

Conference on Protectionism and Free Trade
Cnam, Paris, 2018

Money and Tariff: The Reconstruction in the United States (1865-1879)

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Paris Saint-Denis University*

Introduction

- The Civil War (1861-1865)
- The Reconstruction (1865-1877)
- The Greenback period (1862-1879)

Introduction

- **Robert SHARKEY (1959)**

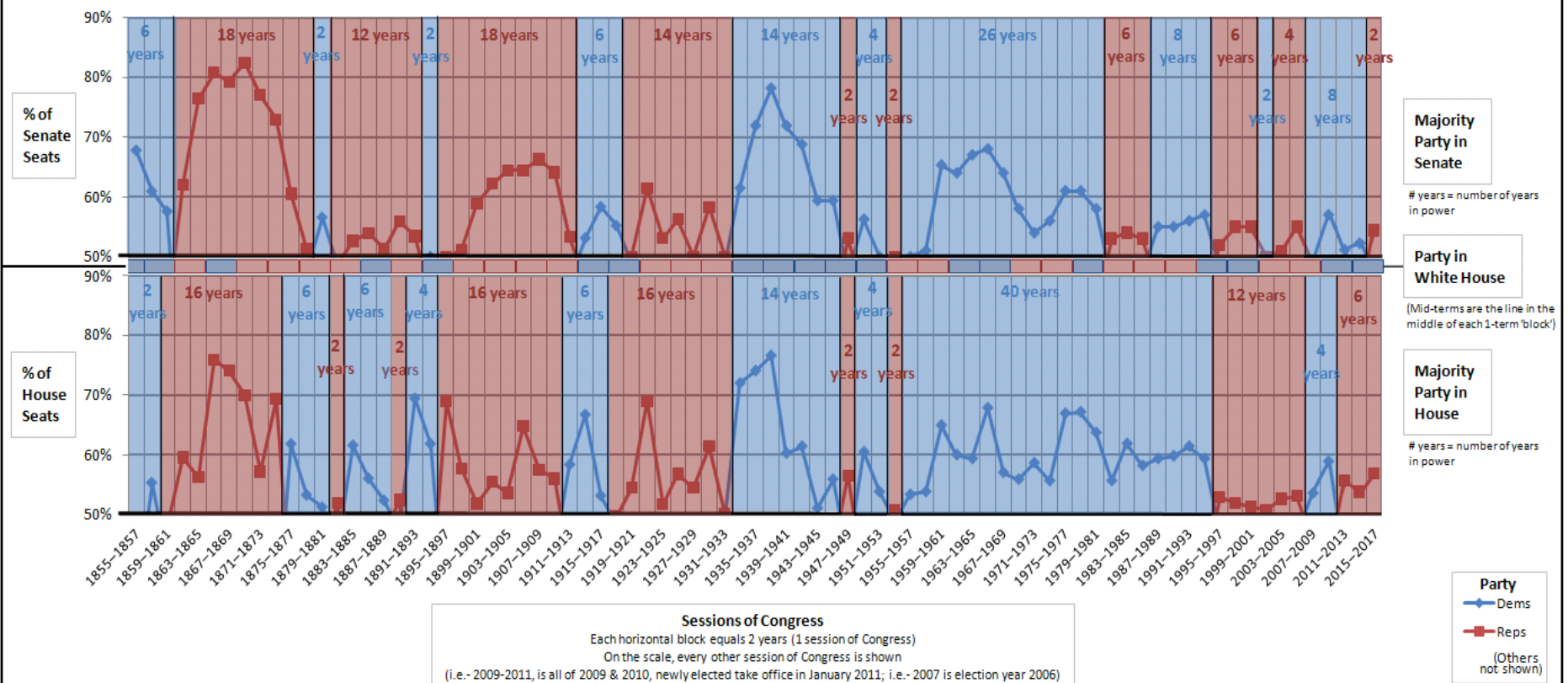
Money, Class and Party: An Economic Study of Civil War and Reconstruction

- **Irwin UNGER (1964)**

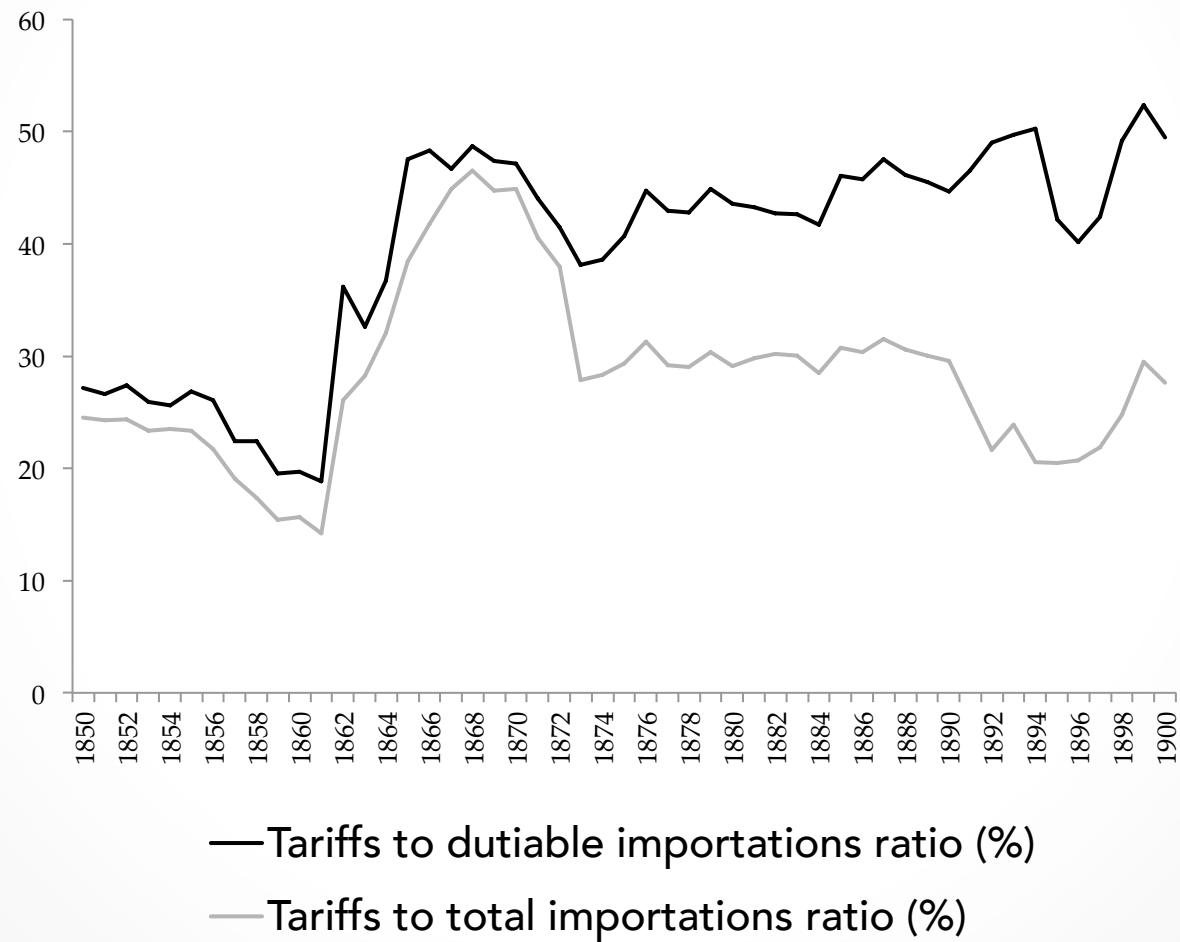
The Greenback Era: A Social and Political History of American Finance, 1865-1879

Civil War and Reconstruction

Control of the U.S. Senate and House of Representatives: 1855-2017



Civil War and Reconstruction



The money question

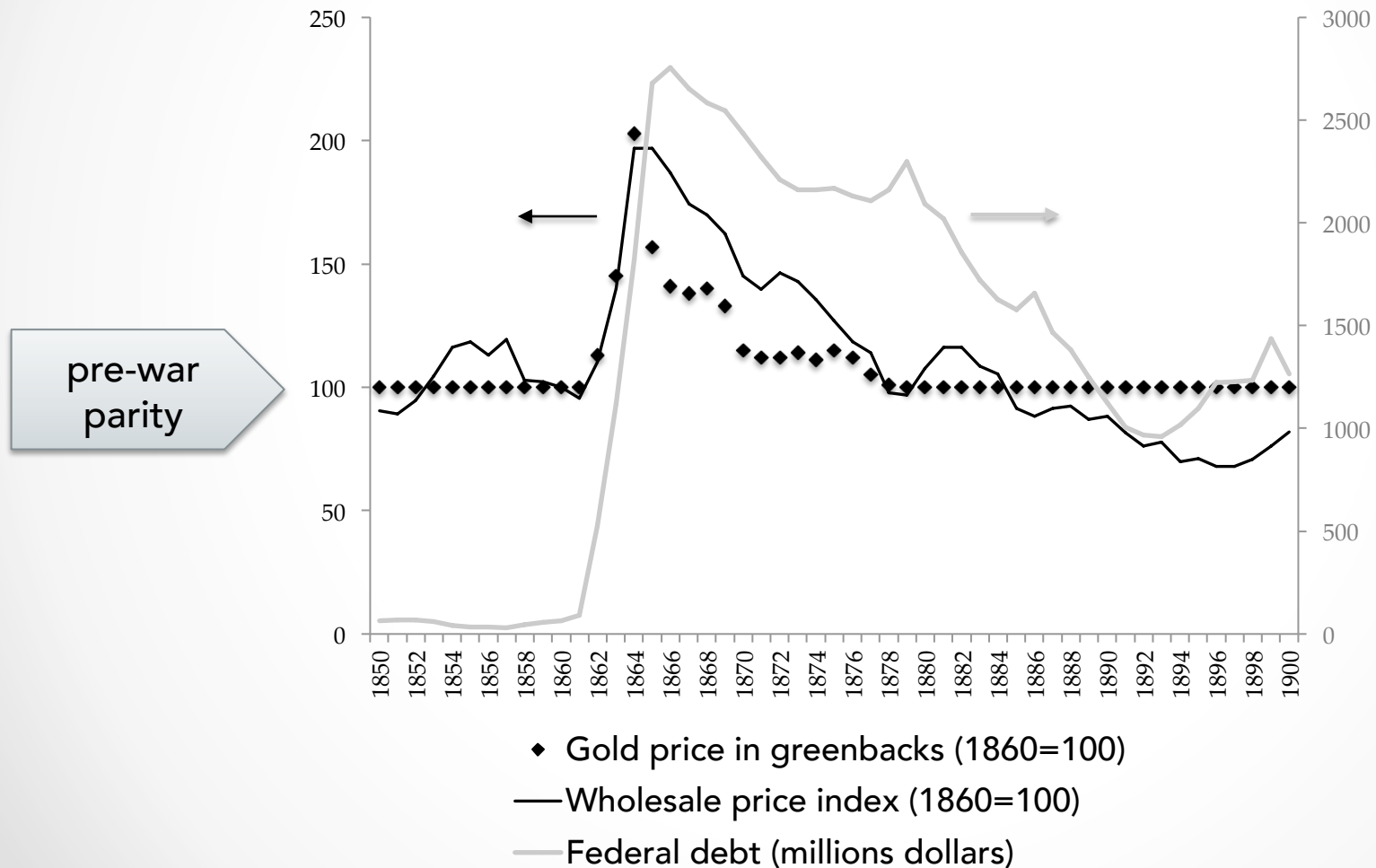
- **The Civil War**

- Legal Tender Acts (1862, 1863)
- Greenback circulation: 350 millions dollars (1865)
- Federal debts: 2.75 billions dollars (1865)

- **The Reconstruction**

- *The Contraction Act (1865)*
- *Coinage Act (1873) and Resumption Act (1875)*
- *Gold specie standard (de facto in 1879, de jure in 1900)*

The money question



The tariff question

- **Lawrence PESKIN (2003)**

Manufacturing Revolution: The Intellectual Origins of Early American Industry

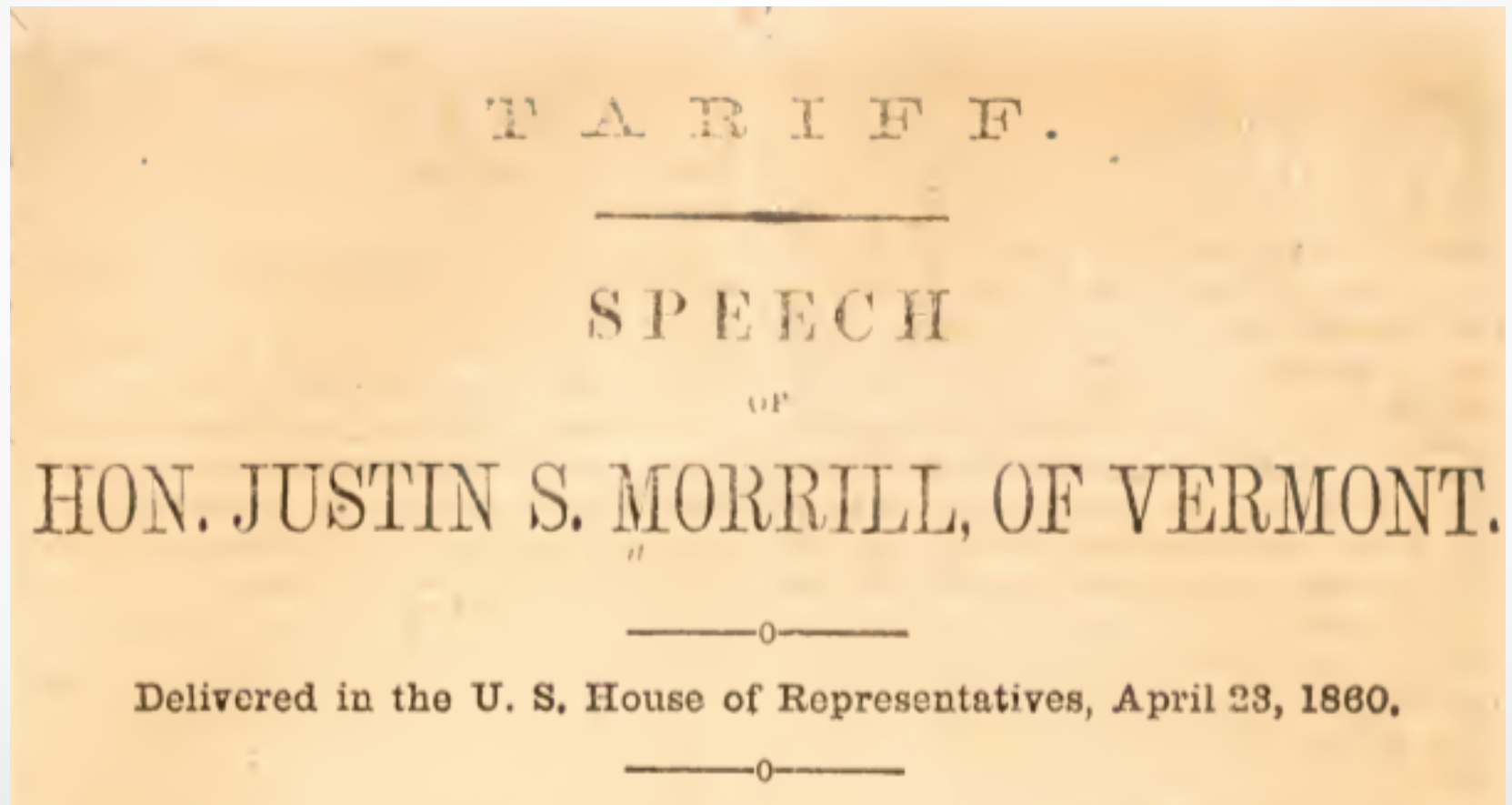
- **James HUSTON (1983)**

"Industrialism: The Republican Embrace of Protectionist Labor Doctrines" *Journal of American History*

- **Richard BENSEL (2000)**

The Political Economy of American Industrialization, 1877-1900

The tariff question



The tariff question

➤ Justin Morrill (House of Representatives, 1860)

“If all nations were equally wise, strong, wealthy, and in exactly equal circumstances, then free trade would be just and proper. But it would be oppression to force a less fortunate nation into such a race. Free trade involves the absurd assumption that new rivals can successfully compete with those who have already reached the highest proficiency in any art or manufacture. [...] The history [of British] tariffs shows that [Britain] only reached the power to cover a field so immense by early protection.”

➤ The Morrill Tariff Act (1861)

The tariff question

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The tariff question

**Productivity and wages in iron and steel industry
in Britain, Germany and United States, about 1880**

	<i>Britain</i>	<i>Germany</i>	<i>United States</i>	<i>Britain</i>	<i>Germany</i>	<i>United States</i>
	Standard blast furnaces			Bessemer converters		
<i>Output per worker</i>	1	0,67	0,47	1	0,67	0,91
<i>Wages per worker</i>	1	0,54	1,27	1	0,45	1,31
<i>Wages per ton</i>	1	0,80	2,71	1	0,67	1,45

Source: Allen (1979, p. 927) from Bell (1884, pp. 534, 565, 573).

The tariff question

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The money-tariff policy mix

	Protection	Free Trade
Hard money	Conservative Republicans: John Sherman <i>Monetary integration and commercial disconnection</i>	Free-trader Republicans: Hugh McCulloch <i>Double integration</i>
Soft money	Radical Republicans: Henry Carey <i>Double disconnection</i>	Midwest representatives: Greenbackism, Populism <i>Commercial integration and monetary disconnection</i>

The money-tariff matrix

- **Labor-industry coalition**

Ronald Rogowski (1989), *Commerce and coalition*,
Princeton University Press

- **Finance-industry coalition**

Maintenance of gold specie standard and protectionism

- **Midwest and populism**

Free trade and greenback or bimetallism

Conclusion

- **Kevin O'ROURKE (2000, 2006)**

“Tariffs and Growth in the Late 19th Century”,
Economic Journal

with Alan TAYLOR, “Democracy and
Protectionism”, *NBER Working Papers Series*

- **Douglas IRWIN (2000, 2007)**

“Did Late-Nineteenth-Century U.S. Tariffs Promote
Infant Industries?”, *Journal of Economic History*

“Tariff Incidence in America's Gilded Age”,
Journal of Economic History

Gold standard and political counterparty

- The “political counterpart” and the gold standard (Robert Sharkey, 1959, p. 289): *Annual Report of the Chamber of Commerce of the State of New York, 1865-1866*:

“We yet trust and urge that [the] restoration [of the national authority] may be everywhere signaled by magnanimity and clemency, and that it may nowhere be stained by a single act which will be condemned as needlessly harsh or revengeful by the cool judgment of the humane and liberty-loving in any part of the civilized world.”