

# The American System

- The American System was Henry Clay's plan for ensuring American economic growth
- It was a three-part plan
  - Place tariffs on exports to protect American industry
  - Form a national bank to stabilize American currency and collect revenues
  - Develop America's transportation systems to allow for easy distribution of goods and troops
- Two pieces of the American System were already in place by the time of Clay's plan, the tariff and the bank...

# Internal Improvements

- Another part of The American System plan had been internal improvements
- In 1817 Congress approved \$1.5 million to be dispersed to the states for construction of roads, bridges, canals, etc.
- Monroe vetoed the bill by saying that the plan was 'unconstitutional'
  - Thus, states were left to make improvements on their own

# The Growing West

- Between 1791 and 1819 nine frontier territories became states
- These states were some of the most democratic areas of the country
  - In order to attract citizens they offered many political, social, and economic reforms
    - For example, they were the first states to offer voting rights to all white males, not just those that were property owners

# The Growing West

- Why did so many move west?
  - Improved Transportation
    - Construction on the Cumberland Road began in 1811 and it would prove a vital transportation route for settlers moving westward
    - Steamships (Robert Fulton) were first used in western waters in 1811, and these boats would offer cheap transportation west
  - Economic Opportunities
    - Tobacco planters were running out of land on the eastern seaboard and needed new land for their crops
    - Many merchant families had been hit hard by the embargoes and thus they sought new opportunities west

# The Growing West

- Why did so many move west? (cont'd)
  - More land was available
    - The Battles of Tippecanoe and Horseshoe Bend had cleared most lands east of the Mississippi River of hostile Native Americans
  - Opportunities for Immigrants
    - Many had heard, all the way from Europe, of cheap land being available in the western territories
    - They were much more likely to find opportunities in the democratic west than in the eastern states

# Western Land

- Western states wanted the US government to offer land at a cheap price so as to attract settlers
- The Land Act of 1820 authorized the sale of land at \$1.25 per acre (80 acre minimum)
  - The purchase had to be in cash (so as to avoid speculation loans and another financial panic)

# The Market Revolution

- Though there was a brief panic in 1819, for the most part the American economy experienced great growth during the first part of the 1800's
- This growth resulted in the development of a new American economy
  - Prior to the 1820's many families were self-sufficient
  - However, after the 1820's the American Market was forever changed
    - The farmers of the South and West fed the workers of the cities of the Midwest and North, who in turn supplied the farmers with manufactured goods

# Why was there a Market Revolution?

- Factors that contributed to a Market Revolution
  - Improvements in transportation
  - Population boom
  - Agricultural expansion
  - Industrial growth
  - Specialization of labor

# Transportation

- The steam engine brought many changes to the American economy
  - The steamboat (Robert Fulton), first used in 1811, allowed farmers to move goods much less expensively and much more efficiently both upstream and downstream
  - The birth of trains and a railroad system in the 1820's linked farms in the west with markets in the east, giving farmers more buyers for their goods

# Transportation

- The Canal Boom
  - In 1825 the Erie Canal was completed
    - It linked farmers in the Ohio region with large markets in the big Northeastern cities
  - Soon after there would be boom of canals throughout the Midwest regions
    - These canals linked farmers in the West and South with big cities in the North, giving the farmers more markets for their crops and also giving the manufacturers of the North more buyers for their industrial goods

# A Growing Population

- From 1800 to 1825 the American population would double, over the next 25 years, from 1825 to 1850, the population would double again
  - The growth was largely from an improved quality of life for all Americans → this led to higher birth rates and longer lives
  - The growth was also from large increases in foreign immigration

# A Growing Population

- This population boom would have many effects on the economy
  - There were more people for which farmers and manufacturers could sell their goods to
  - There were more workers to employ, thus giving manufacturers a reason to build many more factories and expand the American economy

# Agriculture

- The cheap land being offered in the West allowed many Americans and many immigrants to move west and gain farms
- The expanding number of markets (because of canals, steamboats, and railroads) allowed many to move west with the knowledge that they would have someone to sell their farm crops to

# Agriculture

- King Cotton
  - In 1793 Eli Whitney developed the cotton gin → it allowed for the easy separation of seeds from cotton fiber
  - This made cotton highly profitable
  - Cotton plantations needed large numbers of slaves
  - Cotton would become the dominant crop of the South
    - Farmers only needed to grow cotton because they could receive all of the other goods they needed from the markets of the North or from foreign trade

# Industrial Boom

- In 1793 Eli Whitney developed a system for making products out of interchangeable parts
  - This meant that parts of the same product were all identical → thus a product did not have to be made entirely by hand
  - This allowed for the mass production of products and for the factory system to spread to all industries

# Industrial Boom

- In 1811 New York passed a law that allowed businesses to become corporations and sell shares of their stocks publicly to private investors
  - This allowed companies to raise large amounts of capital for the expansion of their businesses

# Industrial Boom

- In 1791 Samuel Slater built the first American factory
  - He had stolen the blueprints for a textile factory from England
  - The embargoes and the War of 1812 forced American companies to develop their own manufacturing capabilities
    - New England would become the manufacturing capital of the US
  - With the rise of manufacturing also came the rise of the banking and insurance businesses

# Effects of the Market Revolution

- Effects on Women
  - Women no longer had to work alongside their families on the farm
  - Women gained more control over their lives during this period
    - Arranged marriages were becoming far less common
    - Single women had some opportunities to seek employment in the cities (teachers, domestic workers, some factory jobs)

# Effects of the Market Revolution

- Effects on Social Structure
  - The ability for the poor to become wealthy were greatly exaggerated... (the Horatio Alger Myth)
  - The gap between the wealthy and the poor increased as the wealthy became industry leaders and large plantation owners
  - The wages of workers and the overall standard of living for Americans did greatly increase
  - There were far more economic opportunities in America than in Europe

# Effects of the Market Revolution

- The Rise of the Peculiar Institution
  - Slavery had been present throughout the Colonial and Early US periods
  - With the rise of King Cotton came an incredible demand for slaves in the South