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Introduction

CAPITALISM AND ANTEBELLUM THOUGHT

Antebellum political economists had the distinct historical privilege of penning their works during arguably the two most important developments in modern economics. First, during the early decades of the nineteenth century the Atlantic world matured into a full-fledged capitalist economy. Commercial, financial, and industrial changes traced to early modern Europe initiated world capitalist systems that forever altered the material basis of the human experience. Antebellum America was at the fore of this transformation. Between 1790 and 1860, practically every available economic indicator points to the unprecedented expansion of the domestic economy, and with it the institutions, relationships, ideologies, and cultures that historians find embedded in societies shaped by market values.

To be sure, the economy grew in fits and starts. But between Washington's inauguration and the start of the Civil War, the economy expanded at an average annual rate of between 1 and 4 percent. Cumulative GDP increases of just 1 percent per year over the course of a generation can lead to significant socioeconomic change. In 1776, for instance, the 2.5 million inhabitants of the American colonies were prospering by contemporary standards, but the colonial economy, which was mostly restricted to east of the Appalachians and largely dependent on farming and staple exports, was roughly one-third the size of the British economy. By the Civil War, the population had increased to 31 million, stretched across a free trade zone almost 3 million square miles wide to the Pacific, advanced revolutions in agricultural, commercial, industrial, and financial sectors, and shrunk the gap between the British and

American economies to about one-half.[1] America's revolution against Britain, in short, was followed by an economic revolution.

The trends in antebellum economic growth were partly a continuation of the colonial period, but the scale and scope of capitalist development between 1790 and 1860 were both quantitatively and qualitatively different. The colonial economy lacked, for instance, steam engines, vertically integrated manufacturing enterprises, 50,000 miles of telegraph wire, machine tools, assembly lines, power looms, interchangeable parts, vulcanized rubber, and 30,000 miles of railroad track. The antebellum economy was replete with the industrial features that scholarly and popular histories link to capitalist transformation. During the formative period of American expansion, industrialization emerged as a central feature of the nation's economy. On the eve of the Civil War, approximately 1.2 million workers were employed in industry. They accounted for 21 percent of the nation's GDP and contributed to increases in antebellum labor productivity rates that exceeded those of the late nineteenth century, producing nearly $2 billion in manufactured goods by 1860, a nearly tenfold increase from 1810, and roughly equal to the total value of domestic agricultural products.[2]

Industrialization was, of course, the leading cause of the industrial revolution. But antebellum America was a nation of farmers. At the start of the nineteenth century, approximately 80 percent of American jobs were in farming. Between 1790 and 1860, the number of farms and plantations increased fourfold to more than 2 million, valued at approximately 40 percent of national wealth.[3] The expansion of domestic agricultural markets was aided by improvements in transportation. Historians estimate the canal-digging frenzy of the 1820s and 1830s reduced shipping costs from about 20¢ per ton/mile to 2–3¢ per ton/mile. By 1860, private and public investment in canals reached almost $200 million. The 4,254 miles of canals constructed by 1860 were, however, dwarfed by the almost 12,000 miles of navigable rivers and lakes that took on new significance with the advent of steamboats. From the launching of Robert Fulton's *New Orleans* on the Mississippi River in 1811 to the Civil War, steamboats contributed to a 75 percent average decline in rates on freight sent upstream. And railroads, famously referred to as the "take-off" industry in the rise of American capitalism, afforded a net social savings bonanza, roughly 4 percent of total GNP at the start of the Civil War. By then, $1 billion had been invested in the iron horse, and half of the world's track was laid in the United States. Farmers capitalized on sprawling transportation networks to conquer space and time and to penetrate new markets, both domestic and foreign. Raw materials and foodstuffs accounted for 85 percent of antebellum export trade, which helped pay for the European, mostly British, imported manufactures for which the nation had a seemingly insatiable demand. At the start of the nineteenth century, the American economy constituted 3 percent of total global trade. In 1860 that number had swelled to almost 10 percent.[4]

Industry and trade are highlighted as seminal features in histories of the antebellum economy, but historians have increasingly elevated finance to the avant-garde of capitalist insurgency. Savings and commercial banks; trusts; insurance; mortgages; personal and business credit and debt; sovereign debt; state, federal, and corporate bonds; "suspension," bankruptcy, and insolvency; joint-stock corporations; "soft" and "hard" money; commercial paper; and stock markets help fill the lexicon of financial revolution. Giovanni Arrighi described finance as the "recurrent phenomenon which has marked the capitalist era." Niall Ferguson discovered that "behind each great historical phenomenon there lies a financial secret." And in 2013 Thomas Piketty pushed the concept of "capital" into mainstream economic discourse.[5] Finance has become the third estate of the capitalist revolution. Antebellum Americans were prodigious consumers of financial services. Conservative estimates place the number of banks by the late 1850s at around 920, but more generous accountings have the number closer to 1,600. Aggregate note issues of commercial banks in 1860 are calculated at $207 million, up from $45 million in 1815. In 1817 the New York Stock and Exchange Board was formally established. Twenty-five years later there were more than a hundred securities listed, with an average daily trading volume of over four thousand shares. America's culture of "credit fetishism" was encouraged by federal and state legislators, and of course financiers.[6] Ordinary Americans seemingly ignored intermittent boom-and-bust cycles of financial crises with uninterrupted calls for more and cheaper credit, so that by the early decades of the nineteenth century, American economic culture was fully financialized.

Industry, trade, and finance are, in essence, the holy trinity of America's capitalist revolution. Over the last century, historians have adopted diverse methods to chronicle the triumph of American capitalism. The material manifestations of capitalism, and more specifically the quantitative expressions of these material manifestations, were given precedence by economic historians throughout the 1960s and 1970s. The New Economic Historians, or cliometricians, combined statistics, history, and neoclassical theory to fill some of the explanatory gaps left by earlier works in economic history. Economists like Robert Fogel, Albert Fishlow, and Douglass North offered empirical expositions that superseded earlier historical narrative formats, fundamentally changing the way historians understood American capitalism. Their works paid less attention to the social, cultural, and political externalities of emergent capitalism—what William Sewell referred to as "forms of economic life"—in favor of a more technical and data-driven pursuit of mathematical abstractions like GDP per capita, supply and demand curves, factor scarcity, and cost analysis.[7]

But the material histories of capitalism capture only part of the story. By the mid-1970s, social historians expanded the reach of the "market revolution," searching for capitalism beyond regression analyses and plotlines to explore the totality of economic life by looking "beyond the official story." These histories helped uncover the hidden relationships between economic imperatives and social, political, and cultural superstructures. Although the social historians drew on the quantitative discoveries of earlier cliometricians, they wrote a "bottom up" approach to history, retelling the personal stories of individuals that did not occupy space in conventional narratives. Charles Sellers's *The Market Revolution* and Sean Wilentz's *Chants Democratic* were seminal works in this exciting new field. Sellers's sweeping account of Jacksonian America featured a *Kulturkampf* aggravated by the commercialization of agriculture and by labor specialization that left farmers, mechanics, slaves, antinomians, and the entire political apparatus of American democracy trampled underfoot by capitalist revolution. Wilentz described the emergence of class consciousness and class conflict among New York City artisans whose worlds were turned upside down by industrialization. Social historians like Sellers and Wilentz relied on traditional Marxist bifurcation of class and ideology, but they extended the scope of capitalist disruption and contributed insightful combinations of social and cultural analyses that were grounded in the economic.[8]

The shift in emphasis initiated by the social historians was given further impetus in the 1980s and 1990s by the "new cultural history." Theoretical structures like neoclassicism and Marxism that piloted earlier research were