

Economic Differences Between North and South

Industry

- The North was industrializing and saw industry and commerce as the way forward for the economy in the USA. Ideas such as 'The American system of manufacturing' were developed with greater mechanization and the production of standardized interchangeable parts that led to the creation of assembly lines.

Infrastructure

- There was a boom in the railway industry in the North; by 1860 the USA had more railway track than the rest of the world combined. The majority of this connected Northern cities, industries and ports.
- In the North, the market revolution and westward expansion set in motion changes that transformed the region into an integrated economy of commercial farmers and manufacturing cities. These farmers changed from being self-sufficient, to being bound to a web of transportation which drew them into a new market economy.

Agriculture

- In agriculture the North embraced new developments with the use of more scientific approaches (use of fertilizers, new crop varieties and crop rotation) and the use of new machinery. These, along with the opening up of new farm land to the West, saw food production increase four-fold between 1840 and 1860.
- In 1800 the majority of Northerners and Southerners worked in agriculture (68% in the North and 82% in the South). This changed dramatically in the North, with only 40% of the population working in agriculture by 1860. This is stark contrast to the South where the percentage only fell by 1% to 81% in 1860.
- Northern agriculture shifted from mostly subsistence farming, whereby families grew food and raised livestock for themselves, toward a more market-based system with farmers selling surplus crops and herds.
- Meanwhile in the South the cash crops of cotton, sugar and tobacco continued to dominate.

Mechanization

- The South clung to its more traditional values and methods. Mechanisation was seen as a threat to the system of slavery; the negatives of industrialization and urbanization were seen as outweighing the positives. Whilst the North saw the South as backwards, the South saw 'not modernizing' as a positive choice.
- The South operated a system of slave labour, this removed the need for mechanization. It also meant that this portion of the labour force lacked the motivation of pay or improving their position. This led to lower productivity.
- The North saw the Southern methods of production as being inefficient, and Northern workers feared competition from slave labour in the new territories.

Labour

- The growth in demand for cotton brought great wealth to the South. The prosperity it brought was seen by Southerners as validating their economic system and use of slavery. Wealth was however not distributed very equally in either the North or South. In the both North and South the wealthiest 10% of the population held 70% of the sections wealth.
- In the North there was the use of free labour meaning that all workers could strive to improve their lot. This links to the idea of the 'American dream' by which people from humble backgrounds can strive against adversity and gain success, wealth and position. Abraham Lincoln's journey from rail splitter to President can be seen as evidence of this.
- There was also free labour in the South; these free workers in many cases supported slavery as they feared the competition for work and falling wages that would follow emancipation.

Wealth and Investment

- The planter class in the South strongly defended slavery which was the basis of their wealth, while the industrialists of the North advocated modernization as the way to economic growth. While the industrialists invested in new machinery, new factories and new technologies, the planters invested their money in slaves leading to rapid increases in their value. The fear of losing this wealth was one of the reason why they defended slavery so strongly.

Tariffs

- The South disliked tariffs which they saw as favouring the North in protecting industry while potentially alienating the South's key markets for their products, notably Great Britain and also pushing up prices.

Urbanization

- From the beginning, cities formed part of the Western Frontier. However, during the market revolution these cities grew rapidly. Fewer than one in ten Americans lived in towns (settlements with more than 2500 people) in 1820. One in five did so by 1860 (one in fourteen Southerners compared to one in four Northerners). Some cities saw spectacular growth. Chicago had 40 people in 1830. However, the development of railroads meant that by 1860, Chicago had 109,000 inhabitants. New York had 800,000 inhabitants by 1860.
- Urban centres saw dramatic changes due to the market revolution. The number of cities with populations exceeding 5,000 rose from 12 in 1820 to 150 three decades later. Urban merchants, bankers and master craftsmen took advantage of the new economic opportunities, by driving to increase production to decrease labour costs. This changed the nature of work. Traditionally, textile workers had manufactured goods at home, where they controlled pace and intensity of their own labour. Now, business men gathered workers into large workshops or factories to oversee their work and to sub-divide tasks.

- In the South, New Orleans had a population of 175,000 but cities such as Charleston and Richmond had populations of under 40,000. Urbanisation was a clear difference between North and South.

Immigration

- Economic expansion fueled a demand for labour, which was met, in part, by increased immigration from abroad. Many people from Ireland and Germany emigrated to America, settling in the northern states.
- There were 5 million immigrants entering the USA between 1830 and 1860. Almost all settled in the North.
- By 1860 one in six northerners were foreign born, while the figure for the South was just one in thirty.