



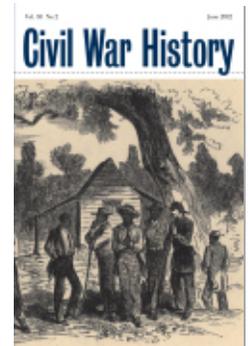
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A Marshall Plan for the South? The Failure of Republican and Democratic Ideology during Reconstruction

HEATHER COX RICHARDSON

I would like to shift the focus of our discussion and argue that the central problem of Reconstruction in the South was not race or labor, but a lack of capital. This could have been addressed if the national government had sponsored public works projects that funneled capital into the region—an early version of the Marshall Plan, which helped to rebuild Europe after World War II. Significant government spending on public works projects would have prevented the South from spiraling into the impoverished and racially torn backwater it had become by the early twentieth century. Such a program would have been novel, but it could have been couched in terms that were completely in line with existing Republican rhetoric about national economic development. Exploring this option requires examining the political culture of Reconstruction, and reveals that such a plan was possible, but it was not adopted because white Americans North and South were limited by their worldviews.

Behind my argument is the understanding that issues of race and labor were exacerbated by the problems of poverty. Briefly, my understanding is that depressed property values, wartime destruction of personal property, and the lack of cash informed the way white Southerners perceived labor disputes, land ownership, and escalating taxes.¹ These perceptions, in turn,

1. My focus here is on ideas and not on economics. I am looking at the rhetoric that developed around the South's lack of capital, and thus of a circulating medium, after the war. There were complicated causes and consequences of these related shortages, but in the postwar years the lack of Southern capital and of the money based on capital together represented the larger issue of how to rebuild the Southern economy.

fueled white attacks on black voting and fed white racism. When freedmen refused to work for employers who could not pay them—or whose poverty made them skimp on wages—whites saw slackers.² When freedpeople left farms for towns and cities in search of rations and work, whites saw bandits and vagabonds. When freedpeople organized and squatted on lands or struck for better wages, whites saw class warfare.³

Poverty was also at the heart of Southern white opposition to black voting. Beginning in early 1867, when black Republican politicians began to talk of social services for freedmen, homestead grants for farmers, and even, occasionally, land confiscation, white opponents insisted that an economic war was at hand. They argued that poor black voters would put into power politicians who promised them expensive programs and benefits that would be paid for by taxing those who had property, that is, the whites. Propertied whites had no cash to pay taxes—or so they felt—and saw new taxes as a deliberate attempt to confiscate their property for redistribution to blacks. This economic conflict created a fight to control the government, and angry whites used guerrilla tactics to destroy the black voters and those white voters who also supported Republican governments. Those guerrillas organized as the Ku Klux Klan, the Knights of the White Camellia, and so on, and murdered more than one thousand Republicans before the election of 1868.⁴ The economic pressures of the postwar South provided the

2. Postwar observers noted that freedpeople were good workers as long as they were paid. See, for example, Sidney Andrews, *The South Since the War* (Boston: Ticknor & Fields, 1866); and the Preliminary Report of the American Freedmen's Inquiry Commission, in *Official Records of the War of the Rebellion*, series 3, vol. 3, 430–54; "Message of the President of the United States . . . Accompanied by a Report of Carl Schurz on the Condition of the South," Sen. Ex. Doc. 2, 39th Cong., 1st sess., Dec. 19, 1865.

3. Dan T. Carter, *When the War was Over: The Failure of Self-Reconstruction in the South, 1865–1867* (Baton Rouge: Louisiana State Univ. Press, 1985). Julie Saville, *The Work of Reconstruction: From Slave to Wage Laborer in South Carolina, 1860–1870* (New York: Cambridge Univ. Press, 1994). Amy Dru Stanley, *From Bondage to Contract: Wage Labor, Marriage, and the Market in the Age of Slave Emancipation* (New York: Cambridge Univ. Press, 1998). Michael W. Fitzgerald, *The Union League Movement in the Deep South: Politics and Agricultural Change During Reconstruction* (Baton Rouge: Louisiana State Univ. Press, 2002), 16–23.

4. See Heather Cox Richardson, *The Death of Reconstruction: Race, Labor, and Politics in the Post-Civil War North, 1865–1901* (Cambridge, Mass.: Harvard Univ. Press, 2001). In contrast, states that were not undergoing economic crises boasted better race relations than those that were. See, for example, Robert Kenzer, *Enterprising Southerners: Black Economic Success in North Carolina, 1865–1915* (Charlottesville: Univ. Press of Virginia, 1997); Eric Arnesen, *Waterfront Workers of New Orleans: Race, Class, and Politics, 1863–1923* (New York: Oxford Univ. Press, 1991); Report and Testimony of the Select Committee of the United States Senate to Investigate the Causes of the Removal of the Negroes from the Southern States to the Northern States, 46th Cong., 2d sess., Senate Report 693.

primary justification for black repression. Relieving the economic pressure of insufficient capital would have removed the keystone from the arguments of white supremacists.

So the problem to solve during Reconstruction was how to funnel capital to the South, enabling it to rebuild both physically and economically. Unfortunately, Northerners were not able to conceive of Southern problems this way because they were wedded to a free labor ideology based on the idea that a man's labor created value. They believed that simply erasing slavery and putting freedmen to work in the rich fields of the South would begin to produce cotton and get the South back on its economic feet quickly. Before the war, Southern cotton had monopolized the international market, and high prices made Southern planters the wealthiest people in the country. Northerners had utter faith in the power of cotton to bring in the capital to rebuild the South, and they continued to believe well into the late 1860s that it could do so as soon as the worms, the weather, and the workers started to cooperate with the planters.

But cotton was not going to get the South out of its postwar problems. The cotton crops were terrible after the war, of course. Heirloom seeds had been lost during the war, then the 1865 planting season was disrupted, then the army worm hit. The South produced fewer than 4.5 million bales of cotton in 1861; it did not produce so much cotton again until 1875. Even more devastating, though, was that Egyptian and Indian cotton had taken over the international market, forcing prices down. By 1866 American cotton furnished only about one-quarter of Europe's cotton. The rest came from Egypt and India.⁵

Despite the realities of postwar Southern agriculture—and perhaps because the South was not represented in Congress, so Southerners could not explain their predicament—Northern congressmen made policy in the belief that cotton produced by free labor would immediately pump into the South all the capital it needed to rebuild. Indeed, so confident were Northern legislators in the power of Southern free labor that they thought cotton production could assume a heavy part of the burden of the \$2.5 billion national debt incurred during the war. The revenue law in place in 1865 taxed cotton at two cents a pound, and in fiscal year 1865 the raw cotton receipts to the Treasury were \$1,772, 933. That year, a new revenue law increased the cotton tax to three cents a pound, amounting to “a rent of \$15 per acre on

5. Lawrence Powell, *New Masters: Northern Planters during the Civil War and Reconstruction* (New York: Fordham Univ. Press, 1998), 146. On alternative sources of cotton, see the *New York Times*, Mar. 5, 1865, 3. On troubles in cotton farming, see the article from the *National Intelligencer* in the *Houston Weekly Telegraph*, Nov. 5, 1867, 3.

the best, and \$5 per acre on the worst cotton lands of the South,” according to the business-minded *New York Times*. A special commission on the revenue, charged with discovering “how to equalize and lighten the public burden,” actually recommended a tax of five cents a pound, arguing that such a tax “will not prove in any degree detrimental to any national interest, and will yield a revenue, at \$22 per bale, of \$22,000,000 for every million bales produced and sold for consumption.” The commissioners predicted that the proposed cotton tax would consistently produce at least \$50 million of revenue a year.⁶ These were optimistic predictions indeed in a year when the crops were so bad that Northern public charities had to institute relief efforts to keep Southerners from starving.

With both Southern and international conditions so poor, cotton was not going to rebuild the South or pay off the national debt no matter how insistent free labor advocates were that it should. But there was another way to help the South that might have been palatable even to those who held free labor views. The government could have launched a spending program on projects to rebuild the region, a sort of Marshall Plan for the South. Faced with the international instability caused by Europe’s devastation after World War II, the United States promised up to \$20 billion in aid to sixteen foreign countries over four years, so long as they worked together to come up with a coherent program of reconstruction. They did so, and after 1958 American grants, technical assistance, and investment guarantees (along with matching funds from the reconstructing nations) helped member nations to rebuild the areas they identified as priorities: agriculture, industry, transportation, trade, and finances. American exports to these countries, in turn, fed the U.S. economy, while American investments overseas (guaranteed by the plan), benefited those on both sides of the Atlantic.

Ninety years earlier, the United States could have provided funds to rebuild the infrastructure of the American South—the railroads, public buildings, customs houses, docks, levees—and provided loans for farmers and entrepreneurs. Like the Marshall Plan, this reconstruction plan could have required planters and businessmen to organize and come up with a comprehensive, cooperative plan for rebuilding. It could also have guaranteed the investments of Northern capitalists to speed up investment in the region. Also, like the Marshall Plan, it could have had a time limit to assure taxpayers that it would not become a long-term welfare program.

6. *New York Times*, Jan. 30, 1866, 1. *New York Times*, Nov. 3, 1866, 4. Report in *ibid.*, Jan. 30, 1866, 1.

This, I think, would have been ideologically possible if such had been formulated and then articulated correctly. A key element of free labor ideology had always been a distrust of any government activism that privileged one economic interest over another. Adherents of free labor ideology believed that such favoritism would destroy the harmony of interest that permitted each man to rise, prosper, and hire others in turn. If the government taxed one economic group to benefit another, economic competition would replace harmony. Members of one economic interest would organize to elect officials who would cater to them, and, in exchange for the votes that kept them in power, those officials would tax opponents to provide benefits to their supporters, much as King George III's ministers seemed to have monopolized the British government for their own interests in the 1770s. During the war, though, Northern Republicans had come to believe that the government could—indeed, should—be used to develop the country so long as the projects it funded benefited everyone. On the basis of this belief, they passed the Homestead Act to increase agricultural production, created popular colleges through the Land-Grant College Act, and helped to fund the creation of a national railroad through the West with the Pacific Railroad Act. In the case of the railroad, the government actually funneled resources to private entrepreneurs who could not raise all of the necessary capital for such a demanding project. The Republicans' philosophy was that the government could use public resources to promote great national interests.⁷

Could this idea have been extended to cover rebuilding the South? I believe so. Northerners certainly saw the reconstruction of the South as a great national interest. With Southern workers free, Ohio congressman James Ashley told his colleagues, national production would quadruple and America would become “the most powerful and populous, the most enterprising and wealthy nation in the world,” and a writer for the *Philadelphia Inquirer* called for “a reunion of the people North and South” to achieve “the prosperity of our people and the glory and honor of our common country.” The *Boston Evening Transcript*

7. Heather Cox Richardson, *The Greatest Nation of the Earth: Republican Economic Policies during the Civil War* (Cambridge, Mass.: Harvard Univ. Press, 1997). There is much debate about the development of government activism in the postwar period, with varying interpretations of the limits and possibilities of it. See, for example, Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* (Cambridge, Mass.: Harvard Univ. Press, 1992); Patrick J. Kelly, *Creating a National Home: Building the Veterans' Welfare State, 1860–1900* (Cambridge, Mass.: Harvard Univ. Press, 1997); Nancy Cohen, *The Reconstruction of American Liberalism, 1865–1914* (Chapel Hill: Univ. of North Carolina Press, 2002); Gaines Foster, *Moral Reconstruction: Christian Lobbyists and the Federal Legislation of Morality, 1865–1920* (Chapel Hill: Univ. of North Carolina Press, 2002).

called for a quick reunion to promote commerce and industry, “by which the whole republic grows in greatness,” and the *New York Tribune* estimated that a “full and final settlement” would “unlock [the nation’s] resources” and “make hundreds of millions’ difference in the product of this year’s industry.”⁸

The leap was small from considering the reconstruction of the Southern economy a national issue to enlisting government aid for that reconstruction. Indeed, Governor Lewis Parsons of Alabama called for aid to the South in just these terms when he spoke at Cooper Institute in November 1865. “Now, if the cotton-fields of the South, left desolate by the war, without labor, without capital to sustain a laboring force and to procure that which is necessary to carry on the business of raising a new crop; if these fields are permitted to go uncultivated another year. [*sic*] Does it not materially [weaken] a very great interest in the country? . . . He who gives forth from his abundance to those who appear to have nothing to give, comes back laden with returns which he little expected to receive. So it will be with us. It is in this that the Union will be restored in the heart more effectually than any bayonet can bind it together.” His Northern audience responded with loud applause. Two months later, a Southern writer for *DeBow’s Review* prodded Congress to action. “The reclamation of this immense domain, of Egyptian fertility, must arrest the attention of Congress and is well worth the attention and favorable action of the Legislature of the Nation,” he wrote.⁹

What effect would such a plan have had? First of all, Southerners would have had to come up with regional solutions to the problem of rebuilding over a decade sooner than such organizations actually sprang up. These solutions would have had to address the needs of both laborers and employers, much as the Mississippi Valley Labor Convention of 1879 did.¹⁰ Once they had workable plans, funds would have enabled them to buy Northern industrial products to rebuild cities and factories and to farm efficiently, to rebuild their transportation systems, and to build capital as well as to pay their workers in wages. (For the North, incidentally, this would have meant a stronger Southern market for Northern production, which might have weakened the severity of the Panic of 1873 and the depression that followed it).

8. *New York Times*, Jan. 20, 1865, 4; *Philadelphia Inquirer*, June 21, 1867, 4; *Boston Evening Transcript*, Apr. 18, 1871, 2; *New York Tribune*, Jan. 7, 1867, 4.

9. Governor Lewis Parsons of Alabama at Cooper Institute, Nov. 13, 1865, reported in the *New York Times*, Nov. 14, 1865, 1. *DeBow’s Review* 5 (Jan. 1866): 93. See also *DeBow’s Review* 5 (Jan. 1866): 22; and *Houston Weekly Telegraph*, Nov. 5, 1867, 5.

10. On convention, see William Windom and Henry W. Blair, “The Proceedings of a Migration Convention and Congressional Action Respecting the Exodus of 1879,” *Journal of Negro History* 4 (Jan. 1919): 51–92.

The nineteenth-century patronage system would have meant that workers on government-funded projects would be Republicans at first, blacks or unpopular whites. But if the money had continued while cotton and other crops were doing poorly, more and more Democrats would have jumped ship and joined the government projects, developing a loyalty to the government that was paying their salaries.¹¹ A public works program would have funneled money to the poor in the South, putting cash exactly where it was most needed and enabling poor Southerners to get on their feet. As the tax base expanded, pressure on small farmers could have been adjusted, weakening their opposition to reconstruction measures.¹² At the same time, economic competition would have broken up the remaining white Democratic landholding aristocracy in the South, which would indeed have been unable to pay the new taxes imposed by Republicans and would have had to sell off their unproductive land.

This program would have accomplished much that the North wanted, but it did not happen because Northern Republicans were restricted by a worldview dictating that hard work and cotton alone should rescue the South. It was no secret to anyone that the South was desperately in need of financial aid after the war. A writer for *DeBow's Review* in January 1866 spoke for newspapers North and South when he declared: "What the South now needs is capital, and if the immense accumulations of the North could be only diverted in that channel, something like the old days of prosperity would be revived, and," he added as an enticement to Northerners, "the difficulty of grappling with the great question of the national debt would be materially lessened."¹³ But Republicans could not admit that hard work alone could not rescue the region, for such an admission would threaten the entire fabric of the free labor system on which they based postwar American society. If hard work could not create an equal and prosperous society in the resource-rich

11. Compare Hashim Kadhim, from Adhamiya in northern Baghdad on reconstruction there. He said: "On the other side [of the river] are the river police who are now working with US soldiers. Adhamiya is considered a centre of resistance against the Americans—but we are simple people and we do not get involved in politics. If we could, we would work for Bremer [the Coalition Provisional Authority] because you get twice the salary that Iraqi employers pay. But you need to have connections to find work with them now, and we don't know anyone who works for Bremer." http://news.bbc.co.uk/2/shared/spl/hi/middle_east/03/baghdad_family/html/default.stm, accessed Oct. 30, 2003.

12. On poor whites and the burden of taxation, see J. Mills Thornton III, "Fiscal Policy and the Failure of Reconstruction in the Lower South," in *Region, Race, and Reconstruction: Essays in Honor of C. Vann Woodward*, ed. J. Morgan Kousser and James M. McPherson (New York: Oxford Univ. Press, 1982), 349–94.

13. *DeBow's Review* 5 (Jan. 1866): 108.

South, how could it possibly do so in the West, or in cities? Maintaining that free labor was a panacea for all ills, Republicans insisted that aid must be limited to the rations and medical care provided by the Freedmen's Bureau to prevent the destitute from starving. Their only prescription for attracting outside capital to the South echoed this free labor ideology. If only Southern whites would accept free labor, treat freedpeople with respect, and make Northern emigrants feel welcome, Northern investment would flow South, they argued. While violence and hostility held sway, however, no Northern capitalist would risk Southern investments.¹⁴

Even had Republicans wanted to pour money into Southern projects, however, the worldview of Democrats, North and South, would have prevented them. The program I outlined is exactly what Democrats feared and against which they fought passionately in the postwar years. Democrats insisted that they stood on "mighty principle" to protect a limited government, and accused the Republicans of "overthrowing the constitution of their country" and utterly destroying the very Union they set out to save. They called for "a strict adherence to the Constitution, yielding to the Federal Government all powers that have been granted to it, and no others,"¹⁵ and argued that the Republicans were deliberately overstating white attacks on freedmen in order to dupe Northerners into supporting a large standing army and a stronger and stronger central government. Armies and government services would require increasing taxation. With a growing purse, the Republican government would, in turn, pour money into the hands of the poor black voters in the South, whose votes would keep the Republicans in power. Democrats attacked even limited efforts at public works projects as evidence of an emerging "Republican empire," and insisted that all government aid the region received signaled corruption.¹⁶

High-minded language aside, Democrats wanted no part of any system that would provide more patronage positions for Republicans, especially when those positions would go first to black voters. Southern Democrats accused freedmen of refusing fieldwork to flee to the government jobs available in

14. See, for example, *New York Times*, Aug. 13, 1867, 4; and *Philadelphia Inquirer*, Aug. 2, 1867, 4.

15. Daniel W. Voorhees, in *Houston Weekly Telegraph*, June 25, 1868, 5. Andrew Johnson, Dec. 4, 1865, First Annual Message, in James D. Richardson, *Messages and Papers of the Presidents* (Washington, D.C.: GPO, 1897), 6:353–371. *Houston Weekly Telegraph*, Sept. 3, 1867, 5. See also *Atlanta Constitution*, June 17 and 19, 1868.

16. *Houston Weekly Telegraph*, Nov. 5, 1867, 7. See also Gaines Foster, *Moral Reconstruction: Christian Lobbyists and the Federal Legislation of Morality, 1865–1920* (Chapel Hill: Univ. of North Carolina Press, 2002).

towns, and as early as August 1865, a racist hand-lettered broadside—the “Black Republican and Office-Holder’s Journal”—accused black men of hungering after government offices to avoid real labor. While the work provided to black men by army projects and Republican politicians was a recurring theme in Southern newspapers, immediately after the war hostile whites saved their greatest anger for the Freedmen’s Bureau, which, they believed, permitted freedmen to survive on the largesse of the government without working. Director of the Freedmen’s Bureau General O. O. Howard “has . . . an immense machine upon his hands,” complained *DeBow’s Review*. “[T]o work this vast machine in 1866, the comfortable sum of nearly eleven millions of dollars will be required, which was about the amount of the whole national revenue some thirty or forty years ago.” “There is no greater propriety for a FREEDMEN’S BUREAU,” it insisted, “than there should be for a poor man’s bureau or a rich man’s bureau, or any other such institution.”¹⁷

Democratic attacks on Republicans for their radical reworking of the American government were effective checks on the latitude of government action once the war was over. Democrats insisted that the Republicans had launched a “grand revolutionary movement, looking to the deposition of the President, confiscation, the subversion of the Government, and the creation of one exclusive Radical oligarchy, to be fed by the Treasury, which is to be the mainspring of the machine.” President Andrew Johnson shared their sentiments, and, after admonishing Republicans that “with us this idea of limitation spreads through every form of administration—general, State, and municipal,” he tried to block attempts to expand government action. His stand strengthened Democratic protests, and by 1868 Democrats attracted voters by insisting that they were the “bravest defenders” of “Constitutional Liberty.”¹⁸

Ultimately, the beliefs of Republicans and Democrats combined to dictate that money for the South must come only from private investors and charities. Even Governor Parsons, from the crippled state of Alabama, called only for “the people of the North [to come] to the South, bringing their active capital there and uniting it with those who have land and experience necessary to cultivate cotton and other crop[s].” Congressional Republicans rarely provided money

17. “Black Republican and Office-Holders Journal,” available in *Miscellaneous Negro Newspapers*, on microfilm. This is obviously not a black newspaper, despite its inclusion in this collection. *DeBow’s Review* 5 (Feb. 1866): 215; *ibid.*, Jan. 1866: 109.

18. *National Intelligencer*, in *Houston Tri-Weekly Telegraph*, Sept. 17 or 18 [paper includes both dates], 1867, 7. Andrew Johnson, First Annual Message, Dec. 4, 1865, in James D. Richardson, *Messages and Papers of the Presidents* (Washington, D.C.: GPO, 1897), 6:353–71. James D. McCabe Jr., *The Life and Public Services of Horatio Seymour* (New York: United States Publishing Company, 1868).

to Southern projects during early Reconstruction and even their limited efforts attracted Democratic fury. Attempts to rebuild through contracts administered by the military or by Republican state governments, or by providing printing contracts to Southern Republican newspapers, were effectively attacked by Democrats as evidence of Republican attempts to use government largesse to attract votes.¹⁹ Some African Americans understood the need for government investment, but their requests for government aid to the region only encouraged Democratic beliefs that government aid would mean a vicious populace that kept the Republicans in power in exchange for votes.

The two sides were entrenched in their view of American government: Republicans were determined to justify their belief in hard work and economic harmony, while Democrats were just as determined to prevent their opponents from gaining political advantage. This is a shame, for if they could have seen beyond their worldviews, things could have been different during Reconstruction. If government works projects had provided capital to the South, industry, diversified agriculture, and transportation could have developed quickly. There would have been cash to facilitate wage payments as well as trade. Labor conflicts would have diminished, and white Southerners would not have become convinced that African Americans were lazy ne'er-do-wells. Southerners would have had the money to pay the taxes levied by Reconstruction governments, and thus whites would not have developed their powerful rhetoric about land confiscation and attacks on black suffrage would have lost their economic teeth. Ultimately, African Americans would not have been labeled as freeloaders looking to confiscate the wealth of their betters, and they would not have been disfranchised at the end of the century. Economic improvement across the region would have meant that the greater economic equality would have helped to bring to life the nation's optimistic hopes for the postwar era.

19. Governor Parsons of Alabama at Cooper Institute, Nov. 13, 1865, in *New York Times*, Nov. 14, 1865, 1. Richard H. Abbott, *For Free Press and Equal Rights: Republican Newspapers in the Reconstruction South* (Athens: Univ. of Georgia Press, 2003).