

4-1-2011

America's Turning Point

JEFFREY ROGERS HUMMEL

San Jose State University, jeff@jrhummel.com

Follow this and additional works at: http://scholarworks.sjsu.edu/econ_pub



Part of the [Economic History Commons](#), and the [Macroeconomics Commons](#)

Recommended Citation

JEFFREY ROGERS HUMMEL. "America's Turning Point" *The Freeman* (2011): 8-10.

This Article is brought to you for free and open access by the Economics at SJSU ScholarWorks. It has been accepted for inclusion in Faculty Publications by an authorized administrator of SJSU ScholarWorks. For more information, please contact scholarworks@sjsu.edu.

America's Turning Point

BY JEFFREY ROGERS HUMMEL

The Civil War represents the simultaneous culmination and repudiation of the American Revolution. Four successive ideological surges had previously defined American politics: the radical republican movement that had spearheaded the revolution itself; the subsequent Jeffersonian movement that had arisen in reaction to the Federalist State; the Jacksonian movement that followed the War of 1812; and the abolitionist movement. Although each was unique, each in its own way was hostile to government power. Each had contributed to the long-term erosion of all forms of coercive authority.

“Nowhere was the American rejection of authority more complete than in the political sphere,” writes historian David Donald. “The decline in the powers of the Federal government from the constructive centralism of George Washington’s administration to the feeble vacillation of James Buchanan’s is so familiar as to require no repetition here. . . . The national government, moreover, was not being weakened in order to bolster state governments, for they too were decreasing in power. . . . By the 1850s the authority of all government in America was at a low point.”

The United States, already one of the most prosperous and influential countries on the face of the earth, had practically the smallest, weakest State apparatus. The great irony of the Civil War is that all that changed at the very moment that abolition triumphed. As the last, great coercive blight on the American landscape, black chattel slavery, was finally extirpated—a triumph that cannot be overrated—the American polity did an about-face.



Insofar as the war was fought to preserve the Union, it was an explicit rejection of the American Revolution. Both the radical abolitionists and the South’s fire-eaters boldly championed different applications of the revolution’s purest principles. Whereas the abolitionists were carrying on the assault against human bondage, the fire-eating secessionists embodied the tradition of self-determination and decentralized government. As a legal recourse, the legitimacy of secession was admittedly debatable. Consistent with the Antifederalist

interpretation of the Constitution that had come to dominate antebellum politics, secession undoubtedly contravened the framers’ original intent. But as a revolutionary right, the legitimacy of secession is universal and unconditional. That at least is how the Declaration of Independence reads. “Put simply,” agrees William Appleman Williams, “the cause of the Civil War was the refusal of Lincoln and other northerners to honor the revolutionary right of self-determination—the touchstone of the American Revolution.”

American nationalists, then and now, automatically assume that the Union’s breakup would have been catastrophic. The historian, in particular, “is a camp follower of the successful army,” Donald wrote, and often treats the nation’s current boundaries as etched in stone. But doing so reveals a lack of historical imagination. Consider Canada. The United States twice

*Jeffrey Rogers Hummel (jhummel@gguol.ggu.edu) is an associate professor of economics at San Jose State University. He is the author of *Emancipating Slaves, Enslaving Free Men: A History of the American Civil War*.*

mounted military expeditions to conquer its neighbor, first during the American Revolution and again during the War of 1812. At other times, including after the Civil War, annexation was under consideration, sometimes to the point of private support for insurgencies similar to those that had helped swallow up Florida and Texas. If any of these ventures had succeeded, historians' accounts would read as if the unification of Canada and the United States had been fated, and any other outcome inconceivable. In our world, of course, Canada and the United States have endured as separate sovereignties with hardly any untoward consequences. "Suppose Lincoln did save the American Union, did his success in keeping one strong nation where there might have been two weaker ones really entitle him to a claim to greatness?" asks David M. Potter. "Did it really contribute any constructive values for the modern world?"

The common refrain, voiced by Abraham Lincoln himself, that peaceful secession would have constituted a failure for the great American experiment in liberty, was just plain nonsense. "If Northerners . . . had peaceably allowed the seceders to depart," the conservative London *Times* correctly replied, "the result might fairly have been quoted as illustrating the advantages of Democracy; but when Republicans put empire above liberty, and resorted to political oppression and war rather than suffer any abatement of national power, it was clear that nature at Washington was precisely the same as nature at St. Petersburg. . . . Democracy broke down, not when the Union ceased to be agreeable to all its constituent States, but when it was upheld, like any other Empire, by force of arms."

"War is the health of the State," proclaimed Randolph Bourne, the young Progressive, disillusioned by the Wilson administration's grotesque excesses during World War I. Bourne's maxim is true in two respects. During war itself the government swells in size and power, as it taxes, conscripts, regulates, generates inflation, and suppresses civil liberties. Second, after the war

there is what economists and historians have identified as a ratchet effect. Postwar retrenchment never returns government to its prewar levels. The State has assumed new functions, taken on new responsibilities, and exercised new prerogatives that continue long after the fighting is over. Both of these phenomena are starkly evident during the Civil War.

Before Fort Sumter national spending was only about \$2.50 per person per year, or \$50 per person in today's prices. The central government relied on only two sources of revenue: a very low tariff and the sale of public lands. The war brought not only protectionist import duties but also a vast array of internal excises, the country's first national income tax, and an extensive internal revenue bureaucracy with 185 districts reaching into every hamlet and town. Federal outlays soared from 1.5 percent of the economy's output to almost 20 percent, approximately what the central government spends today. The national debt climbed from a modest \$65 million, less than annual expenditures, to \$2.8 billion. This provided the justification for replacing the antebellum monetary system of free banking and financial deregulation (which some economic historians believe was the best the country has ever had) with inflationary fiat money and nationally regulated banking.

Protectionism would continue to dominate U.S. trade policy mercilessly until the Great Depression and was just one manifestation of the Lincoln administration's effort to enlist special interests through government subsidies and privileges. The Yankee Leviathan also was responsible for the first federal aid to transcontinental railroads, land grants for higher education, a Department of Agriculture for farmers, and troops to break strikes for employers. The prewar regime of Jacksonian laissez faire was effectively supplanted by Republican neomercantilism, an alliance between business and government that became so scandalous during the Grant era that it has gone down in history as, to use Vernon Louis Parrington's label for the postwar feeding frenzy, the "Great Barbecue."

The claim that peaceful secession would have meant the failure of the American experiment is just plain nonsense.

Lincoln's war delivered a blow to civil liberties as well. The Union's resort to nationally administered conscription touched off so much resistance that the President suspended habeas corpus throughout the North. Traditional estimates are that the administration imprisoned without trial or charges 14,000 civilians during the conflict, but some historians believe the figure to be much too low. To be sure, the greater number were citizens of either the border states or the Confederacy itself, and many of those arrested secured quick release within a month or two, usually after swearing a loyalty oath. Yet the federal government at the same time monitored and censored both the mails and telegraphs and shut down over 300 newspapers for varying periods.

Many of these measures were of course abandoned at the fighting's end. Federal spending fell from its wartime peak to only 3 to 4 percent of GDP. Although not a trivial decline, it still left spending at twice prewar levels, and the largest postwar expenditures were war-related. Interest on the war debt initially accounted for 40 percent of federal outlays, and by 1884 veterans' benefits were consuming 30 percent. These benefits were so lavish that they constitute the national government's first old-age and disability insurance and stand as a precursor to Social Security. The impact of the Civil War was even felt in the seemingly unrelated area of obscenity. Congress passed the first act regulating mail content in response to complaints that troops were ordering pornographic material, and this became the basis for the Comstock witch hunts of the 1870s.

The Real Turning Point

This ratchet effect is a phenomenon historians frequently observe. Yet the Civil War did something more. Despite wars and their ratchets, governments must *sometimes* recede in reach, else all would have been groaning under totalitarian regimes long ago. Both conservatives and so-called liberals date the major political turning point in American history at the Great Depression of 1929. Previously Americans are supposed to have self-reliantly resisted the temptations of govern-

ment largess and confined federal power within strict constitutional limits. Although Franklin D. Roosevelt's New Deal is responsible for Social Security, which along with health care, now ranks as the national government's primary expense, this legend ignores several inconvenient facts. To begin with, the New Deal simply emulated the Wilson administration's previous war collectivism. Moreover the growth of government under the New Deal was trivial compared to its growth during the United States' next major conflict: World War II.

More astute analysts push the watershed in U.S. history back to the Progressive Era. Progressivism emerged at the beginning of the twentieth century as a diverse inclination, varying in different parts of the country and including members of all political parties. But it became the country's first dominant mindset to advocate government intervention in the free market and in personal liberty at every level and in every sphere.

My contention, however, is that America's decisive transition must be dated even earlier.

The Yankee Leviathan co-opted and transformed abolitionism. It shattered the prewar congruence among anti-slavery, anti-government, and anti-war radicalism. It permanently

reversed the implicit constitutional settlement that had made the central and state governments revenue-independent. It acquired for central authority such new functions as subsidizing privileged businesses, managing the currency, providing welfare to veterans, and protecting the nation's "morals"—at the very moment that local and state governments were also expanding. And it set dangerous precedents with respect to taxes, fiat money, conscription, and the suppression of dissent.

These and the countless other changes mark the Civil War as America's real turning point. In the years ahead, coercive authority would wax and wane with year-to-year circumstances, but the long-term trend would be unmistakable. Henceforth there would be few major victories of Liberty over Power. In contrast to the whittling away of government that had preceded Fort Sumter, the United States had commenced its halting but inexorable march toward the welfare-warfare State of today.

FEE

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.