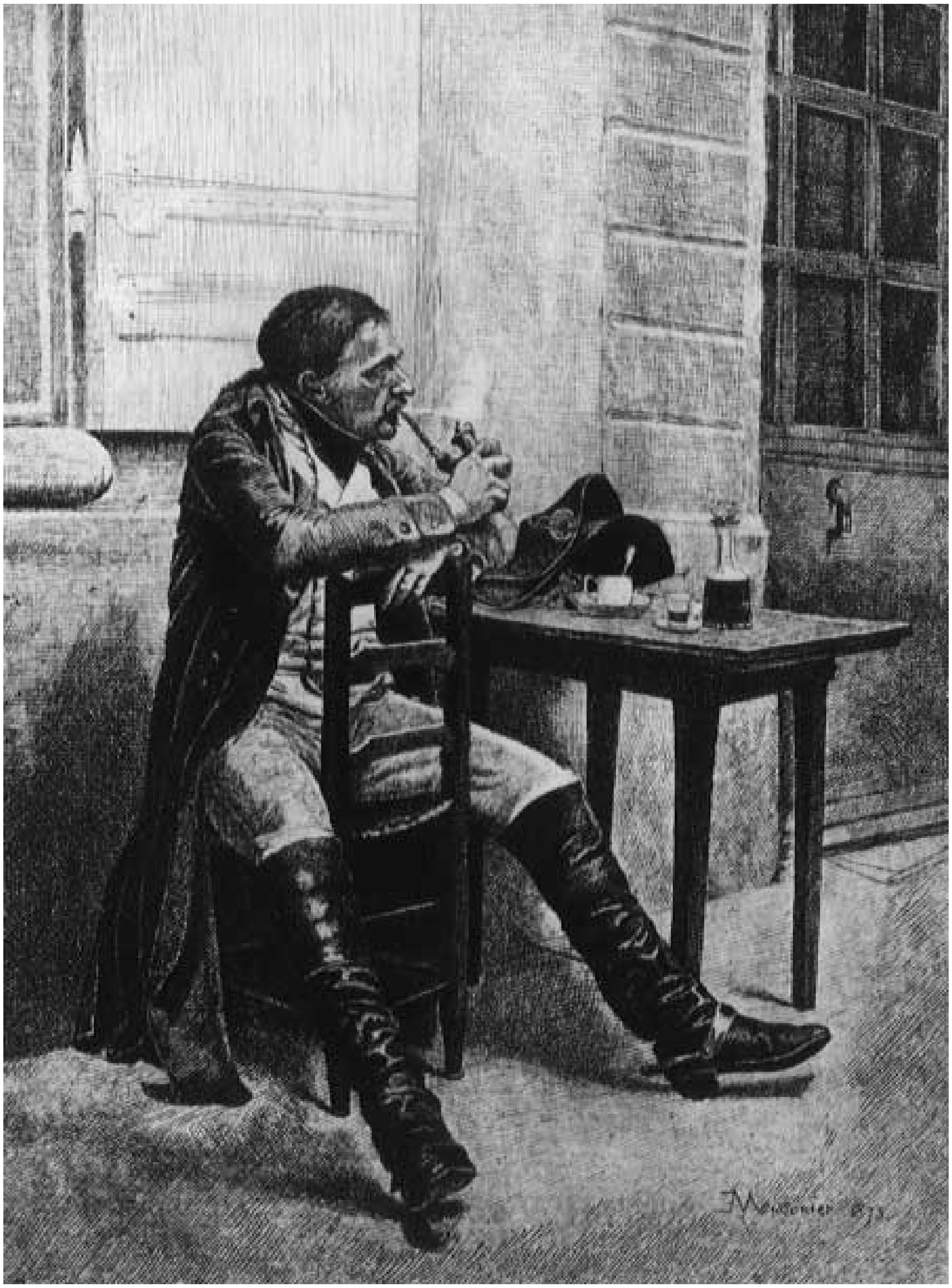
understandable through recourse to an economic logic predicated upon "rational" responses to market signals and signs.

Given the climate, natural resources, and profit possibilities in the southern colonies, such logic tended over time to channel metropolitan capital and Euro-American entrepreneurship down relatively narrow and ultimately sterile lines. During the early modern period, the southern colonies each passed through a rough-and-ready time of economic experimentation of varying lengths followed by a period of more systematic use of natural resources and accumulation of capital before securing sufficient knowledge, order, capital, and labor to get down to the main business at hand: the production by bound laborers on plantations of agricultural staples for export. To be sure, each colony in the South followed its own trajectory, and both North Carolina and backcountry areas throughout the region developed more slowly, replicating this pattern at some remove. Nonetheless, in a broad sense, both the Chesapeake colonies and those of the Lower South were organized—or at least eventually came to be organized—economically, socially, politically, and culturally around the plantation complex more than anything else.[3]

The Chesapeake colonies of Virginia and Maryland were the first southern colonies to go through the process outlined above. Both passed rapidly through phases of experimentation and rudimentary extraction before turning to tobacco, the crop that came to dominate the Chesapeake region's economy from the 1620s through the remainder of the colonial period and beyond. During the second half of the seventeenth century, moreover, supply and demand conditions in Atlantic labor markets led to a momentous shift in labor organization in the Chesapeake. Relatively cheap African and African American slave laborers increasingly replaced relatively expensive European laborers, free or indentured, in tobacco cultivation, and servitude for Africans and African Americans became a permanent rather than temporary condition, as had hitherto often been the case. The link between tobacco and slavery was dependent upon the Chesapeake planters' ability to sell their tobacco, which they did with great success in Europe, via England and Scotland, throughout the early modern era. While wheat was added to the Chesapeake export mix in the middle of the eighteenth century, for all intents and purposes, tobacco dominated the Chesapeake economy in the seventeenth and eighteenth centuries.

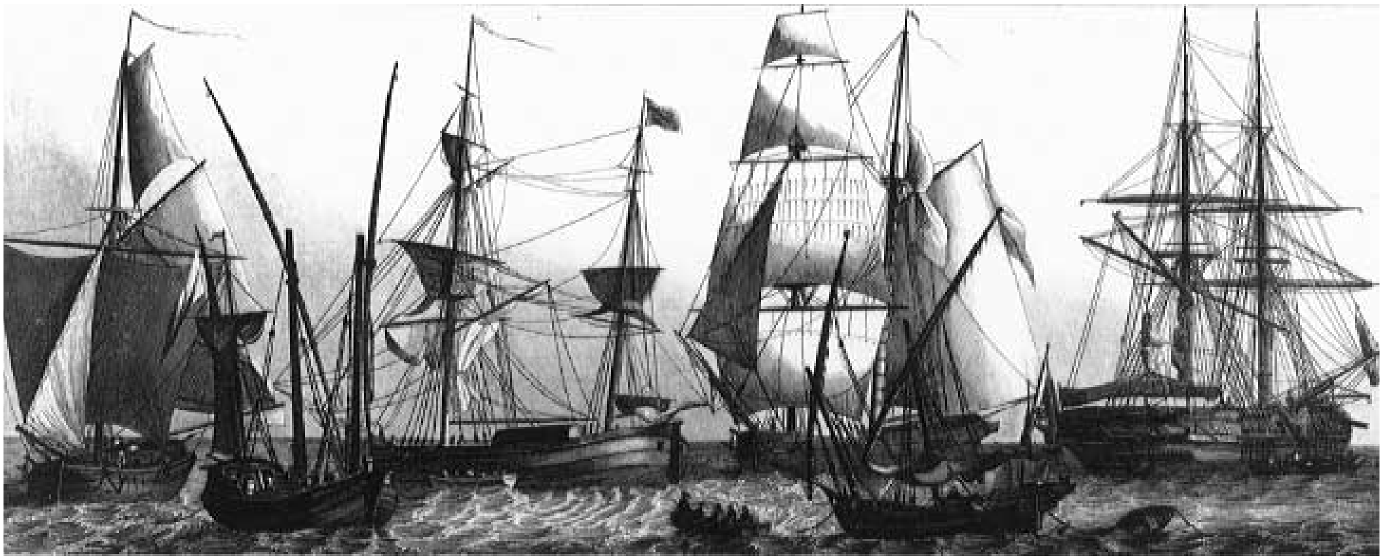
By substituting the word "rice" for tobacco, we can segue into a discussion of the evolution of British colonies in the lower South, particularly South Carolina. Permanent European and African settlement in this part of British America began much later than in the Chesapeake regions—in the 1670s in the case of the Carolinas and in the early 1730s in that of Georgia.[4] South Carolina in the early eighteenth century was the first of these colonies to establish a plantation economy. Rice proved the state's principal export staple throughout the century, with indigo playing a supplementary role from the 1740s to the 1790s. Georgia's transformation into a plantation economy did not begin until the 1750s, after early legal prohibitions against slavery in the colony were lifted. Once this labor constraint was eased, white Georgians quickly began to replicate developmental patterns in South Carolina, immediately to the north. For a variety of reasons—the colony's initial settlement patterns and its relatively inaccessible coast, for example—North Carolina never developed a widespread plantation economy during the colonial period, although small numbers of planters were operating in the Cape Fear and Albemarle regions by the time of the American Revolution.

Despite the slow development of a plantation economy in North Carolina and the retrograde nature of social development in parts of the southern backcountry, plantations dominated the southern economy by the 1770s: those who controlled them—a relatively small group of white planters and merchants—had decisively shaped the region's economic course and, perhaps, its destiny. By that time both the Chesapeake colonies and those in the Lower South had become



Tobacco dominated the Chesapeake region's economy from the 1620s through the remainder of the colonial period and beyond. Here a connoisseur enjoys the dried leaf. Frontispiece portrait from Pipe and Pouch*, published by L. C. Page and Company, Boston, 1897.*

wealthy, slave-based economies dependent upon the production of agricultural staples for export, particularly to northern Europe. African and African American slaves constituted roughly 40 percent of the region's one million white and black inhabitants in 1770, and in the heavily commercialized plantation districts near the coast, slaves constituted a much greater proportion of the total population, more than 90 percent in parts of South Carolina.[5]



The link between tobacco and the use of slave labor was dependent upon the ability of Chesapeake planters to sell their crop, which they exported by trading ships to Europe with great success.

Given these considerations, it is not surprising that the southern colonies were marked by extreme inequality, not merely inequality in landholding, income, and wealth, but in the political, social, and cultural realms as well. Such inequality was both a function and an expression of the entrepreneurial strategy the white inhabitants of the region had been pursuing for generations. This strategy was as narrowly based as it was initially successful, predicated as it was on the enrichment of a few through the expropriation and exportation of the agricultural staples produced by a large servile labor force. The narrowness of this strategy was suggested as well by the pinched and niggardly institutional development characteristic of the southern colonies: everything from transportation networks to urban systems to educational and religious organization in the region lacked richness and elaboration. This weak institutional development would impede the region's growth over the long run and as early as 1770 had begun to distinguish the southern colonies from their sister colonies in the North.[6]

THE NORTHERN ECONOMIC PATH

The economic history of the British colonies north of the Chesapeake is replete with irony. In comparison to those in the South, let alone those in the West Indies, the northern colonies seemed to lack drama and even economic definition. More to the point, they lacked export staples of great importance to the Crown. To be sure, timber and naval stores from New England proved useful to the Royal Navy, and exports of wheat and other small grains from the Middle Colonies were not insignificant to the Mother Country. Nonetheless, nowhere in the northern colonies could be found an export staple similar in value to the tropical and semitropical dazzlers, sugar, tobacco, and rice.[7]

With no great staples and thus relatively few agricultural slaves, the inhabitants of the northern colonies were forced early on to improvise economically and later to pursue a development strategy based on a mixture of flexible enterprises, quick response times, commercial and shipping services, and local and regional trade. Despite or perhaps because of the lack of staples, this strategy proved quite successful: by some measures, the northern colonies were as wealthy as the southern on the eve of the Revolution.[8] Even more important, the strategy proved not merely conducive to but responsible for the area's precocious industrialization in the nineteenth century. To the "losers," it seems, went the spoils.

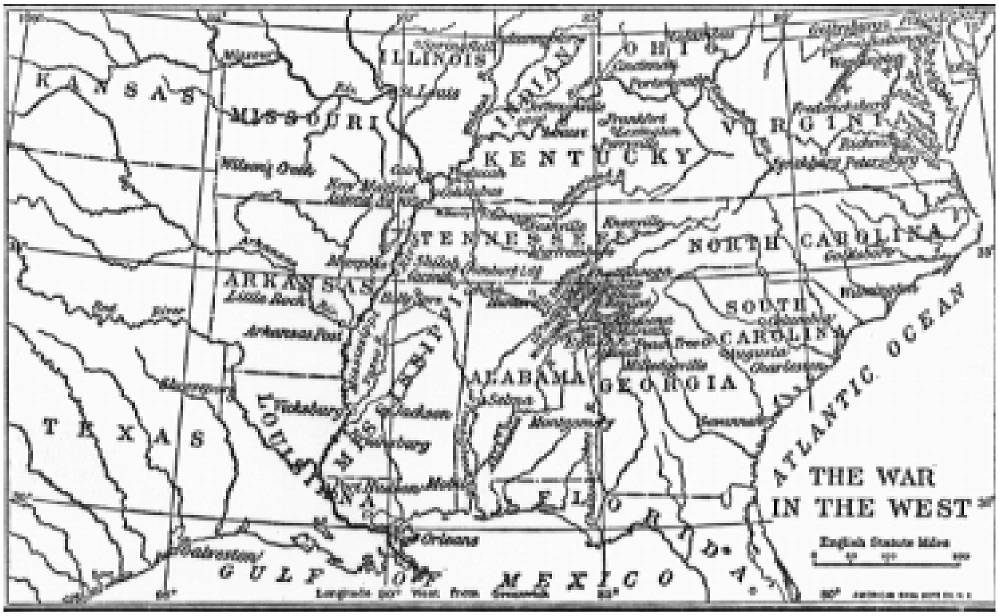
Not that the inhabitants of the northern colonies necessarily preferred economic improvisation and constant economic change to the staple path to growth. The difference between North and South turned rather less on matters of ideology, however, than on material factors such as climate and soil. After all, did not the same Puritans who settled Massachusetts Bay in 1630 attempt to establish a slave-based staple-producing colony on Providence Island off the east coast of what is now Nicaragua?[9] And were not Philadelphia and, particularly, New York City home to urban slaves in the eighteenth century? For every opponent of slavery in the North in 1770, for every holdout against the market and market values, there was a budding Yankee sharper, a Newport trader of slaves, a New York land developer, and a Quaker merchant in Philadelphia in pursuit of the main chance.

With the possible exception of the European settlers in parts of Atlantic Canada, the colonists in New England faced the most difficult entrepreneurial problems in all of British America. Simply put, they had somehow to find a way to achieve and sustain economic viability in a region marked by significant resource and climatic limitations, limitations rendered more burdensome still by early modern technological constraints. Over time, New Englanders were able to achieve such viability and then some. By adhering to—or, in the view of some, overcoming—their Puritan belief structure, they created an intricate, rather ingeniously balanced regional economy based on mixed husbandry, small-scale manufacturing, forest industries, fishing, shipping, commerce, and, last but by no means least, the so-called invisible earnings—freighting, insurance, credit services, and the like—associated with the carrying trade. In so doing, New Englanders successfully combined subsistence activities with local, regional, and international trade, and, as a result, were able to earn sufficient export credits to sustain the flow of vital imports, achieve steady if modest rates of economic growth, and make possible admirably high living standards for much of the region's population. If per capita income and wealth were not quite as high in New England as

The difference between North and South turned less on matters of ideology than on material factors, such as climate and soil. Pre-Civil War map, from The Civil War*, published by Henry Holt and Company, New York, 1911.*

in the Middle Colonies or the South, living standards in colonies such as Massachusetts, Rhode Island, and Connecticut compared favorably with those in almost any other part of the early modern world.

Residents of the "Middle Colonies" of British North America fared better still. Over time, the colonists in this region, the most ethnically heterogeneous in British America, built an extremely healthy and wealthy economy, one in which agriculture, manufacturing, and trade fit together as hand in glove.[10] Blessed with fertile river valleys and two great natural harbors, the four political units comprising the Middle Colonies—New York, Pennsylvania, New Jersey, and Delaware—offered considerable opportunity to the enterprising Britons, Germans, and Dutch that dominated the region in numerical terms. If no single crop, market, or endeavor dominated the region's economic life, thousands of agricultural, manufacturing, and commercial activities, large and small, were pursued by the " 'calculating people' " who called the Middle Colonies home. However quotidian and prosaic many of these activities may have seemed to the sugar nabobs of the West Indies, the rice grandees of the lower South, or the tobacco lords of the Chesapeake, they brought broadly based prosperity—the region had the least concentrated wealth distribution in British America—and economic depth, variation, and sophistication to the Middle Colonies that would bode well for the future.



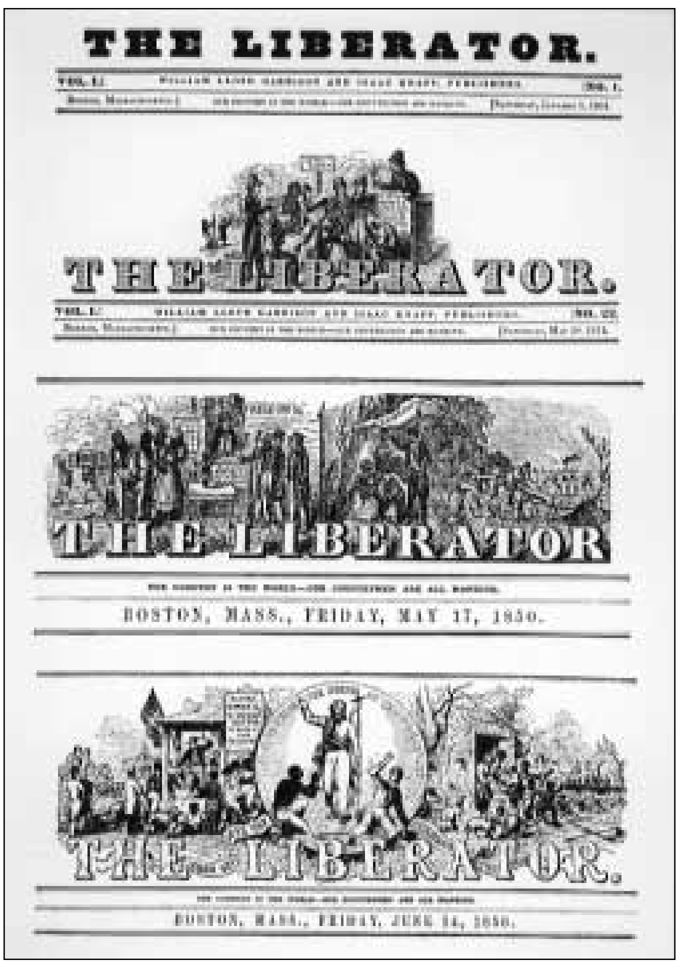
Between the Revolution and the Civil War, the United States extended its political boundaries across the continent, began to industrialize, and created the necessary underpinnings for the "national" market that was to emerge. This westward expansion would provide new battleground for the Civil War. From The Civil War*, published by Henry Holt and Company, New York, 1911.*

Let me elaborate a bit on the economic benefits associated with the Middle Colonies' structural diversity. By the end of the colonial period, for example, the region's small and medium-sized farms, employing sundry combinations of family, wage, and indentured labor, produced a significant export crop, wheat, that did a nice trade in southern Europe and the West Indies in most years, though the quantities shipped to each of these markets varied considerably from season to season. Exports of wheat and other small grains not only earned the credits necessary for imports to the Middle Colonies but engendered a substantial flour-milling industry in the region, and other related industries such as barrel-making and cooperage, wagon- and boat-building, warehousing, and wholesale and retail baking.[11] The general prosperity of the region meant that domestic demand in the Middle Colonies was robust, which in turn created good opportunities not only for those involved in the activities mentioned above, but for those in a plethora of other craft and artisanal vocations ranging from cordwaining to silversmithing.

Given such developments it is not surprising that the urban systems of the Middle Colonies developed apace, with Philadelphia and New York City, the two largest towns in British America, occupying the top rungs of the region's urban ladder. These two cities, and to a lesser extent Boston, were true entrepôts; the other principal cities in British America—Charleston, Newport, Norfolk, Baltimore, Bridgetown, and Port Royal, for example—were rather more limited trans_EnD_shipment points for exports and imports, as well as sites of cultural productions of one type or another, performed by government, religious bodies, or other "theatrical" groups. In the entrepôts of Philadelphia and New York City, however, the economics of agglomeration at once generated more jobs, particularly in shipping and commercial services; enhanced the flow of information, thereby increasing productivity; and created relatively integrated local and regional markets bursting with entrepreneurial energy.

Not that development in the region was ever easy. Unlike the situation in the southern colonies, no staple market was ever assured to residents of the Middle Colonies, few business strategies proved durable, much less venerable, and few laborers in the region were legally enthralled for life. Entrepreneurial challenges had to be met on a daily basis, and, over time, the inhabitants of the Middle Colonies developed sufficient capacity, flexibility, and resiliency to meet such tests, however stiff.

To reiterate, then, by the time of the Revolution, there were two broad groups



The economic transformation of the Northeast rendered the expansion of slavery in the South anachronistic, though the organizers behind this antebellum publication were more attuned to ideological considerations. From William Lloyd Garrison*, published by The Century Company, New York, 1889.*

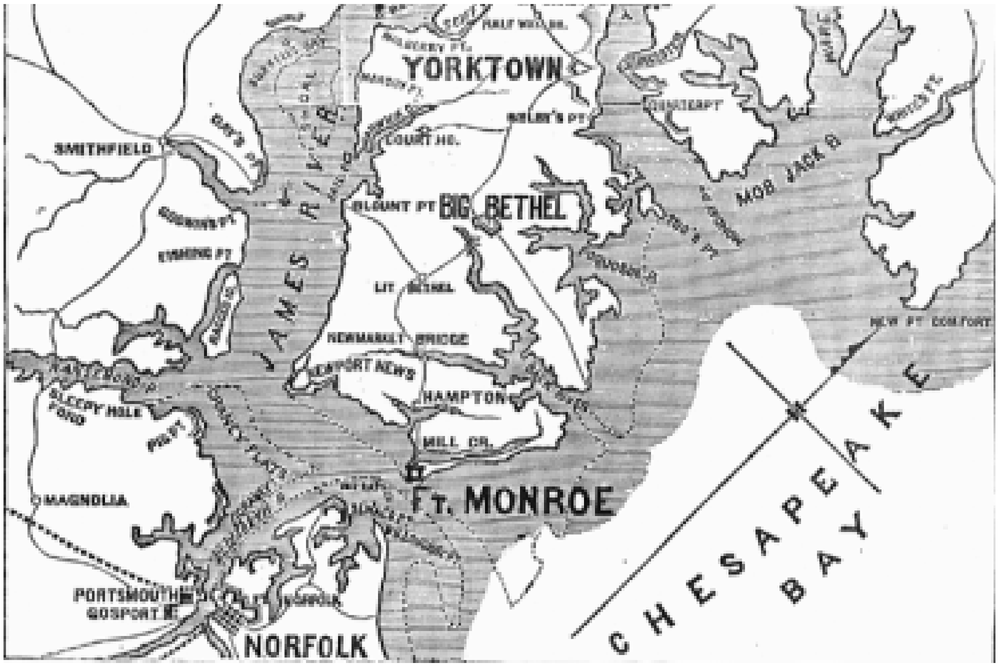
_EnD_of colonies in the North and South respectively, each comprising two subgroups: New England and the Middle Colonies in the former region, and the Chesapeake colonies and those of the Lower South in the latter. Income and wealth levels were high in each of these regions, and both the structures and institutions of their economies, as well as the behavior and values of the participants therein were consistent and consonant with evolving capitalist principles.

There were, however, vivid contrasts between development patterns in the North and South that can be attributed in large part to differences in the resources available in the regions initially and to the resulting entrepreneurial responses. In the temperate North, colonists were unable to produce valuable plantation staples, which limited the value and thus the use of slave labor in the region and compelled the population to pursue developmental strategies that placed premiums on economic balance and diversity, flexibility, rapid response, constant innovation, and creative entrepreneurship. Over time, such strategies led to broad-based prosperity; frequent, organic economic interactions between town and country; a relatively egalitarian distribution of income and wealth (particularly in rural areas); and, concomitantly, broad public access to an array of social, educational, political, cultural, and institutional entitlements.

The economies in the semitropical southern colonies, on the other hand, were early organized around plantation staples and slave labor. Because of the profit possibilities in plantation agriculture, the capitalization of labor via slavery, and the existence of economies of scale in the production of at least some of the southern staples, income and wealth quickly became highly skewed in the Chesapeake and the Lower South. As time passed, this imbalance appeared in other realms as well, and southern society became similarly unequal virtually across the board. Such economic and social inequality in turn helped to confine if not to lock the South into an overly specialized, low-tech, rigid, and inflexible strategy of development predicated on plantation agriculture, relatively unskilled slave labor, and exports. This strategy would increasingly take the region out of the American mainstream.

1789–1860—TOWARDS A MODERN SOCIETY

In the period between the end of the Revolution in the early 1780s—or, more appropriately, given its importance to American capitalist development, the establishment of the Constitution in 1789—and the coming of the Civil War, the United States extended its political boundaries across the continent, began to industrialize in a major way, and created the necessary underpinnings and conditions for the "national" market that emerged between 1865 and 1920. Moreover, as fierce political battles raged between North and South, between free states and slave, another powerfully important but more insidious development was taking



During the nineteenth century, the agricultural system established originally in the Chesapeake and the lower South was transplanted all across the southern interior. Map of the Chesapeake area during Civil War times, from A Complete History of the American Rebellion, Volume 1*, published by the Auburn Publishing Company, Auburn, New York, 1865.*

_EnD_place: the precocious growth of a true business/industrial culture in the North.[12] Although not yet fully established by 1860, this culture arguably made the North and South more distinct economically in 1900 than they ever were before the Civil War and ultimately would divide the regions at least as much as slavery ever did.

Not surprisingly, this culture emerged out of the vigorous and enterprising business communities of the Mid-Atlantic area, especially Pennsylvania and New York, and New England. Having faced formidable entrepreneurial challenges—uncertain, constantly changing markets, most notably—for generations, these communities were more or less inclined to embrace economic change, including the technological and organizational changes associated with the "Industrial Revolution" then transforming parts of northwest Europe. Leveraging their transatlantic contacts and networks with resources of their own, merchants and manufacturers in the Northeast were able by the 1850s to establish the foundations—economic, social, political, institutional, and cultural—for a modern urban, industrial society.

Such dynamic interactions—often involving what sociologists infelicitously call "identity-inflected networks" (that is, family and friends, kith and kin, and the like)—over time produced hugely important developmental synergies: highly cal-

The South had surprising industrial capacity in 1860, ranking among the world's leaders in railroad mileage per capita. Map of the expansion of the railroad, from The Civil War*, published by Henry Holt and Company, New York, 1911.*

ibrated, deeply articulated networks and markets for information, capital, and innovation. _EnD_These are precisely the types of synergies that today are said to be so important to the so-called cluster economies in places like Cambridge, Manhattan, and Silicon Valley, and to a lesser extent even in the Sunbelt in such places as Austin, Charlotte, Atlanta, and North Carolina's Research Triangle Park. Or to put all this another way, as Dennis Weatherstone, the former chairman of J. P. Morgan once did: "financial centers couldn't exist without lunch."[13] And neither could centers of innovation or entrepreneurship.

In the mid-nineteenth century, the "networked" Northeast not only played a key role in the development of the interior of the United States, particularly the "Old Northwest" (Ohio, Indiana, Michigan) and the Great Lakes region, but also began incorporating this area into what would later become the industrial core of America, the quadrant east of the Mississippi River and north of the Ohio River, all of which quickly fell under northeastern economic and financial suzerainty.[14] One final result of these initiatives deserves mention: as it willed itself to power, this powerful cultural complex from the Northeast succeeded in both marginalizing and rendering anachronistic the "Old South" and by implication that region's hidebound developmental strategy based on the indefinite expansion of the plantation system and racial slavery.

Not that growth-oriented southerners did nothing to develop their region between the time of the Constitution and the coming of the Civil War. During the first half of the nineteenth century, the agricultural regime established originally _EnD_in the Chesapeake and the Lower South was successfully transplanted all across the southern interior, only now with short-staple cotton rather than tobacco or rice as the principal market crop. Such success was predicated upon the resolution of numerous entrepreneurial problems: the fertile lands of the southern interior had to be expropriated from Native Americans, significant quantities of labor and capital had to be transferred to the southwest, and the marketing and transportation infrastructure necessary for the long-distance trade of bulky agricultural commodities had to be created. Southerners, by and large, proved up to such tasks and performed most of them with aplomb, if not moral distinction. The economic forms and structures of the Chesapeake and Lower South proved "portable," as economic historian David Weiman has pointed out, and they were largely replicated in the "Old Southwest," which in a developmental sense was both good and bad: the agricultural economy of the South, based as it was on export staples and slaves, was efficient, to be sure, but in a qualitative sense it appeared little different in 1860 than it had a century before.[15]

Unlike the situation in the North, then, southern entrepreneurship tended to follow well-trodden paths. In this the South was by no means unique in the nineteenth century. Most populations throughout history have followed the tried and true. Indeed, as historian James McPherson has suggested, it was in many ways the North, particularly the Northeast, that was peculiar in the nineteenth century in terms of its economic performance and its population's normative behavior and values.[16]

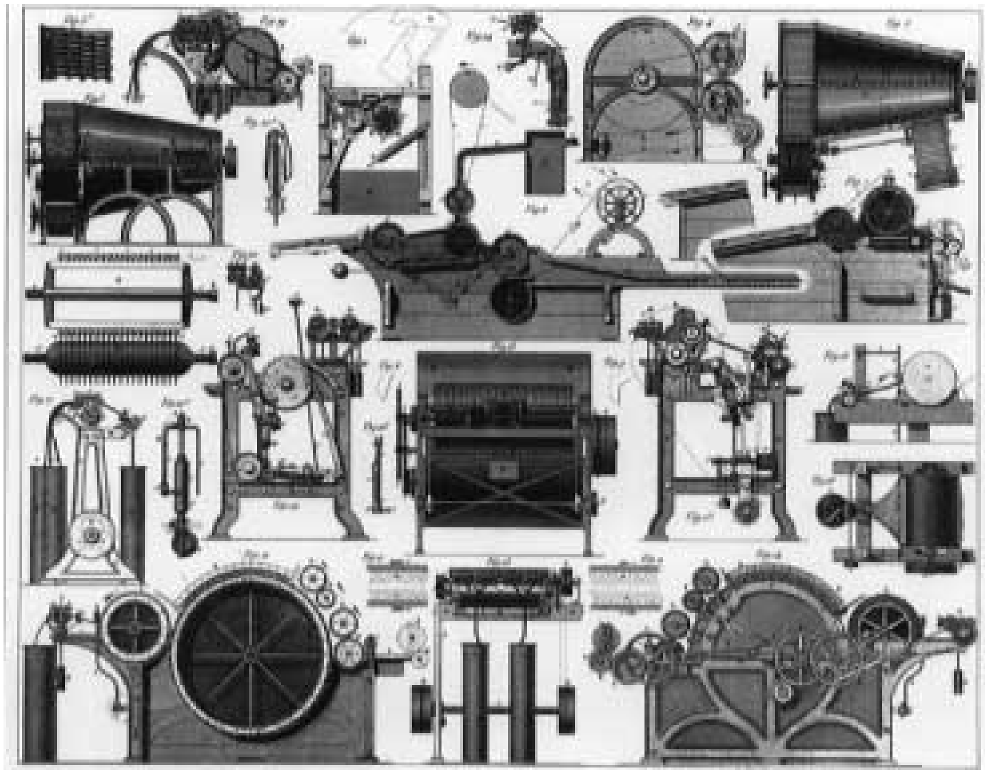
What did regional difference and distinctiveness add up to by 1860? A good question, the answer to which depends in large part on interpretive preferences and point of view. By that time, for example, the "North" included about two-thirds of the 31.4 million white and black inhabitants of the United States, and the "South" about one-third. According to the federal census returns, about 20 percent of Americans lived in "urban" places in 1860—meaning that they lived in areas of relatively dense settlement with populations of 2,500 or more—but this percentage figure masks considerable regional variation. The Northeast was already 36 percent urban by that time, while the corresponding figures for the West and "North Central" (Midwest) census regions were about 16 percent and 14 percent respectively. The South lagged badly according to this index: in 1860 just under 10 percent of the region's population lived in urban places.[17]

Both the North and the South were extremely wealthy in 1860, positioned near the top of world income and wealth tables. Although per capita income in the South was only about 75 to 85 percent of the figure for the North, the South, if considered an independent geopolitical entity, would have trailed only two or three other nations in the world at the time. In terms of per capita income, the South surpassed such places as Canada, the Netherlands, Belgium, France, and the various German states.[18]_EnD_

As we have already seen, the South's income and wealth were based largely on export agriculture—cotton was by far the greatest single export from the United States in the antebellum period, for example—but the South also had surprising industrial capacity in 1860, ranking among the world's leaders in railroad mileage and cotton textile production per capita. Nonetheless, the region's industrialization efforts paled in comparison to those of the North. With one-third of the nation's population in 1860, the South was responsible for only 10 percent of U.S. manufacturing output and possessed only 10 percent of the nation's manufacturing labor force and 11 percent of its manufacturing capital. The South trailed not only New England and the Mid-Atlantic region in these manufacturing categories, but also the Midwest, which got a much later start.[19]

These measures are quantitative in nature, but there were also numerous qualitative differences between the northern and southern economies. The most important of these related to economic balance and linkages, investment in human capital (including public education), and agglomeration economies, all of which were present in the North but sadly lacking in the South. Nowhere is the internal imbalance of the southern economy expressed more clearly than in the region's rudimentary "conveyor-belt" transportation system and in its peculiar peripheral pattern of urban development: few cities in the interior of the South, with ports hugging the Atlantic and Gulf coasts and the Ohio and Mississippi rivers. If they

So great were the differences between North and South that by April 1861 the remaining similarities shared by the regions were overwhelmed. Portrait of the attack on the 6th Massachusetts Regiment in Baltimore, April 1861. From A Complete History of the American Rebellion, Volume 1*, published by the Auburn Publishing Company, Auburn, New York, 1865.*



Although cotton-processing equipment aided the development of the South's agricultural sector, by 1900 the once wealthy region was poor.

did little to connect southerners to one another or to create a cohesive regional _EnD_economy, the South's transportation and urban systems did perform one function extremely well: getting goods in and out of the region without leaving much of a trail.[20]

Against these quantitative and qualitative differences must be weighed the many similarities between North and South. In 1860 both were predominantly English-speaking regions whose largely Protestant populations lived under a common frame of government, the Constitution, which was the object of widespread veneration on both sides of the Mason-Dixon line. The United States had developed a republican form of government that guaranteed a wide, perhaps unprecedented, range of rights, privileges, and immunities both to individual states and to free individuals; these guarantees were honored and upheld more or less in the same way in the North and South alike. Moreover, northerners and southerners—or at least free male northerners and southerners—shared a common history, had fought side-by-side against common enemies on more than one occasion, and partook of many of the same ideological traditions, most notably basic commitments to republican conceptions of independence and virtue and to the liberal principles of life, liberty, and property, however much they came to dis-

Did the Civil War help to create two distinct economic societies, rather than simply result from economic differences? Were North and South more unlike in 1900 than when this Treasury note was issued in 1861? From A Complete History of the American Rebellion, Volume 1*, published by the Auburn Publishing Company, Auburn, New York, 1865.*

agree about the proper definition of the last of these. Finally, both North and _EnD_South were basically organized along capitalist lines, notwithstanding the hold in the latter region of an increasingly anachronistic labor system based on racial slavery.

Where, then, does this leave us? In the last analysis, should we emphasize regional similarities or differences? A tough question, but "differences" gets the nod. So great were the consequences of the early decision, in one case, to organize economic life around slave labor and, in the other, around free labor that by April 1861 the many similarities uniting North and South were overwhelmed. Lincoln made this same point simply but eloquently in his Second Inaugural Address when he stated that slavery "was, somehow, the cause of the war." The operative word here is "somehow," for by the middle of the nineteenth century, slavery had insinuated itself into virtually every important issue in American life, causing regional fissures and tears of the most brutal and vicious kind.

History is full of ironies, of course. Consider, for example, the possibility that North and South were more distinct from one another in 1900 than they had been at the time of the Civil War. Consider, even, the possibility that their increased distinctiveness was, in fact, a *product* of the war. By 1900 the area north of the Ohio River and east of the Mississippi—the northeastern quadrant of the United States—had been transformed into one of the world's great manufacturing regions.[21] The population of this vast region was increasingly wealthy, largely urban, and, although almost exclusively white, marked by growing ethnic, religious, and cultural heterogeneity, the result of the ongoing New Immigration that _EnD99_had brought millions of southern and eastern Europeans into the region. By 1900 the Northern Plains had been transformed from a frontier into a wealthy and modern agricultural zone, specializing in the export of wheat and other small grains, and in the eastern part of the Plains region the wealthy and heavily commercialized corn-hog complex was in full swing. The West—i.e., the Mountain and Pacific states—was the wealthiest and whitest region of the United States, its economy dominated by mining and modern commercial agriculture and ranching.

Now cut to the South. In 1900 this region, which had once been rich, was poor, its per capita income but half of the U.S. average. Its population was 32 percent black—and 90 percent of the nation's African American population lived in the region. The white population was still composed overwhelmingly of Protestants, the New Immigration having had little impact on the region. Whereas the nation as a whole was 40 percent urban and 25 percent of the U.S. labor force was involved in manufacturing, the South was but 18 percent urban in 1900, with only 10 percent of the region's labor force in manufacturing. Finally, the region's agricultural sector in 1900 seems like a textbook model of agricultural underdevelopment: a bloated, redundant farm population marked by low human capital development, low productivity, and high unemployment and underemployment; undercapitalized and undermechanized farms; subsistence production on tiny holdings, or more or less coerced production of semitropical staples for distant markets.[22] Hardly a pretty picture, and certainly a far cry from agriculture in the North.

Were regional differences and distinctions in the United States in 1900 more remarkable than the differences and distinctions between North and South in 1860, when the Union was "half slave and half free?" Not necessarily, although it is intellectually exciting to entertain the possibility that the Civil War helped to *create* two distinct societies and was not an expression or a reflection of the same. At once unveiling and unleashing the developing business/industrial culture of the North, the Civil War, to employ Marxian terminology, "burst asunder" the "integuments" confining Yankee capital and entrepreneurship, not to mention ingenuity. In the last analysis, it seems clear that capitalism almost from the time of initial settlement has tied together the history of the North and South, albeit in complex, combined, and uneven ways. Certainly a good case can be made that throughout the nineteenth century, northerners and southerners shared a lot more than did Germans and Galicians in Austria-Hungary, Punjabis and Tamils in India, Manchu and Cantonese in China, or Tuscans and Calabrians in Italy. Italy, as the great Austrian statesman Metternich contended, might have been "a mere geographical expression" in the first half of the nineteenth century, but one would be hard pressed to say that about the United States.

NOTES

1. See Gabor S. Boritt, ed., *Why the Civil War Came* (Oxford University Press, 1996); John Niven, *The Coming of the Civil War, 1837–1861* (Harlan Davidson, 1990), 144–73. On the older historiography, see Thomas J. Pressly, *Americans Interpret Their Civil War* (Princeton University Press, 1954). Note that in recent years many scholars have stressed issues other than slavery *per se* in arguing for difference. For example, nativism and interpretive differences on the meaning of the Constitution and the meaning of republicanism are often highlighted.

2. "Path dependence" can be defined as a causal sequence in which the eventual outcome is virtually predetermined by antecedent factors or events. These factors or events may be proximate or remote in temporal terms and either circumstantial or structural in nature. "Path influence" relaxes the deterministic implications of the "path dependence" approach, while still retaining the implication that numerous outcomes are excluded because of antecedent factors or events. For an excellent example of the latter approach, see Stanley L. Engerman and Kenneth L. Sokoloff, "Factor Endowments, Institutions, and Differential Paths of Growth Among New World Economies: A View from Economic Historians of the United States," in ed. Stephen H. Haber, *How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico, 1800–1914* (Stanford University Press, 1997), 260–304. For alternative "cultural" approaches to explaining the economic differences between North and South, see Stephen Innes, *Creating the Commonwealth: The Economic Culture of Puritan New England* (W.W. Norton and Company, 1995); Marc Egnal, *Divergent Paths: How Culture and Institutions Have Shaped North American Growth* (Oxford University Press, 1996).

With apologies to Stanford economic historian Paul David, who has famously explained the persistence of the inefficient QWERTY keyboard arrangement (the first six letters in the top row of standard keyboards) for typewriters and personal computers by invoking path dependence, what we see in the South are lock-in mechanisms associated not with Q-W-E-R-T-Y, but with S-L-A-V-E-R-Y. See Paul A. David, "Clio and the Economics of QWERTY," *American Economic Review* 75 (May 1985): 332–37; David, "Understanding the Economics of QWERTY: The Necessity of History," in ed. William N. Parker, *Economic History and the Modern Economist* (Basil Blackwell, 1986), 30–49. Note that David's "QWERTY" argument has not gone unchallenged. See in particular S. J. Liebowitz and Stephen E. Margolis, "The Fable of the Keys," *Journal of Law and Economics* 33 (April 1990): 1–25. For a recent review of the debate, see *The Economist*, 351 (3 April 1999): 67; and *The Economist*, 351 (8 May 1999): 6.

3. See, for example, Jack P. Greene, P*ursuits of Happiness: The Social Development of Early Modern British Colonies and the Formation of American Culture* (University of North Carolina Press, 1988): 81–100, 141–51; John J. McCusker and Russell R. Menard, *The Economy of British America, 1607–1789* (University of North Carolina Press, 1991): 117–43, 169–88.

4. See Peter A. Coclanis, *The Shadow of a Dream: Economic Life and Death in the South Carolina Low Country, 1670–1920* (Oxford University Press, 1989).

5. McCusker and Menard, *The Economy of British America*, 117–43, 169–88; Coclanis, *The Shadow of a Dream*, 48–110; Philip D. Morgan, *Slave Counterpoint: Black Culture in the Eighteenth-Century Chesapeake and Lowcountry* (University of North Carolina Press, 1998): 58–101.

6. Coclanis, *The Shadow of a Dream*, 54–56, 142–54.

7. Greene, *Pursuits of Happiness*, 55–100, 124–51; McCusker and Menard, *The Economy of British America*, 91–116, 189–208.

8. For the original formulation of the opposite approach, the so-called big push strategy, see P. N. Rosenstein-Rodan, "Problems of Industrialization of Eastern and South-Eastern Europe,"

Economic Journal 53 (June-September 1943): 202–11; Alice Hanson Jones, *Wealth of a Nation to Be: the American Colonies on the Eve of the Revolution* (Columbia University Press, 1980), 53–58.

9. Karen O. Kupperman, *Providence Island, 1630–1641: The Other Puritan Colony* (Cambridge University Press, 1993).

10. See James T. Lemon, *The Best Poor Man's Country: A Geographical Study of Early Southeastern Pennsylvania* (The Johns Hopkins University Press, 1972); Thomas M. Doerflinger, *A Vigorous Spirit of Enterprise: Merchants and Economic Development in Revolutionary Philadelphia* (University of North Carolina Press, 1986); Diane Lindstrom, *Economic Development in the Philadelphia Region, 1810–1850* (Columbia University Press, 1978).

11. On "linkages," see, for example, Albert Hirschman, *The Strategy of Economic Development* (Yale University Press, 1958); Hirschman, "A Generalized Linkage Approach to Development, with Special Reference to Staples," *Economic Development and Cultural Change* (supplement) 25 (1977): 67–98.

12. See, for example, Alfred D. Chandler Jr., *The Visible Hand: The Managerial Revolution in American Business* (The Belknap Press of Harvard University Press, 1977); Thomas C. Cochran, *Frontiers of Change*: *Early Industrialism in America* (Oxford University Press, 1981); Philip Scranton, *Proprietary Capitalism: The Textile Manufacture at Philadelphia, 1800–1885* (Cambridge University Press, 1983); David L. Carlton, "How American is the American South?" in ed. Larry J. Griffin and Don H. Doyle, *The South as an American Problem* (University of Georgia Press, 1995), 33–56; Walter Licht, *Industrializing America: The Nineteenth Century* (Johns Hopkins University Press, 1995), 21–45, 102–32.

13. The quote is from Paul Goldberger, "A Helluva Towne: Finding the Future in Old New York," *The New Yorker* 74 (30 November 1998): 120. The economist Paul Krugman, perhaps more than anyone else, is associated with the so-called new economic geography, the principal interests of which to date have been "cluster" economies and regional economic disparities.

14. See, for example, David R. Meyer, "Emergence of the American Manufacturing Belt: An Interpretation," *Journal of Historical Geography* 9 (April 1983): 145–74; Meyer, "Midwestern Industrialization and the American Manufacturing Belt in the Nineteenth Century," *Journal of Economic History* 49 (December 1989): 921–37; William Parker, "The Industrial Civilization of the Midwest," in William N. Parker, *Europe, America, and the Wider World*, vol. 2, (Cambridge University Press, 1991), 215–57; Brian Page and Richard Walker, "From Settlement to Fordism: The Agro-Industrial Revolution in the American Midwest," *Economic Geography* 67 (October 1991): 281–315; Peter A. Coclanis, "The Business of Chicago," in the *Encyclopedia of Chicago History* (University of Chicago Press, forthcoming).

15. David F. Weiman "Staple Crops and Slave Plantations: Alternative Perspectives on Regional Development in the Antebellum Cotton South," in ed. Lou Ferleger, *Agriculture and National Development: Views on the Nineteenth Century* (Iowa State University Press, 1990), 132–137.

16. Coclanis, *The Shadow of a Dream*, 137–40; David L. Carlton and Peter A. Coclanis, "Capital Mobilization and Southern Industry, 1880–1905: The Case of the Carolina Piedmont," *Journal of Economic History* 49 (March 1989): 73–94; Carlton and Coclanis, "The Uninventive South? A Quantitative Look at Region and American Inventiveness," *Technology and Culture* 36 (April 1995): 302–26; James M. McPherson, "Antebellum Southern Exceptionalism: A New Look at an Old Question," *Civil War History* 29 (September 1983): 230–44.

17. David Ward, *Cities and Immigrants: A Geography of Change in Nineteenth-Century America* (Oxford University Press, 1971), 7.

18. Robert William Fogel and Stanley L. Engerman, *Time on the Cross: The Economics of American Negro Slavery*, 2 vols. (Little, Brown and Company, 1974), vol. 1, 247–57.

19. Fogel and Engerman, *Time on the Cross*, vol. 1, 256; Fred Bateman and Thomas Weiss, *A Deplorable Scarcity: The Failure of Industrialization in the Slave Economy* (University of North Carolina Press, 1981), 14–20.

20. See, for example, Eugene D. Genovese, *The Political Economy of Slavery: Studies in the Economy and Society of the Slave South* (Pantheon, 1965), 13–39, 157–239; Elizabeth Fox-Genovese and Eugene D. Genovese, "The Slave Economies in Political Perspective," *Journal of American History* 66 (June 1979): 7–23; Coclanis, *The Shadow of a Dream*, 142–54.

21. Gavin Wright goes even further, suggesting that the South and North may have been more distinct economically in the 1920s and 1930s than they were in 1860. See Wright, *Old South, New South: Revolutions in the Southern Economy Since the Civil War* (Basic Books, 1986), 8–10; Licht, *Industrializing America,* 102–132.

22. Twelfth Census of the United States, 1900, Vol. I, Population, Part I (United States Census Office, 1901), cxii; Ward, *Cities and Immigrants*, 7, 39–46; Harvey S. Perloff et al., *Regions, Resources, and Economic Growth* (The Johns Hopkins University Press, 1960), 170–84; Roger L. Ransom and Richard Sutch, *One Kind of Freedom: The Economic Consequences of Emancipation* (Cambridge University Press, 1977), passim; Wright, *Old South, New South*, 17–123; Jay R. Mandle, *Not Slave, Not Free: The African American Economic Experience since the Civil War* (Duke University Press, 1992), 5–67.