

Transforming the Economy

1800–1860

CHAPTER OUTLINE

The following annotated chapter outline will help you review the major topics covered in this chapter.

I. The American Industrial Revolution

A. The Division of Labor and the Factory

1. Two great changes defined the early-nineteenth-century American economy: the growth and mechanization of industry (the Industrial Revolution) and the expansion and integration of markets (the Market Revolution).
2. Industrialization came to the United States between 1790 and 1860, as merchants and manufacturers increased output of goods by reorganizing work and building factories.
3. The outwork system was a more efficient division of labor and lowered the price of goods, but it eroded workers' control over the pace and conditions of work as well as their wages.
4. For tasks not suited to outwork, factories were created where work was concentrated under one roof and divided into specialized tasks.
5. Manufacturers used newly improved coal-burning stationary steam engines to power their mills and used power-driven

machines and assembly lines to produce new types of products.

6. Some Britons feared that American manufacturers would “become exporters not only to foreign countries, but even to England.”
- #### B. The Textile Industry and British Competition
1. American and British Advantages
 - a. British textile manufacturers were particularly worried about American competition; Britain prohibited the export of textile machinery and the emigration of mechanics who knew how to build it, but many British mechanics disguised themselves as ordinary laborers and set sail to the United States.
 - b. Samuel Slater brought to America a design for an advanced cotton spinner; its use in 1790 marked the advent of the American Industrial Revolution.
 - c. American manufacturers could rely on an abundance of natural resources, including cotton, wool, and water to power the factories sprouting along rivers in the northeastern states.
 - d. British companies were better established and had less-expensive shipping rates, lower interest rates, and cheaper labor.

- e. Congress passed protective legislation in 1816, 1824, and 1828, levying high taxes on imported goods; tariffs were reduced again in the 1830s.
2. Better Machines, Cheaper Workers
 - a. American producers used two other strategies to compete with their British rivals. First, they improved on British technology; second, they found less expensive workers.
 - b. American producers more effectively competed with their British rivals by improving British technology. Francis Cabot Lowell's Boston Manufacturing Company built the Waltham factory, the first American factory to perform all the clothmaking operations under one roof at higher speeds than British mills and with fewer workers.
 - c. The Boston Manufacturing Company pioneered a labor system that became known as the Waltham-Lowell system, in which the company recruited farm women and girls as textile workers who would work for low wages.
 - d. By the early 1830s, more than 40,000 New England women worked in textile mills. Mill owners provided rooms in boardinghouses with evening cultural activities, enforced strict curfews, prohibited alcoholic beverages, and required church attendance.
 - e. Although some women found this work oppressive, many gained a new sense of freedom and autonomy.
 - f. By combining improved technology, female labor, and tariff protection, the Boston Manufacturing Company sold textiles at cheaper prices than British companies.
- C. American Mechanics and Technological Innovation
 1. By the 1820s, American-born craftsmen had replaced British immigrants at the cutting edge of technological innovation.
 2. The most important inventors in the Philadelphia region were members of the Sellars family, who helped found the Franklin Institute of Philadelphia in 1824.
 3. Mechanic institutes were established in other states, which disseminated technical knowledge and encouraged innovation; in 1820, the U.S. Patent Office issued about two hundred patents each year, but by 1860, it was awarding four thousand patents annually.
 4. American mechanics pioneered the development of machine tools thus fueling the spread of the Industrial Revolution.
 5. In the firearms industry, Eli Whitney and others developed interchangeable and precision-crafted parts that enabled large-scale production.
 6. Technological inventions resulted in more efficient machines and sped up mass production.
 7. The increased availability of machines allowed the American Industrial Revolution to come of age; the volume and availability of output caused some products—Remington rifles, Singer sewing machines, and Yale locks—to become household names.
 8. After the 1851 Crystal Palace Exhibition in London, Americans built factories in Great Britain and soon dominated many European markets.
- D. Wagerworkers and the Labor Movement
 1. Free Workers Form Unions
 - a. The Industrial Revolution changed the nature of work and workers' lives. Many American craft workers had developed an artisan republicanism, an ideology of production based on the principles of liberty and equality. They saw themselves as small-scale producers, equal to one another and free to work for themselves.
 - b. But as the outwork and factory systems spread, more and more workers took jobs as dependent wage earners.

- c. Skilled workers, such as carpenters and masons, united through a strong trade consciousness, created unions, and bargained with their employers, particularly with the hope of setting a ten-hour workday.
 - d. By 1840, many trade workers and federal employees had won a ten-hour workday.
 - e. Artisans whose occupations were threatened by industrialization—shoemakers, printers, and so on—were less successful, and some left their employers to set up specialized shops, resulting in the division of the traditional artisan class into two groups: self-employed craftsmen and wage-earning craftsmen.
 - f. Under English and American common law, it was illegal for workers to form unions or organize themselves for the purpose of raising wages, because they prevented other workers from hiring themselves out for whatever wages they wished.
2. Labor Ideology
- a. In 1830, journeymen banded together to form mutual benefit societies to seek better conditions. In 1834, several trade unions combined to form the National Trades Union.
 - b. Although workers gained the public's support for their causes and *Commonwealth v. Hunt* (1842) upheld the right of workers to form unions and call strikes in order to enforce closed-shop agreements that limited employment to union members, many judges continued to issue injunctions forbidding strikes.
 - c. Union leaders devised a labor theory of value and organized strikes for higher wages.
 - d. Women textile workers took similar labor actions; others refused to work in

the mills and were soon replaced by impoverished Irish immigrants.

- e. In 1857, surplus production and a financial panic contributed to a recession, and urban unemployment rose to 10 percent, reminding Americans of the social costs of industrial production.

II. The Market Revolution

A. The Transportation Revolution Forges Regional Ties

1. Canals and Steamboats Shrink Distance
 - a. By the 1840s, the removal of Indians, generous federal land policies, and desire for landownership enticed nearly 5 million people to move to the trans-Appalachian west.
 - b. To connect new western settlements with the east and encourage trade, Congress appropriated funds for construction of the National Road, and states established charter companies to build toll roads, or turnpikes.
 - c. Interregional and government-funded highways were still too slow and expensive to transport goods and crops efficiently.
 - d. Americans developed a water-borne transportation system of unprecedented size, beginning with the government-subsidized Erie Canal.
 - e. The New York canal project had three things in its favor: the support of New York City merchants, the backing of the governor, and the gentle landscape west of Albany.
 - f. The Erie Canal altered the region's ecology as settlers cut trees to construct homes and to open land for crops and pastures.
 - g. The Erie Canal brought prosperity to central and western New York, linked the economies of the Northeast and Midwest, and prompted a national canal boom.

- h. Robert Fulton’s development of the first American steamboat ensured the success of the water-borne transportation system.
 - i. State and national governments encouraged the creation of this interregional transportation, trade, and communication system through subsidized construction; the Post Office Act of 1792 allowed letters and banknotes to be carried from one end of the country to the other, and the Supreme Court struck down state restrictions on commerce in *Gibbons v. Ogden* (1824).
2. Railroads Link the North and Midwest
- a. The development of the railroad created ties between the Northeast and the Midwest, and by the 1860s, railroads became the main carriers of freight.
 - b. Interregional railroad lines connecting major Midwestern cities with adjacent states turned Chicago into a transportation center.
 - c. Interregional trade grew by the 1840s once midwestern entrepreneurs began to produce goods that vastly increased output—John Deere plows, McCormick and Hussey reapers—and replaced products Americans had been importing from Britain and the Northeast. By 1847, entrepreneurs like Deere were creating factories that relied on mass production to manufacture plows.
 - d. Improved trade and transportation networks allowed southerners to sell their cotton to northeastern textile plants and foreign markets. Most southern investors concentrated their resources in cotton and slaves. The southern economy remained predominantly agricultural and generated less per capita income than

did the more industrial northern economy.

B. The Growth of Cities and Towns

1. Because of the expansion of industry and trade, the urban population grew fourfold between 1820 and 1840.
2. The most rapid growth occurred in the new industrial towns that sprang up along the “fall line”—for example, Lowell, Massachusetts; Hartford, Connecticut; Trenton, New Jersey; and Wilmington, Delaware.
3. Western commercial cities such as New Orleans, Pittsburgh, Cincinnati, and Chicago grew almost as rapidly because of their location at points where goods were transferred from one mode of transport to another.
4. As transportation hubs, several cities such as St. Louis and Chicago also became major manufacturing centers.
5. By 1860, the largest cities in the United States were New York, Philadelphia, Brooklyn, St. Louis, and Chicago, in that order.
6. The old Atlantic seaports—Boston, Philadelphia, Baltimore, Charleston, and especially New York City—retained their importance for foreign commerce and, increasingly, as centers of finance and small-scale manufacturing.
7. New York’s growth stemmed primarily from its control of foreign trade; by 1840, New York handled almost two-thirds of foreign imports and almost half of all foreign trade.

III. New Social Classes and Cultures

A. The Business Elite

1. The Industrial Revolution shattered the traditional rural social order and created a society composed of distinct regions, classes, and cultures.
2. In the large cities, the richest 1 percent of the population owned 40 percent of all tangible property and an even larger share of the stocks and bonds.

3. The government taxed tangible property but almost never taxed stocks, bonds, or inheritances; thus government policies allowed the rich to accumulate even more wealth at the expense of the poor.
 4. The wealthiest families began to consciously set themselves apart, and many American cities became segregated communities divided geographically along the lines of class, race, and ethnicity.
- B. The Middle Class
1. The increased number of farmers, mechanics, manufacturers, merchants, and skilled professionals contributed to a growing middle class.
 2. A distinct middle-class urban culture emerged as the per capita income of Americans rose about 2.5 percent per year between 1830 and 1857, and mass production lowered prices.
 2. In addition to securing material comfort, middle-class Americans also invested in education for their children and stressed discipline, morality, and hard work.
 3. The business elite and the middle class celebrated work as the key to a higher standard of living for the nation and social mobility for the individual.
 4. The ideal of the self-made man became a central theme of American popular culture.
- C. Urban Workers and the Poor
1. The bottom 10 percent of the labor force, the casual workers, owned little or no property, and their jobs were unpredictable, seasonal, and dangerous.
 2. Other laborers had greater job security, but few prospered; many families sent their children out to work, and the death of one parent often pushed the family into dire poverty.
 3. Over time, urban factory workers and unskilled laborers lived in well-defined neighborhoods of crowded boardinghouses or tiny apartments, often with filthy conditions.
 4. Many wage earners turned to alcohol as a form of solace, and police were unable to contain the lawlessness that erupted.
- D. The Benevolent Empire
1. During the 1820s, Congregational and Presbyterian ministers joined with middle-class men and women to launch a program of social reform and regulation.
 2. The Benevolent Empire targeted drunkenness and other social ills, but it also set out to institutionalize charity and combat evil in a systematic fashion.
 3. The benevolent groups encouraged people to live well-disciplined lives, and they established institutions to assist those in need and to control people who were threats to society.
 4. Upper-class women were an important part of the Benevolent Empire through sponsorship of charitable organizations.
 5. Some reformers believed that one of the greatest threats to morality was the decline of the traditional Sabbath.
 6. Popular resistance or indifference limited the success of the Benevolent Empire.
- E. Charles Grandison Finney: Revivalism and Reform
1. Evangelical Beliefs
 - a. Presbyterian minister Charles Grandison Finney conducted emotional revivals that stressed conversion rather than instruction; Finney's ministry drew on and accelerated the Second Great Awakening.
 - b. Finney's message that man was able to choose salvation was particularly attractive to the middle class, but it also helped him to humble the pride of the rich and relieve the shame of the poor by celebrating their common fellowship in Christ.
 - c. The business elite joined Finney's movement, establishing savings banks and Sunday schools for the poor and helping to provide relief for the unemployed.

- d. Finney's initiatives to create a harmonious community of morally disciplined Christians were not altogether effective; skilled workers argued for higher wages and better schools more than sermons and prayers, and his revival seldom attracted poor people, especially Irish Catholics.
 - e. Revivalists from New England to the Midwest copied Finney's evangelical message and techniques, and the movement swept through Pennsylvania, North Carolina, Tennessee, and Indiana.
2. Temperance
- a. In a society with high alcohol consumption, the temperance movement proved to be the most effective social reform.
 - b. The American Temperance Society adapted methods that worked well in the revivals and helped the consumption of spirits to fall dramatically.
 - c. Evangelical reformers celebrated religion as the moral foundation of the American work ethic; religion and the ideology of social mobility held society together in the face of the disarray created by the market economy, industrial enterprise, and cultural diversity.
- F. Immigration and Cultural Conflict
1. Irish Poverty
- a. Between 1840 and 1860, millions of immigrants—Irish, Germans, and Britons—poured into the United States.
 - b. Most avoided the South, and many Germans moved to states in the Midwest, while poorer Germans and most of the Irish settled in the Northeast.
- c. The most prosperous immigrants were the British, followed by the Germans; the poorest were from Ireland.
 - d. Irish peasants and laborers, fleeing famine, took low-paying jobs, lived in cheap tenement housing, and were usually the first to die when epidemics hit cities.
 - e. Many Germans and most Irish were Catholics who fueled the growth of the Catholic Church in America; Catholic institutions in turn allowed them to maintain their religion as well as their ethnic identities.
2. Nativism
- a. Because of the Protestant religious fervor stirred up by the Second Great Awakening, Catholic immigrants met with widespread hostility; in 1834, Samuel F. B. Morse published *Foreign Conspiracy Against the Liberties of the United States*, which warned of a Catholic threat to American republican institutions.
 - b. Labor issues merged with anti-Catholic sentiment: mobs of workers attacked Catholics, blaming them for high unemployment and low wages.
 - c. Social reformers often supported the anti-Catholic movement, hoping to prevent the diversion of tax resources to Catholic schools and opposing alcohol abuse by Irish men.
 - d. In most large northeastern cities, differences of class and culture led to violence and split the North, similar to the way that race and class divided the South.