

# THE CIVIL WAR RESULTED IN A CULMINATION OF ECONOMIC CONFLICTS BETWEEN THE NORTH AND SOUTH

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*This paper seeks to make clear the root of the American Civil War- economic problems. And in the meantime, dispel any notion that the War was a righteous fight for abolition. Before the war, the economies of Northern and Southern America were contrasting: the North had industrialized and no longer required laborious agricultural work, while the South's cotton industry was booming, and so were the profits. Of course, this was only possible due to the efforts of enslaved people. This essay also outlines how leading up to the War, conflicts between the North and South all had an economic basis.*

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The cause of the American Civil War has been long debated, but this essay will make it clear that it resulted from economic conflicts between the North and South. Contrary to popular belief, the moral issue of slavery was far from being the central cause. In the 1800s, the economy of Northern and Southern America was becoming vastly different; the North had industrialized, and more Northerners began to have non-agricultural jobs, while the South continued to rely on agriculture, namely, cotton.<sup>1</sup> This difference created economic conflict between them and led to issues such as the South's secession, the opposition against slavery, and the fight for land. Ultimately, such economic issues brought forth the Civil War.

A common misconception is that the War started because the Republicans felt slavery was morally wrong and wanted to free the enslaved people in the South out of kindness. In actuality, the main cause of the Civil War had nothing to do with the morality of slavery. Lincoln, who famously issued the Emancipation Proclamation, once stated, "I have no purpose, directly or indirectly, to interfere with the institution of slavery where it exists. I believe I have no lawful right to do

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<sup>1</sup> Carole E. Scott, "The Very Different but Connected Economies of the Northeast and the South Before the Civil War." *B>Quest*, January 2015, 14.

so, and I have no inclination to do so ... If I could save the Union without freeing any slave I would do it.”<sup>2</sup> The Republicans also rejected abolition and swore not to interfere with the South’s “peculiar institution” (slavery) when the war started.<sup>3</sup> Only after a year of fighting, when freeing the enslaved people “could prove a valuable asset for the North”<sup>4</sup> did their perspective change. Moreover, the abolitionists and radicals only made up 15% of the Northern population. Therefore, they had nowhere near enough power to “determine the policies of either the North or the Republican Party.”<sup>5</sup> Lastly, the North and South had compromised for decades without conflict. Only when slavery began to threaten the North’s economy, did it become a concern.

The economic differences between the North and South during the 1800s were vast. Northern crops such as wheat, corn, and oats did not require as much labour as Southern crops, which allowed them to explore different industries.<sup>6</sup> Furthermore, the development of mechanical wheat harvesting allowed more people to have non-agricultural jobs.<sup>7</sup> For example, in New England, “the freeing of workers from producing food increased the number of workers available to work in factories.”<sup>8</sup> They were also able to use the money earned to open cotton mills. By 1860, 90 percent of the nation’s manufacturing output came from northern states, and were responsible for producing, “17 times more cotton and woollen textiles than the South, 30 times more leather goods, 20 times more pig iron, and 32 times more firearms.”<sup>9</sup> The South, on the other hand, produced crops that were very labour intensive, like tobacco, rice, cotton, and sugar. Most notable of all was cotton, also known as “white gold.”<sup>10</sup> Cotton was extremely profitable, to say the least. “By 1815, cotton was the most valuable export of the United States. By 1840, it was worth more than all other exports combined.”<sup>11</sup> Their economy greatly relied on its agricultural exports, especially cotton, and eventually was producing two-thirds of the world’s supply.<sup>12</sup> However this demand came with a price, paid by millions of enslaved people. In 1859, the population of enslaved people in slaveholding states was 32.3%, or around 4 million.<sup>13</sup> Slaveholding was even more apparent in the

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<sup>2</sup> Tim Stanley, “North-South Divide.” *History Today* 61, no. 9 (September 2011): 35.

<sup>3</sup> Marc Egnal, “The Economic Origins of the Civil War.” *OAH Magazine of History* 25, no. 2 (April 2011): 29.

<sup>4</sup> *Ibid.*, 32.

<sup>5</sup> *Ibid.*, 31.

<sup>6</sup> Scott, 8.

<sup>7</sup> *Ibid.*, 8.

<sup>8</sup> *Ibid.*, 8.

<sup>9</sup> *Ibid.*, 14.

<sup>10</sup> Gene Dattel, “THE SOUTHS Mighty Gamble on King Cotton.” *American Heritage* 60, no. 2 (Summer 2010).

<sup>11</sup> Scott, 14.

<sup>12</sup> *Ibid.*, 14.

<sup>13</sup> James Huston, “Property Rights in Slavery and the Coming of the Civil War.” *Journal of Southern History* 65, no. 2 (May 1999): 253.

cotton states, “South Carolina was 57.2 percent slave, Mississippi 55.2 percent, Alabama 45.1 percent, Florida 43.9 percent, Georgia 43.7 percent, and Louisiana 46.9 percent.”<sup>14</sup> As much as the South relied on cotton, they relied equally on enslaved labour. By 1860, 84% of the South worked in agriculture, compared to only 40% of the North.<sup>15</sup> The difference in manufacturing ability was also significant, and the South held only 29% of the railroad tracks and 13% of the banks.<sup>16</sup> Clearly, the economies of the North and South are diverging, the former moving towards a commercial and manufacturing economy and the latter an agricultural economy.<sup>17</sup>

The issues leading up to the Civil War, such as the South's secession, conflicting views over slavery, and the fight for land, all had economic origins. Before the war, the North and South were already at odds. One problem they had was the issue of taxes, which was significant for both sides. The North's industrial development was financed through taxes placed on imported goods- taxes which the South paid a lot of because their agricultural machinery came from abroad.<sup>18</sup> This machinery was important to their economy, which was almost completely agriculturally-based. When the recession hit, Congress increased the import tax from 15 to 37%, which predictably outraged the South.<sup>19</sup> Feeling indignant, the South threatens secession, a massive problem for the North.<sup>20</sup> A quote from the Chicago Daily Times shows just how damaging secession would have been for the North, “...our foreign commerce must be reduced to less than one half of what it is now. Our coastwise trade would pass into other hands. One half of our shipping would lie idle at our wharves. We should lose our trade with the South, with all of its immense profits.”<sup>21</sup> In the North's perspective, war was the only option.<sup>22</sup>

Before the Transportation Revolution, the U.S. was separated into different market areas.<sup>23</sup> But with the introduction of railroads, the North and South's market areas became connected.<sup>24</sup> This was an issue because their different markets conflicted with each other. The North's “free labor ideology stipulated that by hard work and intelligent activity a person could accumulate property, acquire a competence, and rise as far in society as his (never her) abilities could take him. The key to

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<sup>14</sup> Ibid, 253.

<sup>15</sup> Scott, 14.

<sup>16</sup> Ibid, 14.

<sup>17</sup> Ibid, 14.

<sup>18</sup> Stanley, 35.

<sup>19</sup> Ibid, 35.

<sup>20</sup> Ibid, 35.

<sup>21</sup> Ibid, 35.

<sup>22</sup> Ibid, 35.

<sup>23</sup> Huston, 273.

<sup>24</sup> Ibid, 251.

independence was earning property.”<sup>25</sup> On the other hand, “in the South, the means of social mobility via property acquisition-the “fruits of labor”-was accumulating slaves.”<sup>26</sup> Northerners feared the effects of slavery would spread, and “...the effects of the southern labor system could be transmitted to the North, depress the wages of its free laborers, and thereby upset its economy.”<sup>27</sup> Therefore, restricting the expansion of slavery and its effects were of great importance to them, which the South found to be “an attack on their property rights.”<sup>28</sup> The South’s wealth came from slavery, and to say they relied on it would be an understatement. Before the War, the market value of 4 million enslaved was \$4 billion, and the prices were projected to increase over 50% by 1890 compared to 1860.<sup>29</sup> Moreover, “the price of a slave was directly related to that of cotton.”<sup>30</sup> Without slavery, Southerners would not have had cotton or its profits, which contributed \$191 million of the total \$333 million made from American exports in 1860.<sup>31</sup> In response to the restriction of slavery, the southerners “...demanded northern recognition of southern rights regarding slavery- thereby expanding property rights in slaves from the local to the national arena.”<sup>32</sup> The South could not “...allow any attack upon the property rights that gave them wealth and income.”<sup>33</sup> As expected, northerners did not like this response and felt it was ideological aggression; by allowing them to expand property rights northern society would be fundamentally changed.<sup>34</sup>

Other issues added to the growing animosity between the North and South, namely, the fight for land. The North’s trade had begun to diversify and had reoriented to an east-west axis, towards the Great Lakes and the Erie Canal, rather than only trading on a north-south axis, via the Mississippi River.<sup>35</sup> The Republicans opposed slavery in the West to preserve free land for white settlers.<sup>36</sup> This ideal was supported by Lincoln, who said, “Now irrespective of the moral aspect of this question as to whether there is a right or wrong in enslaving a negro, I am still in favor of our new Territories being in such a condition that white men may find a home . . . where they can settle upon new soil and better their condition in life.”<sup>37</sup> However, the South had different plans. Demand for new land increased for multiple reasons, to create more slave states and in turn keeping the balance of power in the Senate, for fear of a growing enslaved population in a closed off-

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<sup>25</sup> Huston, 257.

<sup>26</sup> Ibid, 257.

<sup>27</sup> Ibid, 251.

<sup>28</sup> Ibid, 252.

<sup>29</sup> Ibid, 15.

<sup>30</sup> Dattel.

<sup>31</sup> Ibid.

<sup>32</sup> Huston, 252.

<sup>33</sup> Ibid, 252.

<sup>34</sup> Ibid, 252.

<sup>35</sup> Egnal, 29.

<sup>36</sup> Ibid, 31.

<sup>37</sup> Egnal, 31.

society, and fear of soil exhaustion.<sup>38</sup> To continue expanding their economies, both sides needed more land, but neither wanted to give it up.

The Civil War erupted as a result of growing economic tension, which developed as the North and South's economy further diverged. It was not about freeing enslaved people, a view shared by the British press, summed up by Karl Marx, "The war between the North and South is a tariff war. The war is, further, not for any principle, does not touch the question of slavery and in fact turns on Northern lust for sovereignty"<sup>39</sup> and Charles Dickens, "the Northern onslaught upon slavery is no more than a piece of specious humbug disguised to conceal its desire for economic control of the United States."<sup>40</sup> As the North moved toward an industrial economy and the South an agricultural one, many differences were created. Not only did the North have more manufacturing ability, it was also cheaper for them:

...the Interstate Commerce Commission, approving a set of railroad rates which made it cheaper for northern manufacturers to ship raw materials from the South for their use than it was for southern manufacturers to ship raw materials for their use from the North; while it was cheaper for northern manufacturers to ship their finished goods to the South to sell than it was for southern manufacturers to ship their finished goods to the North to sell.<sup>41</sup>

The South, however, was devoted to cotton because of its incredible profitability; over 70% of enslaved people in America worked in cotton production.<sup>42</sup> Once Eli Whitney's cotton gin was introduced, which reduced labour and cost, interest in eliminating slavery died down.<sup>43</sup> Famously, James Henry Hammond, senator of South Carolina, said, "You dare not to make war on cotton. No power on earth dares make war upon it. Cotton is King."<sup>44</sup> Slaveholding in 1860 was estimated to have more value than railroads and manufacturing combined.<sup>45</sup> Without a doubt, slaveholding and cotton went hand in hand, and they were vital to the South's economy.

Unsurprisingly, slavery was also tied to the South's secession. Southern leaders felt their way of life was threatened under a government that was against "the expansion of slavery and whose leaders branded slavery a moral wrong that must eventually

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<sup>38</sup> Ibid.

<sup>39</sup> Stanley, 35.

<sup>40</sup> Ibid.

<sup>41</sup> Scott, 10.

<sup>42</sup> Dattel.

<sup>43</sup> Scott, 12.

<sup>44</sup> Dattel.

<sup>45</sup> Huston, 254.

disappear from American society”, so they seceded.<sup>46</sup> Mississippi’s Declaration of the Causes of Secession also supports this view:

Our position is thoroughly identified with the institution of slavery--the greatest material interest of the world. Its labor supplies the product which constitutes by far the largest and most important portions of commerce of the earth...There was no choice left us but submission to the mandates of abolition, or a dissolution of the Union, whose principles had been subverted to work out our ruin.<sup>47</sup>

Because the Southern states had cotton, which is comparable to today’s crude oil, they had the confidence to challenge the North.<sup>48</sup> However, states that grew wheat and had commercial ties to the North (Virginia, North Carolina, Tennessee, and Arkansas) were against secession, and only after the fighting started did they join the Confederacy.<sup>49</sup> As previously stated, the North could not allow the spread of slavery because it would have lowered the wages of free labourers, hurting its economy. However, secession would have been even worse, therefore the North felt war was the only answer.

Though the main objective of the Civil War might not have been to end slavery, it undoubtedly created important changes in society. In the process, the war “forced on the nation a social and political revolution regarding race.”<sup>50</sup> The issuing of the Emancipation Proclamation, a decree freeing all enslaved people in Confederate states, and the Thirteenth Amendment, which abolished slavery in all of the U.S., happened during the Civil War.<sup>51</sup> Regardless of possible ulterior motives, the significance it represents and the change it brought on is undeniable.

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<sup>46</sup> Egnal, 29.

<sup>47</sup> “A Declaration of the Immediate Causes Which Induce and Justify the Secession of the State of Mississ.” *Declaration of the Immediate Causes Which Induce & Justify the Secession of the State of Mississippi*, August 2017, 1.

<sup>48</sup> Dattel.

<sup>49</sup> Jane Kamensky et. al., *A People and a Nation, Volume I: to 1877*, (Cengage Learning, 2018): 375.

<sup>50</sup> Kamensky, 373.

<sup>51</sup> Ibid, 391-392.

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