

THE CAMBRIDGE ECONOMIC HISTORY  
OF THE UNITED STATES

VOLUME II

*The Long Nineteenth Century*

In the past several decades there has been a significant increase in our knowledge of the economic history of the United States. This has come about in part because of the developments in economic history, most particularly with the emergence of the statistical and analytical contributions of the “new economic history,” and in part because of related developments in social, labor, and political history that have important implications for the understanding of economic change. *The Cambridge Economic History of the United States* has been designed to take full account of new knowledge in the subject, while at the same time offering a comprehensive survey of the history of economic activity and economic change in the United States, and in those regions whose economies have at certain times been closely allied to that of the United States: Canada and the Caribbean.

Volume II surveys the economic history of the United States, Canada, and the Caribbean during the long nineteenth century, a period of massive international and intercontinental movements of labor, capital, and commodities. The United States and Canada began the period as small but vigorous societies; the United States ended the period as the world’s premier economic power. Five main themes frame the economic changes described in the volume: the migration of labor and capital from Europe, Asia, and Africa to the Americas; westward expansion; slavery and its aftermath; the process of industrialization; and the social consequences of economic growth that led to fundamental changes in the role of government. Other topics include: inequality, population, labor, agriculture, entrepreneurship, transportation, banking and finance, business law, and international trade.

Volume I covers the economic history of British North America and the early United States, and Volume III surveys U.S. economic history during the twentieth century.

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Cambridge University Press  
978-0-521-55307-0 — The Cambridge Economic History of the United States  
Edited by Stanley L. Engerman , Robert E. Gallman  
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*The Long Nineteenth Century*

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*Edited by*

STANLEY L. ENGERMAN

ROBERT E. GALLMAN



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## CAMBRIDGE UNIVERSITY PRESS

University Printing House, Cambridge CB2 8BS, United Kingdom  
One Liberty Plaza, 20th Floor, New York, NY 10006, USA  
477 Williamstown Road, Port Melbourne, VIC 3207, Australia  
314-321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre, New Delhi - 110025, India  
79 Anson Road, #06-04/06, Singapore 079906

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[www.cambridge.org](http://www.cambridge.org)  
Information on this title: [www.cambridge.org/9780521553070](http://www.cambridge.org/9780521553070)

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First published 2000

*A catalogue record for this publication is available from the British Library*

ISBN 978-0-521-55307-0 Hardback

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## PREFACE TO VOLUME II OF THE CAMBRIDGE ECONOMIC HISTORY OF THE UNITED STATES

Volume II of the *Cambridge Economic History of the United States* covers what we term the “long nineteenth century,” from the passage of the Constitution until the start of World War I. In the context of world history this period begins with a global war and ends with another global war. Between these two events the world was relatively peaceful; but there were exceptions. Most important was the American Civil War, an exceptionally destructive event in terms of loss of life and property, leading to fundamental changes in political and institutional arrangements, most importantly the ending of legal slavery in the South. With the world otherwise relatively peaceful, the long nineteenth century was a period of massive international and intercontinental movements of labor, capital, and commodities. The United States and Canada began the period as small but vigorous societies. The United States ended the period as the world’s premier economic power.

The long nineteenth century was a period of rapid economic expansion for both Canada and the United States. Five big themes frame the economic changes described in this volume. The first is the migration of labor and capital from Europe, Asia, and Africa to the Americas. A second, related theme lies in the North American frontier, a magnet for westward expansion, a source of opportunities and problems (including conflicts with Indians, described in Volume I). Third, for the United States, unlike Canada, the adjustment to slave emancipation was extensive and was not easily accomplished. Fourth, the process of industrialization was an important component of the structural changes that the American and Canadian economies underwent. And, fifth, the nature of the social consequences

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of economic growth led to fundamental changes in the role of the government.

There were, of course, major contrasts between Canada and the United States. At the end of the colonial experience, the U.S. economy was much larger. Thus, even though Canadian growth rates of population and income were high during the long nineteenth century, Canada did not catch up in either total income or total population. Geographic conditions and historical developments varied sufficiently to produce differences in the growth patterns of the two nations, but the fundamental forces at work – the opportunities presented by the continent's land, industrial opportunities, and factor inflows – were the same in the two cases and yielded similar trends.

Two of the chapters were not easily organized on a nineteenth-century basis. Business law had to be treated for the much longer period of the eighteenth to the twentieth century, and transportation, the nineteenth and twentieth. Note also that some parts of the nineteenth-century story are told in Volume I, for the American Indians and the British West Indies, for similar reasons.

Volume I had one chapter (by David Galenson) that dealt with economic growth in general. Volume II has expanded that theme into four chapters: a quantitative account of U.S. economic growth; a general account of Canadian economic growth (the only chapter devoted to Canada in this volume); a description of the effects of economic growth on the distribution of income and wealth; and a discussion of the social consequences of economic growth.

In several other respects the organization of Volume II is somewhat different from Volume I (and is more similar to Volume III). In Volume I the fundamental units of study tended to be geographical entities: the northern colonies, the southern colonies, the West Indies. Volume II adopts a more conventional framework. The big themes mentioned above are treated, directly or indirectly, in many of the chapters, but receive special treatment in the four listed in the previous paragraph as well as in chapters dealing with: population and labor, wage changes, agriculture, westward movement, slavery and its aftermath, industrialization, entrepreneurship, government tax and expenditure policy, transport, banking and financial institutions, international trade, international capital flows, and business law.

This volume, like all Cambridge histories, consists of essays that are intended to be syntheses of the existing state of knowledge, analysis, and

*Preface*

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debate. By their nature, they cannot be fully comprehensive. Their purpose is to introduce the reader to the subject and to provide her or him with a bibliographical essay that identifies directions for additional study. The audience sought is not one of deeply experienced specialists but of undergraduates, graduate students, and the general reader with an interest in pursuing the subjects of the essays.

The title of Peter Mathias's inaugural lecture (November 24, 1970) when he took the chair in economic history at Oxford was "Living with the Neighbors." The neighbors alluded to are economists and historians. In the United States economic history is not a separate discipline as it is in England; economic historians find places in departments of economics and history – most often, economics, these days. The problem of living with the neighbors nonetheless exists, since economic historians, whatever their academic affiliations, must live the intellectual life together, and historians and economists come at things from somewhat different directions. Another way to look at the matter is to regard living with the neighbors not as a problem but as a grand opportunity, since economists and historians have much to teach one another. Nonetheless, there is a persisting intellectual tension in the field between the interests of history and economics. The authors of the essays in these volumes are well aware of this tension and take it into account. The editors, in selecting authors, have tried to make room for the work of both disciplines.

Volume I was published according to schedule. That is not true of Volume II. Despite the editors' strong resolve to be ruthless in defense of our deadlines, we were obliged to delay publication to assure a comprehensive volume. On behalf of those whose dilatory ways slowed the publication of the volume, we apologize to those who conscientiously met their obligations and whose contributions saw the light of publication later than should have been the case. The slow sailors apologize to the fast sailors for slowing the convoy.

During the preparation of this volume we have been helped by the Department of Economics, University of North Carolina, the Department of Economics, University of Rochester, and the Faculty of Economics and Politics, University of Cambridge. From the very beginning we have benefited from the help, guidance, and general expertise of our editor, Frank Smith. In the final stages of production we have had the expert management of Camilla Knapp. The copyediting was done by John Kane and the indexing by Kathryn Torgeson.



An expanded version of Chapter 16, by Lance E. Davis and Robert J. Cull, was published under the title, *International Capital Markets and American Economic Growth, 1820–1914* (Cambridge: Cambridge University Press, 1994). An earlier version of Chapter 13, by Albert Fishlow, was published in Lance E. Davis, Richard A. Easterlin, William N. Parker, et al., *American Economic Growth: An Economist's History of the United States* (New York: Harper & Row, 1972).

Robert E. Gallman and I worked as co-editors of the three volumes of *The Cambridge Economic History of the United States* from their conception through to the publication of Volume I and the submission of final versions of the chapters for volumes II and III, prior to his death in November 1998. The contributors, as well as myself, greatly benefited from his knowledge, insights, and good nature in the preparation of these volumes.

Stanley L. Engerman