

# US Economy in the mid 19th century

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13/05/2020

US Economy was undergoing a transition in the mid 19th century. The agrarian US economy of 1800 was getting industrialised to emerge as one of the leading economies by 1900. By the mid 19th century, US was caught in a civil war (1861-65) between North and South. Beginning of industrial revolution in the pre civil war years was confined to North. South US lagged far behind in industrialisation. Southern states were predominantly agricultural. By the mid 1850s, 84% of Southern population was engaged in agriculture, while for Northern state, this figure was 40%. In North, agriculture was highly capital intensive with large scale use of farm machinery. In South agriculture was highly labour intensive, because of large scale slave engagement in agriculture.

Ninety percent of manufactured products came from North which included machinery, cotton and woolen textiles and firearms. Southern states had a small industrial base.

By 1840s cotton was the most important export of US. Southern states produced two-thirds of the world's supply of cotton. Yet cotton textile manufacturing was not concentrated in South. US tariff policies were protective which came as a hinderance to cotton exports from US.

Along with industrialisation came urbanisation. While the rate of urbanisation in North US was 26% in the mid 1850s, it was only 10% in South. Cities like Chicago, Cincinnati, Cleveland and Detroit emerged as big cities in the North due to food processing, machinery and railroad manufacturing clusters.

Railroads developed as an important means of transportation and played a big role in industrialisation of US. It helped in the movement of raw materials across Industries. In the matter of railroads too, North heavily dominated the South.

In conclusion, it can be said that the transformation of US economy to an industrialised economy was taking place at a rapid pace, until it was halted for a brief period by US civil wars in the mid 19th century. The passing of homestead Act and ending of slavery by President Lincoln, paved the way for further acceleration of economic growth in US.