

# **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**

	<i>1791</i>	<i>1831</i>	<i>1860</i>
<i>Million lbs.</i>	2.0	385.0	1,650
<i>Percent of world total</i>	0.4	49.6	66

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

	<i>1860</i>	<i>1880</i>	<i>1900</i>
<i>UK</i>	10	5	2
<i>Germany</i>	6	5	4
<i>US</i>	11	19	25

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

	<i>1850</i>	<i>1870</i>	<i>1900</i>
<i>UK</i>	2.3	6.9	13.5
<i>Germany</i>	--	2.1	16.2
<i>US</i>	--	2.3	29.8