

ECONOMIC GROWTH AFTER THE CIVIL WAR (1865-1900)

Postwar Economic Problems (1865-1873)

1. The adjustment from a war to peacetime economy (bringing government spending under control---severe inflation during the war)
 - Some argue for an adherence to a limited gold standard (using some silver to back currency)...others argue for a very strict gold standard (using only gold)...while a third group argues for the unlimited coinage of silver (think about creditors and debtors when making sense of these arguments)
2. Panic of 1873 (overspeculation in railroads and industry as well as an overextension of credit)
3. Tariff Issue (raised both during and after the Civil War)---- same arguments for raising and lowering apply but this is a period of rapid industrialization when those in favor of keeping the tariff high probably have a better argument

Factors Leading to Rapid Industrial Growth (U.S. became the number one industrial nation by 1900 and the world's first real manufacturing country)

Political Factors that promoted the Postwar Industrial Growth

1. Morrill Tariff Act of 1861 (reestablished high protective rates which allowed industry to expand free from foreign competition)
2. The National Banking Act of 1863 (created uniform national bank notes eliminating the confusion of state bank notes)
3. Federal Government land grants and loans to railroad companies which was essential to the industrial complex of the nation
4. 14th Amendment interpreted in a way as to define corporations as individuals giving them protection from state and federal government interference unless due process of law is exhausted.
5. Huge profits made by businesses during the Civil War provided necessary capital to expand in the years that followed (a result of increased gov't spending)
6. Laissez-faire approach by the Government toward big business during the Gilded Age

Economic Factors that promoted Postwar Industrial Growth

1. Abundant natural resources in America
2. Investment capital from war profits as well as from European investors
3. Cheap labor (war veterans, former farmers, immigrants)
4. New inventions and technologies made the production of goods much more efficient
5. Improved transportation (railroads)
6. Improved communication (telegraph)