The United States in the World Economy, 1800-1900

- Tariff Policy and the rise of Northern Manufacturing, 1800-1830
  - Embargo of 1807 and War of 1812 stimulate industry
  - Problems for new manufacturers after the war.
  - The protective tariff and government revenue
  - Textiles in MA (Lowell, Lawrence, Fall River).

- Origins of the Civil War, 1830-1860
  - England’s demand for raw cotton.
  - “Short-staple” cotton and the cotton gin.
  - South wants free trade, North wants protection
  - Stalemate in Congress
Impact of the US on the World Economy, 1865-1900

• Midwest Grain and the “First” Great Depression
  – Technological change (transportation, communications, farming) and growth of world trade
  – Shift in location of food production: US the world’s “bread basket”
  – Responses to the adjustment problem in Europe

• US as an Industrial Power
  – Effects of the Railroad boom
  – US manufactured goods replace imports
  – US manufactured exports to Europe
  – Responses to the adjustment problem in Europe: protectionism, “New” Imperialism
Conflict over the Gold Standard, 1873-1896

• The Gold Standard as a Pillar of Global Economy

  – To be on a gold standard, a nation committed to buy and sell its national currency for fixed amount of gold.

  – With many on gold standards, a system of “fixed foreign exchange rates” was established.

  – The international gold standard facilitated foreign trade and investment by eliminating “foreign exchange risk”
Conflict over the Gold Standard (cont.)

- Conflict in the US over the Gold Standard
  - US goes off gold during the Civil War (Greenbacks)
  - conflict between groups over whether to return to gold
  - advocates of gold: eastern business, banking and mercantile interests.
  - opponents of gold: farmers, railroads, silver mining interests
  - stalemate in Congress
  - role of new gold discoveries
## Tables

**Table 1: U.S. Cotton Production 1791-1860**

<table>
<thead>
<tr>
<th></th>
<th>1791</th>
<th>1831</th>
<th>1860</th>
</tr>
</thead>
<tbody>
<tr>
<td>Million lbs.</td>
<td>2.0</td>
<td>385.0</td>
<td>1,650</td>
</tr>
<tr>
<td>Percent of world total</td>
<td>0.4</td>
<td>49.6</td>
<td>66</td>
</tr>
</tbody>
</table>

**Table 2: World Wheat Production (percent of world total)**

<table>
<thead>
<tr>
<th></th>
<th>1860</th>
<th>1880</th>
<th>1900</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>10</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Germany</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>US</td>
<td>11</td>
<td>19</td>
<td>25</td>
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</tbody>
</table>

**Table 3: Iron and Steel Production (million tons)**

<table>
<thead>
<tr>
<th></th>
<th>1850</th>
<th>1870</th>
<th>1900</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>2.3</td>
<td>6.9</td>
<td>13.5</td>
</tr>
<tr>
<td>Germany</td>
<td>--</td>
<td>2.1</td>
<td>16.2</td>
</tr>
<tr>
<td>US</td>
<td>--</td>
<td>2.3</td>
<td>29.8</td>
</tr>
</tbody>
</table>