

# *The Influence of American Slavery on American Economy*

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**Abstract:** The only time in American history that the United States has ever fought against each other was the Civil War. How did the Civil War start? Why did the North abolish slavery? What impact did the Civil War have on the American economy? This paper analyzes the background of the American Civil War and the measures taken by the North and South during the war, and puts forward some opinions about the influence of the Civil War on the American economy. The Civil War was a watershed or a turning point in the development of American capitalist economy. However, the success of American economy in the 19th century was not decided by the sudden change brought by a "war" or a "revolution". It was actually the result of the long-term development of a variety of factors that could not be covered by the civil War, this study offers some references for the research of American economy.

**Keywords:** America's transition, monopoly capitalism

## 1. Introduction

In their renowned book *The Rise of American Civilization*, Charles and Mary Beard referred to the Civil War as the "Second American Revolution". This is due to the fact that the Civil War not only ended slavery and freed 4 million slaves, but also because the Beards believe it hastened the rise of capitalism during the American Industrial Revolution [1]. Contrary to popular belief, the conflict between the North and South was actually about the foundation of the country: should it be built on industry or agriculture? The North and South's dispute did not start out as a war. The South was no longer competitive since it primarily produced sugar cane and tobacco and used slave labor. Slavery itself vanished over time. But as industrialization spread westward, farmland began to use a lot more machinery, which substantially aided the growth of the textile industry. Cotton gained such a following that it earned the nickname "white gold" when it met Jenny looms and Watt steam engines.

America is a legal nation. What problem cannot the law solve? Why do we need to battle with one another? In reality, the United States has attempted to resolve the issue through the legislation, yet the United States Constitution contains a contradiction. Slave owners own the slaves as their own personal property. The Constitution promotes freedom while while protecting private property. Slavery should be preserved for the sake of private property, and slavery should be abolished in the name of freedom.

Among the wartime measures cited by Hecker were tariffs, the Banking Act, railroad land grants, the Homestead Act, the Morrill Act, and the Indentured Labor Act 2. According to Beard and Hacker, the Civil War was a turning point in the development of American capitalist economy. However, American researchers, especially economic historians, have challenged this viewpoint since 1960s.

In terms of cost, they found that war was not the most economical way to solve the problem of slavery, and it cost more. So that neither the north nor the south will benefit directly from the economy. In terms of the war economy, the 1860s, when the Civil War took place, were the worst 10 years of the 19th century. In terms of the long-term economic impact, the civil war is inherently positive, even in some ways significant. But in general it's hard to say what the turning point is. So, what effect did the Civil War have on the American economy? What has it brought to the economic development of the United States? This paper analyzes the background of the Civil War and the economic situation of the United States at that time, so as to offer some references for the research of American economy.

## 2. The Outbreak of Civil War

By 1862, the war was deadlocked, and both sides began to escalate their tactics. The South organized and pleaded with Europe to step in, and almost did, which would have changed the course of American history. Lincoln moved swiftly through the North. *The Homestead Act of 1862* was passed by him. After five years of farming, a U.S. citizen over the age of 21 could own up to 160 acres of land. Lincoln announced the release of all slaves in the 11 Southern states in his Emancipation Proclamation, which was published in 1863. When the news spread, many slaves in the South escaped to the north. So to say, the South was doomed as soon as the Emancipation Proclamation was issued [2].

General Robert E. Grant, a West Point alumnus, surrendered to General Grant in April 1865. At the ceremony, Grant said: "The rebels are once again our countrymen." Your business is doomed, but you are a failed hero [3]. Your choice to sacrifice your own dignity, while saving the lives of your men, deserves everyone's respect. There was no liquidation, no list of war criminals and no trials. The national cemetery was visited by all of the war dead warriors. Lincoln granted the Southern rebels amnesty and provided them with the same amount of money to discharge their debts as the Northern soldiers. It is important to note that Southern general Robert did not serve a single day in jail. Instead, he went on to become a university professor, gave lectures all throughout the country, and was adored by the populace.

The American Civil War was a bloody, contemporary conflict. The conflict claimed the lives of 600,000 people, or almost six million people in the United States today. The civil war killed a lot of good people. After the Civil War, America did not celebrate, only reflect. Why are they fighting? Why are they fighting? Bitter memories of the Civil War have made Americans loathe it ever since. It is intolerable and unacceptable to raise knives and guns against one's fellow citizens for any reason. There has been no civil war since. In December 1865, the Thirteenth Amendment to the U.S. Constitution abolished slavery. In 1868, the Fourteenth Amendment settled the question of citizenship for blacks. You could argue that the Civil War and Lincoln created a new America, a unified government.

## 3. The Economic Impact of the American Civil War

### 3.1. The Political Impact of the Civil War

The plantation economy was not the cause of America's rise, but the Industrial Revolution after the Civil War was the beginning of its prosperity. The fundamental reason for the rise of the United States is that it invested a lot of war funds in the two wars, absorbed talents and funds from abroad, and became the only economic talent center in the country that was not affected in the two wars. Heck, in *The Triumph of American Capitalism*, is clear: "The industrial capitalists, through their political agents, the Republicans, have succeeded in seizing control of the country as a tool to strengthen their economic position. So while the war was fought on the battlefield and to free the blacks, Congress passed legislation on tariffs, banks, public works, railroads, and indentured labor that ensured victory.

This is no accident" [4].

Whether such economic legislation would not have passed Congress without the civil war and the shift in political power it brought about is a moot point, but not the point. The key is whether the economic impact of the legislation passed during the civil war was a watershed. There is nothing groundbreaking about the government resorting to tariffs at a time when war spending is soaring. In fact, tariff rates were not rising fast enough to keep up with inflation [5]. Morrill acknowledged for the first time that his bill protected industry, but he emphasized that the tariffs were not "unrestrained or so high that no one dares to raise them" [6].

Recent studies of the positive effects of tariffs have generally focused on the pre-Civil War era, when many industrial sectors were in their infancy. The high tariffs after the Civil War were imposed at a time when American industry was already maturing. How to evaluate them is another question. There is still a lack of systematic research and conclusion in the American academic circle [7]. The Indentured Labour Act of 1864, it should be mentioned, was rarely used, except to help bring in Chinese Labour to build the railways, or occasionally to recruit skilled foreign Labour to break strikes [8]. Thus, the Indentured Labor Act never had a significant impact on the level of labor immigration to the United States, much less a watershed.

### 3.2. The Labor and Economical Effects of the Civil War

Slavery was a system where the owners' personal wealth rose quickly at the price of the overall economic growth of the nation. The level of progress in the United States would undoubtedly be far lower if slavery still existed today. There is a general rule that applies to life: the higher a person's labor income, the more excitement he will have for his work, and the higher his labor productivity will be.

In addition to the lack of freedom, slaves are also severely deprived of their labor incomes (the reason why they are severely deprived is also that there is no freedom and they can change employers freely. Only in this way can employers compete for workers and improve the treatment of workers). Labors pay and return disproportionate, natural lack of labor enthusiasm. As a result, slaves would typically just perform the tasks given to them by the slave owner in a fairly passive manner. They would also take their time and slack off in various ways while working, and they would not actively work on improving their labor abilities. The experience of all ages and all nations confirms one thing: while it may seem like slave work just involves the cost of keeping them alive, it actually represents the most expensive form of labor overall. A man with nothing to gain will eat more, work less, and care about nothing else [9].

In fact, the northern United States led the way in abolishing slavery in the Western Hemisphere, and had experience with gradual, purchased emancipation. In 1777, Vermont became the first state to abolish slavery. Both the Massachusetts and New Hampshire constitutions were interpreted by the courts to prohibit slavery. Pennsylvania, New York and New Jersey, the states with the most effort, as well as Connecticut and Louisiana, took a gradual approach to emancipation. They were each declared to be striving to be free when they reached adulthood, at ages ranging from 21 to 28. Robert W. Fogel and Stanley L. Engleman studied that the value of slaves' labor did not begin to exceed the cost of maintaining them until they were about nine years old. Cumulatively, all the value created by a slave in his 20s would cover all his living expenses [10].

Slaves do the same work much less efficiently than free men; During the same period, slaves produced much less than free men. But slaveholders could rely on the high rate of deprivation of slave labor to achieve more profitable results than the employment of free men, and there was no doubt that from the slaveholders' point of view, slavery was to their advantage.

$$\text{Slave owner's income} = \text{slave labor deprivation rate} \times \text{slave production} \quad (1)$$

$$\text{Freeman employer income} = \text{free man labor deprivation rate} \times \text{free man production} \quad (2)$$

Even if slave productivity is lower than free labor productivity, it is still more profitable for the slave owner as long as the slave labor deprivation rate is much higher than the free labor deprivation rate.

When viewed as a whole, a country's wealth is measured by the sum of all its inhabitants, not by a small group of people. Slave emancipation did not benefit slave owners, but it did increase the country's enthusiasm for labor and accelerated its development.

The United States became a world power precisely because it freed slaves. First of all, American slaves were not used to grow food, they were used to growing cotton. Before the Civil War, the South produced 75% of the world's cotton, and 58% of the country's exports. The entire economy of the Southern states was based on cotton, and cotton was based on slavery. So the Southern states went to war over slavery.

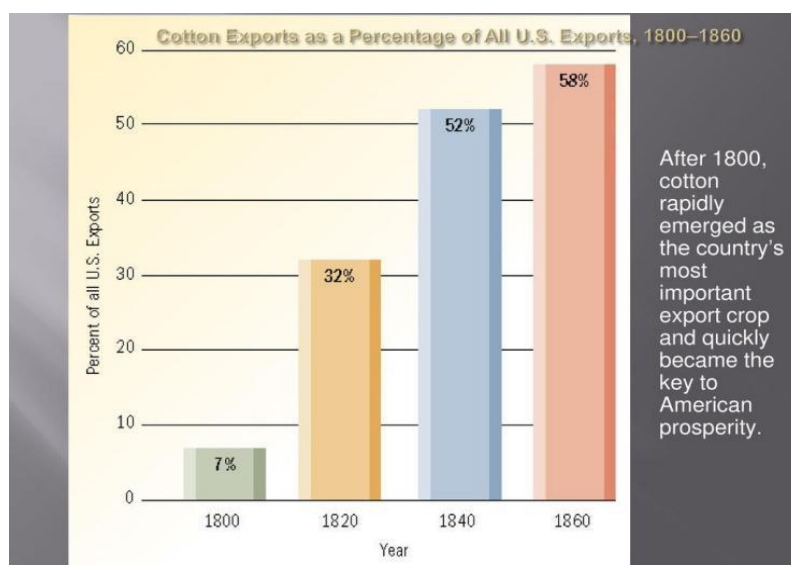


Figure 1: Cotton exports as a percentage of all U.S. exports in 1800-1860.

From the Figure 1, it can be clearly seen that the cotton yield increases very fast. The slave war instead promoted the development of the labor force.

Dependence on slavery directly led to the industrial backwardness of the South. Who would want to industrialize and increase production capacity when there were so many labor forces that were almost free? Who wants to develop new industries when there's so much money in cotton? Before the civil War, textile mills and large industrial fields were concentrated in the north. As a direct result, when the civil war broke out, the South did not even have a modern shipyard. The military factories were not on the same level as the North, and they even had to buy weapons and warships from European countries.

The abolition of slavery freed the labor force to work more efficiently in factories and allowed the South to fully exploit its vast land and resources because it was no longer reliant on slaves. More importantly, slavery was abolished, allowing the new plains of the West to be used for food production, paving the way for industrialization.

It is no accident that the second Industrial Revolution began in the United States only five years after the end of the Civil War in 1865. Before the Civil War, railroads, a symbol of industrialization, were few and far between in the Southern states, barely connecting major cities. But after the Civil

War, railroads in the United States took off, paving the way for the mass transportation of goods needed for large-scale industrialization.

Steel, a key raw material for modern armies, especially navies, also soared after the civil war. The beginning of America's Gilded Age was not only the moral but also the economic end of the slave-centered economy's influence on the South and even on the western lands. It was this declaration, which took half a century too long to arrive, that allowed the United States to hitch a ride on the second Industrial Revolution to accumulate national wealth and eventually become a major power in The First World War.

#### 4. Conclusion

There were many reasons for the rapid economic growth of the United States in the late 19th century. But the development of science and technology is the most important. Science and technology are the primary productive forces, and the rapid economic development of the United States in the past well proves this irrefutable truth. Secondly, the promotion of federal policies is also an important factor, which has played a great role in promoting the rapid development of the American economy. The expansion of the west and the development of railroads were also important. These factors contributed to the United States' rapid economic development, which quickly caught up with and surpassed the developed capitalist countries of Europe, eventually becoming the world's first industrial power.

The American Civil War plays a crucial role in the American history and even the world. It freed the black slaves and abolished the American struggle system. But America's postwar prosperity cannot be attributed entirely to this. The economic development of a country, especially that of the United States, is in a period of rapid prosperity with high speed and high level, which is bound to be the result of a variety of factors. As research continues, other factors affecting the American economy are bound to be discovered and studied in greater depth.

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