

# The Economic Causes of the War Between the States



The following essay is an excellent encapsulation and explanation of the economic causes of the War Between the States published in September 2001 by Dr. Donald W. Miller, Jr. Editor

## The Economic Roots of the Civil War

*“Union means so many millions a year lost to the South; secession means the loss of the same millions to the North. The love of money is the root of this, as of many evils. The quarrel between the North and the South is, as it stands, solely a fiscal quarrel.” Charles Dickens*

In the schoolbook account of the American Civil War, Abraham Lincoln rose to the presidency and took the steps needed to end slavery. He led the country in a great Civil War against the slaveholding States that seceded, restored these states to the Union, and ended slavery. Accordingly, historians rate Abraham Lincoln as one of our greatest presidents.



People in the South, like my great-great-grandfather Louis Thomas Hicks, had a different view of the war. Louis Hicks fought in the Battle of Gettysburg in the Army of Northern Virginia, commanding the 20th North Carolina Regiment (in Iverson's Brigade of Rodes Division in Ewell's Second Corps).

He led his regiment into action on the first day of the battle and was forced to surrender after losing eighty percent of his men (238 out of 300) in two-and-a-half hours of fighting. In his personal account of the battle, he wrote, "[As a prisoner] I lied awake, thinking of my comrades and the great cause for which we were willing to shed our last drop of blood."



His daughter, Mary Lyde Williams, echoed similar sentiments in her Presentation Address given at the Unveiling of the North Carolina Memorial on the Battlefield of Gettysburg on July 3, 1929. She began her address with the words, "They wrote a constitution in which each State should be free." Four children, including her granddaughter, my mother, who was then 10 years old, removed the veil that covered the statue.

### **Today's Standard View of the War**

Today American children are taught in the nation's schools, both in the North and South, that it was wrong for people to support the Confederacy and to fight and die for it.

Well-intentioned, "right thinking" people equate anyone today who thinks that the South did the right thing by seceding from the Union as secretly approving of slavery. Indeed, such thinking has now reached the point where groups from both sides of the political spectrum, notably the NAACP and Southern Poverty Law Center on the left and the Cato Institute on the right, want to have the Confederate Battle Flag eradicated from public spaces. These people argue that the Confederate flag is offensive to African-Americans because it commemorates slavery.

In the standard account, the Civil War was an outcome of our Founding Fathers failure to address the institution of slavery in a republic that proclaimed in its Declaration of Independence that "all men are created equal." But was it really necessary to wage a four-year war to abolish slavery in the United States, one that ravaged half of the country and destroyed a generation of American men? Only the United States and Haiti freed their slaves by war.



### **America Not Alone in Slaveholding**

Every other country in the New World that had slaves, such as Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Peru, Uruguay, and Venezuela, freed them in the 19th century peacefully.

The war did enable Lincoln to "save" the Union, but only in a geographic sense. The country ceased being a Union, as it was originally conceived, of separate and sovereign States. Instead, America became a "nation" with a powerful federal government. Although the war freed four million slaves into poverty, it did not bring about a new birth of freedom, as Lincoln and historians such as James McPherson and Henry Jaffa say.

For the nation as a whole the war did just the opposite: It initiated a process of centralization of government that has substantially restricted liberty and freedom in America, as historians Charles Adams and Jeffrey Rogers Hummel have argued – Adams in his book, *When in the Course of Human Events: Arguing the Case for Southern Secession* (published in 2000); and Hummel in his book, *Emancipating Slaves, Enslaving Free Men* (1996).

### **Not a “Civil War”**

The term Civil War is a misnomer. The South did not instigate a rebellion. Thirteen Southern States in 1860-61 simply chose to secede from the Union and go their own way, like the thirteen colonies did when they seceded from Britain. A more accurate name for the war that took place between the northern and Southern American States is the War for Southern Independence. Mainstream historiography presents the victors' view, an account that focuses on the issue of slavery and downplays other considerations.

Up until the 19th century slavery in human societies was considered to be a normal state of affairs. The Old Testament of the Bible affirms that slaves are a form of property and that the children of a slave couple are the property of the slaves' owner (Exodus 21:4). Abraham and Jacob kept slaves, and the New Testament says nothing against slavery.

Slaves built the pyramids of Egypt, the Acropolis of Athens, and the coliseums in the Roman Empire. Africans exported 11,000,000 black slaves to the New World – 4,000,000 to Brazil, 3,600,000 to the British and French West Indies, and 2,500,000 to Spanish possessions in Central and South America. About 500,000 slaves, 5 per cent of the total number shipped to the New World, came to America. Today slavery still exists in some parts of Africa, notably in Sudan and Mauritania.

### **Britain Sets the Peaceful Abolition Example**

Britain heralded the end of slavery, in the Western world at least, with its Bill of Abolition, passed in 1807. This Bill made the African slave trade (but not slaveholding) illegal. Later that year the United States adopted a similar bill, called the Act to Prohibit the Importation of Slaves, which prohibited bringing slaves into any port in the country, including into the southern slaveholding States.

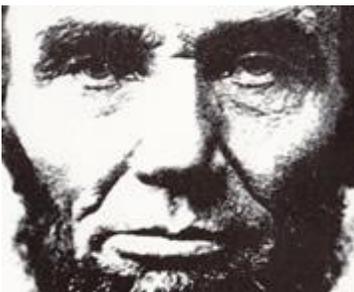
Congress strengthened this prohibition in 1819 when it decreed the slave trade to be a form of piracy, punishable by death. In 1833, Britain enacted an Emancipation Law, ending slavery throughout the British Empire, and Parliament allocated twenty million pounds to buy slaves' freedom from their owners. The German philosopher Arthur Schopenhauer rightly described this action as one of the greatest acts of collective compassion in the history of humankind.

This happened peacefully and without any serious slave uprisings or attacks on their former owners, even in Jamaica where a population of 30,000 whites owned 250,000 slaves.

### **Confederate Constitution Forbids Slave Trade**

The Constitution of the Confederate States of America prohibited the importation of slaves (Article I, Section 9). With no fugitive slave laws in neighboring states that would return fugitive slaves to their owners, the value of slaves as property drops owing to increased costs incurred to guard against their escape. With slaves having a place to escape to in the North and with the supply of new slaves restricted by its Constitution, slavery in the Confederate States would have ended without war.

A slave's decreasing property value, alone, would have soon made the institution unsustainable, irrespective of more moral and humanitarian considerations. The rallying call in the North at the beginning of the war was "preserve the Union," not "free the slaves." Although certainly a contentious political issue and detested by abolitionists, in 1861 slavery nevertheless was not a major public issue. Protestant Americans in the North were more concerned about the growing number of Catholic immigrants than they were about slavery. In his First Inaugural Address, given five weeks before the war began, Lincoln reassured slaveholders that he would continue to enforce the Fugitive Slave Act.



### **Lincoln's War Goes Badly**

After 17 months of war things were not going well for the North, especially in its closely watched Eastern Theater. In the five great battles fought there from July 1861 through September 17, 1862, the changing cast of Union generals failed to win a single victory. The Confederate army won three: First Bull Run (or First Manassas) on July 21, 1861; Seven Days – six major battles fought from June 25-July 1, 1862 during the Union army's Peninsular Campaign that, in sum, amounted to a strategic Confederate victory when McClellan withdrew his army from the peninsula; and Second Bull Run (or Second Manassas) on August 29-30, 1862.

Two battles were indecisive: Seven Pines (or Fair Oaks) on May 31-June 1, 1862, and Antietam (or Sharpsburg) on September 17, 1862. In the West, Grant took Fort Donelson on February 14, 1862 and captured 14,000 Confederate soldiers. But then he was caught by surprise in the battle of Shiloh (or Pittsburg Landing) on April 6-7, 1862 and lost 13,000 out of a total of 51,000 men that fought in this two-day battle.

Sickened by the carnage, people in the North did not appreciate at the time that this battle was a strategic victory for the North. Then came Antietam on September 17, the bloodiest day in the entire war; the Union army lost more than 12,000 of its 60,000 troops engaged in the battle.

*Did saving the Union justify the slaughter of such a large number of young men? The Confederates posed no military threat to the North. Perhaps it would be better to let the Southern States go, along with their 4 million slaves. If it was going to win, the North needed a more compelling reason to continue the war than to preserve the Union. The North needed a cause for continuing the war, as Lincoln put the matter in his Second Inaugural Address, that was willed by God, where "the judgments of the Lord" determined the losses sustained and its outcome.*

### **Lincoln: "Remain in the Union and Keep Your Slaves"**

Five days after the Battle of Antietam, on September 22, 1862, Abraham Lincoln issued his Emancipation Proclamation. The Emancipation Proclamation was a "war measure," as Lincoln put it. Foreign correspondents covering the war recognized it as a brilliant propaganda coup. Emancipation would take place only in rebel States not under Union control, their State sovereignty in the matter of slavery arguably forfeited as a result of their having seceded from the Union. The president could not abolish slavery; if not done at the State level, abolition would require a constitutional amendment.

Slaveholders and their slaves in Missouri, Kentucky, Maryland, Delaware, Tennessee, and parts of Virginia and Louisiana occupied by Union troops were exempt from the edict. Slaves in the Confederacy would be "forever free" on January 1, 1863 – one hundred days after the Proclamation was issued – but only if a State remained in "rebellion" after that date. Rebel States that rejoined the Union and sent elected representatives to Congress before January 1, 1863 could keep their slaves. Such States would no longer be considered in rebellion and so their sovereignty regarding the peculiar institution would be restored.

*As the London Spectator put it, in its October 11, 1862 issue: "The principle [of the Proclamation] is not that a human being cannot justly own another, but that he cannot own him unless he is loyal to the United States."*

### **Lincoln: Emancipation and Deportation**

Regarding slaves in States loyal to the government or occupied by Union troops, Lincoln proposed three constitutional amendments in his December 1862 State of the Union message to Congress. The first was that slaves not freed by the Emancipation Proclamation be freed gradually over a 37-year period, to be completed by January 1, 1900. The second provided compensation to owners for the loss of their slave property.

The third was that the government transport freed Blacks, at government expense, out of the country and relocate them in Latin America and Africa. Lincoln wrote that freed blacks need "new homes [to] be found for them, in congenial climes, and with people of their own blood and race." For Lincoln, emancipation and deportation were inseparably connected. Secretary of the Navy Gideon Wells wrote in his diary that Lincoln "thought it essential to provide an asylum for a race which he had emancipated, but which could never be recognized or admitted to be our equals."

As historian Leone Bennett Jr. puts it in his book *Forced Into Glory: Abraham Lincoln's White Dream* (2000),

"It was an article of faith to him [Lincoln] that emancipation and deportation went together like firecrackers and July Fourth, and that you couldn't have one without the other."

Congress refused to consider Lincoln's proposals, which Horace Greeley in the New York Tribune labeled whales' tubs of "gradualism, compensation, [and] exportation." None of the Confederate States took the opportunity to rejoin the Union in the 100-day window offered and the war continued for another two years and four months. Eight months later the 13th Amendment was ratified, and slavery ended everywhere in the United States (without gradualism, compensation, or exportation).

### **Africans Unwanted in the North**

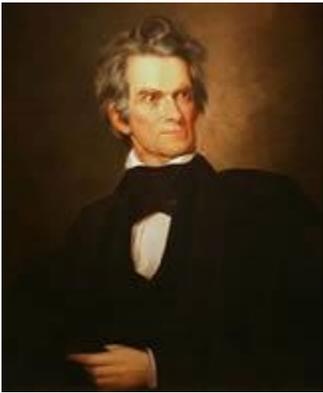
Black and White Americans sustained racial and political wounds from the war and the subsequent Reconstruction that proved deep and long lasting. Northern abolitionists wanted Southern black slaves to be freed, but certainly did not want them to move north and live alongside them. Indiana and Illinois, in particular, had laws that barred African-Americans from settling. The military occupation and "Reconstruction" the South was forced to endure after the war also slowed healing of the wounds.



At a gathering of ex-Confederate soldiers shortly before he died in 1870, Robert E. Lee said, "If I had foreseen the use those people [Yankees] designed to make of their victory, there would have been no surrender at Appomattox Courthouse; no sir, not by me. Had I foreseen these results of subjugation, I would have preferred to die at Appomattox with my brave men, my sword in my right hand."

### **The North's Tariff War**

Why were business and political leaders in the North so intent on keeping the Southern States in the Union? It was, to paraphrase Charles Dickens, solely a fiscal matter. The principal source of tax revenue for the federal government before the Civil War was a tariff on imports. There was no income tax, except for one declared unconstitutional after its enactment during the Civil War. Tariffs imposed by the federal government not only accounted for most of the federal budget, they also raised the price of imported goods to a level where the less-efficient manufacturers of the northeast could be competitive.



*The former Vice-President John C. Calhoun put it this way:*

*"The North had adopted a system of revenue and disbursements in which an undue proportion of the burden of taxation has been imposed upon the South, and an undue proportion of its proceeds appropriated to the North... the South, as the great exporting portion of the Union, has in reality paid vastly more than her due proportion of the revenue."*

In March 1861, the New York Evening Post editorialized on this point:

"That either the revenue from duties must be collected in the ports of the rebel States, or the port must be closed to importations from abroad, is generally admitted. If neither of these things be done, our revenue laws are substantially repealed; the sources which supply our treasury will be dried up; we shall have no money to carry on the government; the nation will become bankrupt before the next crop of corn is ripe. There will be nothing to furnish means of subsistence to the army; nothing to keep our navy afloat; nothing to pay the salaries of public officers; the present order of things must come to a dead stop."

Given the serious financial difficulties the Union would face if the Southern States were a separate republic on its border engaging in duty-free trade with Britain, the Post urged the Union to hold on to its custom houses in the Southern ports and have them continue to collect duty. The Post goes on to say that incoming ships to the "rebel States" that try to evade the North's custom houses should be considered as carrying contraband and be intercepted.

Observers in Britain looked beyond the rhetoric of "preserve the Union" and saw what was really at stake. Charles Dickens views on the subject were typical:

*"Union means so many millions a year lost to the South; secession means the loss of the same millions to the North. The love of money is the root of this, as of many other evils. The quarrel between the North and South is, as it stands, solely a fiscal quarrel."*

*The London press made this argument:*

*"The war between the North and the South is a tariff war. The war is further, not for any principle, does not touch the question of slavery, and in fact turns on the Northern lust for sovereignty."*



The South fought the war for essentially the same reason that the American colonies fought the Revolutionary War. The central grievance of the American colonies in the 18th century was the taxes imposed on them by Britain. Colonists particularly objected to the Stamp Act, which required them to purchase an official British stamp and place it on all documents in order for them to be valid. The colonists also objected to the import tariff that Britain placed on sugar and other goods (the Sugar Act).

After the enactment of what was called the "Tariff of Abomination" in 1828, promoted by Henry Clay, the tax on imports ranged between 20-30%. It rose further in March 1861 when Lincoln, at the start of his presidency, signed the Morrill Tariff into law. This tax was far more onerous than the one forced on the American colonies by Britain in the 18th century.



### **Usurping Congressional Authority**

Lincoln coerced the South to fire the first shots when, against the initial advice of most of his cabinet, he dispatched ships carrying troops and munitions to resupply Fort Sumter, site of the customs house at Charleston. Charleston militia took the bait and bombarded the fort on April 12, 1861. After those first shots were fired the pro-Union press branded Southern secession an "armed rebellion" and called for Lincoln to suppress it. Congress was adjourned at the time and for the next three months, ignoring his constitutional duty to call this legislative branch of government back in session during a time of emergency, Lincoln assumed dictatorial powers and did things, like raise an army, that only Congress is supposed to do.

He shut down newspapers that disagreed with his war policy, more than 300 of them. He ordered his military officers to lock up political opponents, thousands of them. Although the exact number is not known, Lincoln may well have arrested and imprisoned more than 20,000 political opponents, southern sympathizers, and people suspected of being disloyal to the Union, creating what one researcher has termed a 19th century "American gulag," a forerunner of the 20th century's political prison and labor camps in the former Soviet Union. Lincoln denied these nonviolent dissenters their right of free speech and suspended the privilege of Habeas Corpus, something only Congress in a time of war has the power to do.

Lincoln's soldiers arrested civilians, often arbitrarily, without any charges being filed; and, if held at all, military commissions conducted trials. He permitted Union troops to arrest the Mayor of Baltimore (then the third largest city in the Union), its Chief of Police and a Maryland congressman, along with 31 State legislators. When Supreme Court Chief Justice Roger Taney wrote an opinion that said these actions were unlawful and violated the Constitution, Lincoln ignored the ruling.

### **Error of Judgment**

Lincoln called up an army of 75,000 men to invade the seven Southern States that had seceded and force them back into the Union. By unilaterally recruiting troops to invade these States, without first calling Congress into session to consider the matter and give its consent, Lincoln made an error in judgment that cost the lives of hundreds of thousands of Americans.

At the time, only seven States had seceded. But when Lincoln announced his intention to bring these States back into the Union by force, four additional States – Virginia, North Carolina, Tennessee, and Arkansas – seceded and joined the Confederacy.

Slavery was not the issue. The issue was the very nature of the American union. If the President of the United States intended to hold the Union together by force, they wanted out. When these four States seceded and joined the Confederacy rather than send troops to support Lincoln's unconstitutional actions, the Confederacy became much more viable and the war much more horrible.

### **Lincoln Continues Whig Policies**

From the time Lincoln entered politics as a candidate for State legislature in 1832, he championed a political agenda known as the "American System." First advocated by his idol and mentor, Henry Clay, it was a three-part program of protective tariffs, internal improvements, and centralized banking. This program "tied economic development to strong centralized national authority," as Robert Johannsen puts it in *Lincoln, the South, And Slavery*. Lincoln believed that import tariffs were necessary, at the expense of consumers. He believed that American industries needed to be shielded from foreign competition and cheap imported goods. The "internal improvements" he advocated were simply subsidies for industry, i.e., corporate welfare. Abraham Lincoln was the first president to give us centralized banking, with paper money not backed by gold.

### **A More Perfect Union Created by the South**

The Constitution of the Confederate States of America forbid protectionist tariffs, outlawed government subsidies to private businesses, and made congressional appropriations subject to approval by a two-thirds majority vote. It enjoined Congress from initiating constitutional amendments, leaving that power to the constituent states; and limited its president to a single six-year term. When the South lost, instead of a Jeffersonian republic of free trade and limited constitutional government, the stage was set for the United States to become an American Empire ruled by a central authority. In starting his war against the Confederate States, Lincoln was not seeking the "preservation of the Union" in its traditional sense. He sought the preservation of the Northern economy by means of transforming the federal government into a centralized welfare-warfare-police state.

Paroled from the prison camp at Johnson's Island, Ohio shortly before the end of the war, my grandparent Louis Hicks walked, barefoot, back to North Carolina to his home named "Liberty Hall" in the town of Faison. But instead of enjoying a new birth of freedom, he and his family, along with other people in the South, had to endure a twelve-year military occupation and an oppressive Reconstruction instituted by radical Republicans.

Reflecting on the War for Southern Independence let us hope that the Confederate Battle Flag that Louis Thomas Hicks' North Carolina regiment carried with it into battle at Gettysburg, with the cross of Scotland's patron saint emblazoned on it, will come to be viewed in the 21st century, not as an badge of slavery, which it is not, but as a symbol of opposition to centralized government power and tyranny."

End



#### Notes

*The Confederate Battle Flag has 13 white stars superimposed on a blue Cross of St. Andrew, centered on a red backdrop. Each star represents a State that seceded from the Union, which includes Kentucky and Missouri, the last two states to be admitted into the Confederacy in late 1861. Throughout the war, however, they remained largely under Union control. St. Andrew was the younger brother of St. Peter and is the patron saint of Scotland.*

*The population of the United States in 1860 was 31,101,000, of which 21,244,000 lived in the North and 10,957,000 in the Confederacy. In the Confederate States 5,447,000 of these people were white, 133,000 free black, and 3,951,000 were slaves. There were 320,000 deaths in Union forces, 3.2 percent of the total male population; and 300,000 deaths in the Confederate forces, 9.7 percent of the (white) male population. This death rate, with the current population of the United States 284,050,000, would be equivalent to 6.5 million men being killed today. Most of those killed were teenagers and men in their 20s.*

*In his First Inaugural Address, for United States Lincoln uses the term Union. In his Gettysburg Address, however, instead of Union he uses the word nation, which implies a closer association of States under centralized control, as opposed to a looser association connoted by the word Union, of separate and sovereign States. Likewise, in his Second Inaugural Address Lincoln only uses the word Union when referring to the country as it was when he gave his First Inaugural Address four years earlier, before the war began; he uses the word nation for the country*

*it had become in 1865. In these two later speeches he says that the war was fought to preserve the "nation," that the "nation" shall have a new birth of freedom, and that we must bind up the "nation's wounds."*

*In a civil war the warring sides battle for control of the central government. The term "civil war" was coined in England in the 17th century to identify the war fought between supporters of Charles I and the Parliamentarians led by Oliver Cromwell for control of the government. The South had no designs on the federal government of the North, headquartered in Washington, D. C. It did not want to run that government. The breakaway Southern States asserted their independence, like the American colonies did from Britain eighty-five years before, formed their own Confederate States of America and placed their seat of government in Richmond, Virginia.*

*The American Republic was founded on the concept that all men are created equal, with inalienable rights to life, liberty and property. Black slaves, being sentient human beings, should therefore be as equally free and independent, with equality under the law, as White human beings; but, as slaves, they were also someone's property and subject to the due process of law in that regard. Federalist Paper No. 54 addresses the problem of counting slaves in the population with regard to legislative representation, concluding that slaves are divested as "two-fifths of the MAN" and three-fifths as capital, or property.*

*After the war Robert E. Lee also wrote, "The best men in the South have long desired to do away with the institution [of slavery], and were quite willing to see it abolished. But with them in relation to this subject is a serious question today. Unless some humane course, based on wisdom and Christian principles, is adopted, you do them great injustice in setting them free." (Thomas Nelson Page, Robert E. Lee: Man and Soldier [New York, 1911], page 38.) Lee did not own slaves (he freed his in the 1850s), nor did a number of his most trusted lieutenants, including generals A. P. Hill, Thomas J. "Stonewall" Jackson, J. E. Johnston, and J. E. B. Stuart.*

*The source references for these quotes can be found in Charles Adams' book When in the Course of Human Events: Arguing the Case for Southern Secession.*

*Colonists also objected to the search and seizure of their property without a specific warrant, and to being denied the right of trial by jury, which the British instituted to help them more easily catch and imprison smugglers who avoided paying taxes on imported goods.*