

ECONOMICS OF THE SOUTH

Convinced that [white supremacy](#) and the [institution of slavery](#) were threatened by the [November 1860 election](#) of [Republican candidate Abraham Lincoln](#) to the [U.S. presidency](#), on a platform which opposed the expansion of slavery into the western territories, the Confederacy declared its secession from the United States, with the loyal states becoming known as the [Union](#) during the ensuing [American Civil War](#).

The Confederacy was formed on February 8, 1861, by the seven [secession slave states](#): [South Carolina](#), [Mississippi](#), [Florida](#), [Alabama](#), [Georgia](#), [Louisiana](#), and [Texas](#). All seven of the states were located in the [Deep South](#) region of the United States. The Confederacy grew with the addition of the states of Virginia, Arkansas, and North Carolina, with Tennessee the last to join on 8th June 1861.

SLIDE 1 – Map of USA, showing Southern States



In a speech known today as the [Cornerstone Address](#), [Confederate Vice President Alexander H. Stephens](#) described its ideology as being centrally based "upon the great truth that the [negro](#) is not equal to the [white man](#); that [slavery](#), subordination to the superior race, is his natural and normal condition"

The eleven states all shared that their economies were heavily dependent upon agriculture—particularly cotton—and a [plantation system](#) that relied upon [slaves of African descent](#) for labor.

The wealth of the South in 1860

It made sense for the South to fight if a belligerent North threatened the institution of slavery.

If classed as an independent nation, the area of the Confederate States would have ranked as the fourth-richest country of the world in 1860

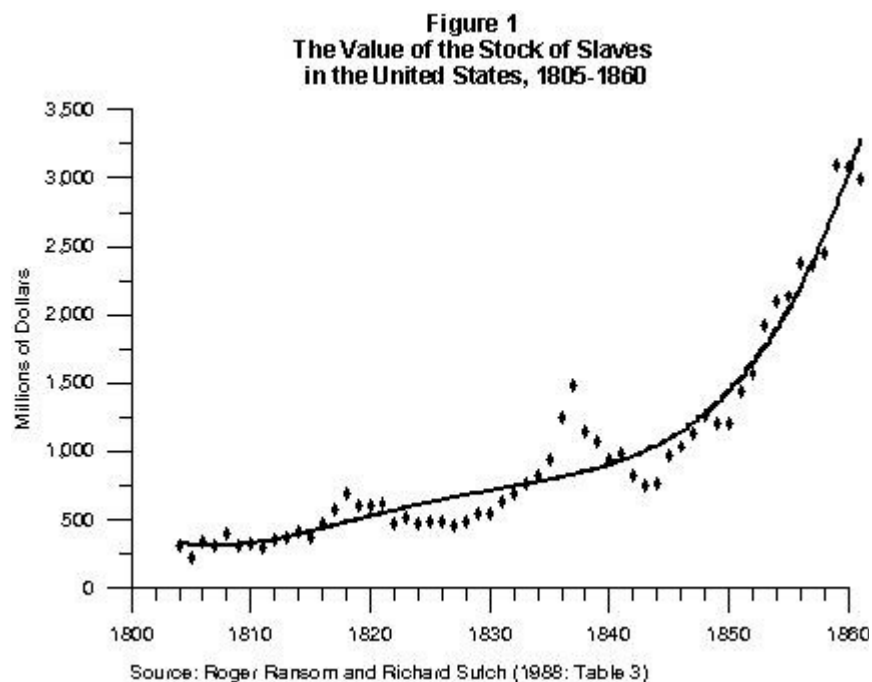
In 1860, The Confederate States accounted for seventy percent of total US exports by dollar value (\$158m to the North's \$42m). Confederate leaders believed that this would give the new nation a firm financial basis.

Cotton was the primary export, accounting for seventy-five percent of Southern trade in 1860. The Confederate States entered the war with the hope that its near monopoly of the world cotton trade would force the European importing countries, especially [Great Britain](#) and [France](#), to intervene in the war on her behalf

There was great wealth in the South, but it was primarily tied up in the slave economy. In 1860, the economic value of slaves in the United States exceeded the invested value of all of the nation's railroads, factories, and banks combined.

Though the value on a single slave varied and fluctuated depending on the market in 1805 “there were just over one-million slaves worth about \$300-million; fifty-five years later there were four-million slaves worth close to three billion (dollars)”. These four million slaves of the 32 million Americans.

Slide 2



At the beginning of the war the Confederacy had some \$47 million in bank deposits (compared to \$189 million in Northern banks), and \$27 million in specie (gold and silver coins) holdings (compared to \$45 million worth in the northern states)

What else contributed to the economy?

The five major commodities of the southern agricultural economy were cotton, grain, tobacco, sugar, and rice, with the production of the leading [cash crop](#), cotton, concentrated in the Deep South (Mississippi, Alabama, and Louisiana).

7m cattle (5.4m)
15.5m swine (11.3m)
187m pounds of rice
199m pounds of tobacco (58m)
5m bales of cotton
20m bushels of oats (138m)
31m bushels of wheat (114m)
280m bushels of corn (396m)

They did have some **manufacturing**. The total number of **factories** in the [antebellum South](#) numbered 20,600 (100,500 in the north), 11,000 non-slave workers (1.1 million in the north) and a total value of products amounting to \$155 million (\$1.5 billion in the northern states).

To support the war, for example, the [Columbus](#) Iron Works manufactured cannons and machinery, Greenwood and Gray made firearms, and Louis and Elias Haimon produced swords and bayonets. Smaller firms provided additional munitions.

In [Wilmington, North Carolina](#), Louis Froelich (1817-1873), a German immigrant, opened the Confederate States Arms Factory. His firm made bayonets, sabers, Bowie knives, and sheathes or scabbards for these weapons, as well as thousands of metal buttons for military uniforms.^[15]

Shipbuilding – 2 government owned naval shipyards and 36-145 private shipyards.

Textiles - The Eagle Manufacturing Company made textiles of various sorts but especially woollens for Confederate uniforms.

Iron Works – the Tredegar Iron Works in Richmond were the 3rd largest iron manufacturers in the US.

The Gallego **Flour Mills** in Richmond had an international reputation for the superior type of flour it shipped to Europe and South America. When it was destroyed at the end of the war in 1865, it was the largest kind of flour mill in the world.

Mining/Mineral Resources – Salt was a crucial resource to preserve food and vital in curing leather. The main salt works were in Virginia, Louisiana and Florida.

What didn't they have to contribute to the economy?

However, The Confederacy had **very few cities** of any size.

Using figures from the 1860 census, [New Orleans](#) was the largest city under Confederate control. It was the sixth-largest city listed in the census with a population of about one hundred and sixty thousand. New Orleans and its industrial capacity [fell to the Union](#) after only 455 days. The next largest city in the Confederacy was [Charleston, South Carolina](#) with only forty thousand and ranked twenty-second in the United States. Richmond was twenty-fifth.

And although before the war the South had a good system of transportation by riverboats on a huge network of navigable rivers, plus a dozen ocean ports. In May 1861 the Union naval blockade shut down almost all port activity except for blockade runners.

The population of the Southern states was 9m (23m in the North) – with only 1m males of military age (18-45) compared with the North with 23m and 3.5m males.

The South only had 9,000 miles of railroad while the North had 20,000 miles and 96% of the railroad equipment.

And while undoubtedly wealthy, it only 13% of the nation's banks.

Not economics but more reasons why the South went into the Civil War.

In addition, some secessionists were interested in preserving the "Southern way of life."

While the image of the large plantations and elegant Scarlet O'Hara-esque Southern belles sipping mint juleps was applicable to only a small minority of southern farms, the gentility and clearly-defined class system was something of a comfort, even for those Southerners who did not live in that world. In addition, some accepted the myth of the happy, subservient slave, who was not quite a human being and would benefit from the civilizing influence of Southern gentility.

At the foundation of the "Southern way of life," however, was its oppressive economic system. In addition to reducing millions of Americans to the status of chattel, it made it very difficult for non-landed, unskilled Whites to succeed in the face of labour competition from slaves.

Part of the "Southern way of life" was the European flavour and aspirations of the planter class. This cultural influence grew out of and was fed by the long-standing mutual economic relationship between England and the South. In order to ensure that the British market for Southern cotton remained open, Southern planters and others had to maintain relatively sizable importation of goods from Britain. At the same time, the European influence on Southern gentile society; in education, fashion, arts, and other fields; created a large demand for European imports. An imbalance in this relationship, such as would be caused by the abolition of slavery or increases in tariffs, would have cultural implications for the South.