

National attention shifted away from the South and the activities of the Klan, but African Americans remained trapped in a world of white supremacy that restricted their economic, social, and political rights.

White conservatives would assert that Republicans, in denouncing violence, were “waving a bloody shirt” for political opportunity. The violence, according to many white conservatives, was fabricated, or not as bad as it was claimed, or an unavoidable consequence of the enfranchisement of African Americans. On December 22, 1871, R. Latham of Yorkville, South Carolina, wrote to the *New York Tribune*, voicing the beliefs of many white southerners as he declared that “the same principle that prompted the white men at Boston, disguised as Indians, to board, during the darkness of night, a vessel with tea, and throw her cargo into the Bay, clothed some of our people in Ku Klux gowns, and sent them out on missions technically illegal. Did the Ku Klux do wrong? You are ready to say they did and we will not argue the point with you. . . . Under the peculiar circumstances what could the people of South Carolina do but resort to Ku Kluxing?”<sup>33</sup>

Victims and witnesses to the violence told a different story. Sallie Adkins of Warren County, Georgia, was traveling with her husband, Joseph, a Georgia state senator, when he was assassinated by Klansmen on May 10, 1869. She wrote President Ulysses S. Grant, asking for both physical protection and justice. “I am no Statesman,” she disclaimed; “I am only a poor woman whose husband has been murdered for his devotion to his country. I may have very foolish ideas of Government, States & Constitutions. But I feel that I have claims upon my country. The Rebels imprisoned my Husband. Pardoned Rebels murdered him. There is no law for the punishment of them who do deeds of this sort. . . . I demand that you, President Grant, keep the pledge you made the nation—make it safe for any man to utter boldly and openly his devotion to the United States.”<sup>34</sup>

The political and social consequences of the violence were as lasting as the physical and mental trauma suffered by victims and witnesses. Terrorism worked to end federal involvement in Reconstruction and helped to usher in a new era of racial repression.

African Americans actively sought ways to shed the vestiges of slavery. Many discarded the names their former masters had chosen for them and adopted new names like “Freeman” and “Lincoln” that affirmed their new identities as free citizens. Others resettled far from their former plantations, hoping to eventually farm their own land or run their own businesses. By the end of Reconstruction, the desire for self-definition,



economic independence, and racial pride coalesced in the founding of dozens of black towns across the South. Perhaps the most well-known of these towns was Mound Bayou, Mississippi, a Delta town established in 1887 by Isaiah Montgomery and Ben Green, former slaves of Joseph and Jefferson Davis. Residents of the town took pride in the fact that African Americans owned all of the property in town, including banks, insurance companies, shops, and the surrounding farms. The town celebrated African American cultural and economic achievements during their annual festival, Mound Bayou Days. These tight-knit communities provided African Americans with spaces where they could live free from the indignities of segregation and the exploitation of sharecropping on white-owned plantations.<sup>35</sup>

## VI. Economic Development During the Civil War and Reconstruction

The Civil War destroyed and then transformed the American economy. In 1859 and 1860, wealthy southern planters were flush after producing

George N. Barnard, *City of Atlanta, Ga., no. 1*, c. 1866. Library of Congress.



record cotton crops. Southern prosperity relied on over four million African American slaves to grow cotton, along with a number of other staple crops across the region. Cotton fed the textile mills of America and Europe and brought great wealth to the region. On the eve of war, the American South enjoyed more per capita wealth than any other slave economy in the New World. To their masters, slaves constituted their most valuable assets, worth roughly \$3 billion.<sup>36</sup> Yet this wealth obscured the gains in infrastructure, industrial production, and financial markets that occurred north of the Mason-Dixon Line, a fact that the war would unmask for all to see.

In contrast to the slave South, northerners praised their region as a land of free labor, populated by farmers, merchants, and wage laborers. It was also home to a robust market economy. By 1860, northerners could buy clothing made in a New England factory, or light their homes with kerosene oil from Pennsylvania. The Midwest produced seas of grain that fed the country, with enough left over for export to Europe. Farther west, mining and agriculture were the mainstays of life. Along with the textile mills, shoe factories, and iron foundries, the firms that produced McCormick's wheat harvesters and Colt's firearms displayed the technical advances of northern manufacturers. Their goods crisscrossed the country on the North's growing railroad network. An extensive network of banks and financial markets helped aggregate capital that could be reinvested into further growth.

The Civil War, like all wars, interrupted the rhythms of commercial life by destroying lives and property. This was especially true in the South. From 1861 onward, the Confederate government struggled to find the guns, food, and supplies needed to field an army. Southerners did make astonishing gains in industrial production during this time, but it was never enough. The Union's blockade of the Atlantic prevented the Confederacy from financing the war with cotton sales to Europe. To pay their troops and keep the economy alive, the Confederate Congress turned to printing paper money that quickly sank in value and led to rapid inflation. In many cases, Confederate officials dispensed with taxes paid in cash and simply impressed the food and materials needed from their citizens. Perhaps most striking of all, in the vast agricultural wealth of the South, many southerners struggled to find enough to eat.

The war also pushed the U.S. government to take unprecedented steps. Congress raised tariffs and passed the first national income tax in 1862. In late 1861, Congress created the nation's first fiat currency, called *greenbacks*. At first, the expansion of the currency and the rapid rise in government spending created an uptick in business in 1862–1863.



As the war dragged on, inflation also hit the North. Workers demanded higher wages to pay rents and buy necessities, while the business community groaned under their growing tax burden. The United States, however, never embarked on a policy of impressment for food and supplies. The factories and farms of the North successfully supplied Union troops, while the federal government, with some adjustments, found the means to pay for war. None of this is to suggest that the North's superior ability to supply its war machine made the outcome of the war inevitable. Any account of the war must consider the tangled web of politics, battles, and economics that occurred between 1861 and 1865. But the aftermath of the war left portions of the Confederacy in ruins. State governments were mired in debt. White planters had most of their capital tied up in slaves, and so lost most of their wealth. Cotton remained the most significant crop, but the war changed how it was grown and sold. Planters broke up large farms into smaller plots tended by single families in exchange for a portion of the crop, a system called sharecropping. Once cotton production resumed, Americans found that their cotton now competed with new cotton plantations around the world. For the South as a whole, the war and Reconstruction marked the start of a period of deep poverty that would last until at least the New Deal of the 1930s.



War brought destruction across the South. Governmental and private buildings, communication systems, the economy, and transportation infrastructure were all debilitated. *Richmond, Va. Crippled locomotive, Richmond & Petersburg Railroad depot, c. 1865.* Library of Congress.



Emancipation was the single most important economic, social, and political outcome of the war. Freedom empowered African Americans in the South to rebuild families, make contracts, hold property, and move freely for the first time. Republicans in the South attempted to transform the region into a free-labor economy like the North. Yet the transition from slave labor to free labor was never so clear. Well into the twentieth century, white southerners used a combination of legal coercion and extralegal violence to maintain systems of bound labor. Vagrancy laws enabled law enforcement to justify the arrest of innocent black men and women, and the convict-lease system meant that arbitrary arrests often resulted in decades of forced, uncompensated labor. But this new form of servitude, which continued until World War II, was only the most extreme example of an array of economic injustices. In the later nineteenth century, poor whites would form mobs and go “white-capping” to scare away black job seekers.<sup>37</sup> Lacking the means to buy their own farms, black farmers often turned to sharecropping. Sharecropping often led to cycles of debt that kept families bound to the land.<sup>38</sup>

Massachusetts Agricultural College (now known as University of Massachusetts Amherst) was one of many colleges founded through the Federal Morrill-Land Grant Colleges Act. *Massachusetts Agricultural College, Amherst, Mass. 1879, 1880.* Wikimedia.

Victory did not produce a sudden economic boom for the rest of the United States, either. The North would not regain its prewar pace of industrial and commodity output until the 1870s. But the war did prove beneficial to wealthy northern farmers who could afford new technologies. Wartime labor shortages promoted the use of mechanical reapers,



reducing demand for labor, boosting farm yields, and sowing the seeds of inequality.

Wartime laws also transformed the relationship between the federal government and the American economy. New tariff laws sheltered northern industry from European competition. The Morrill Land Grant helped create colleges such as the University of California, the University of Illinois, and the University of Wisconsin. With the creation of the national banking system and greenbacks, Congress replaced hundreds of state bank notes with a system of federal currency that accelerated trade and exchange. This was not to say that Republican policy worked for everyone. The Homestead Act, meant to open the West to small farmers, was often frustrated by railroad corporations and speculators. The Transcontinental Railroad, launched during the war, failed to produce substantial economic gains for years.

The war years forged a close relationship between government and the business elite, a relationship that sometimes resulted in corruption and catastrophe, as it did when markets crashed on Black Friday, September 24, 1869. This new relationship created a political backlash, especially in the West and South, against Washington's perceived eastern and industrial bias. Conflicts over emancipation and civil rights quickly gave way to long political conflict over the direction of American economic development.

## VII. The End of Reconstruction

Reconstruction ended when northerners abandoned the cause of former slaves and Democrats recaptured southern politics. Between 1868 and 1877, and especially after the Depression of 1873, economic issues supplanted Reconstruction as the foremost issue on the national agenda. The biggest threat to Republican power in the South had been the violence and intimidation of white Democrats. Only the presence of federal troops in key southern cities prevented Reconstruction's quick collapse. But the United States never committed the personnel required to restore order and guarantee black southerners the rights promised by the Fourteenth Amendment.

Republicans and Democrats responded to economic uncertainty by retreating from Reconstruction. War-weary from a decade of military and political strife, so-called Stalwart Republicans turned from the idealism of civil rights to the practicality of economics and party politics. They



won particular influence during Ulysses S. Grant's first term as president (1868–1872). By the early 1870s, Stalwart Republicans assumed control of Republican Party politics.

Meanwhile, New Departure Democrats—who focused on business, economics, political corruption, and trade—gained strength by distancing themselves from pro-slavery Democrats and Copperheads. In the South, they were called Redeemers. White southerners initially opposed the Redeemers and instead clung tightly to white supremacy and the Confederacy, but between 1869 and 1871, the Redeemers won support from white southerners by promising local rule by white Democrats, rather than black or white Republicans. By 1871, Redeemers won political control and ended Reconstruction in three important states: Tennessee, Virginia, and Georgia.

In September 1873, Jay Cooke and Company declared bankruptcy, resulting in a bank run that spiraled into a six-year depression. The Depression of 1873 crushed the nation's already suffering laboring class and destroyed whatever remaining idealism northerners had about Reconstruction. In the South, where many farms were capitalized entirely through loans, sources of credit vanished, many landowners defaulted, and farmers entered an already oversaturated labor market. Wages plummeted and a growing system of debt peonage trapped workers in endless cycles of poverty. The economic turmoil enabled the Democrats to take control of the House of Representatives after the 1874 elections, blunting the legislature's capacity to any longer direct Reconstruction.

On the eve of the 1876 presidential election, the nation still reeled from depression. Scandals sapped trust in the Grant Administration. By 1875, Democrats in Mississippi hatched the Mississippi Plan, a wave of violence designed to intimidate black activists and suppress black voters.<sup>39</sup> The state's Republican governor pleaded for federal intervention, but national Republicans ignored the plea. Meanwhile, Rutherford B. Hayes, a Republican, won a landslide victory in the Ohio gubernatorial election without mentioning Reconstruction, focusing instead on fighting corruption and alcohol abuse and promoting economic recovery. His success made him a potential presidential candidate. The stage was set for an election that would end Reconstruction as a national issue.

Republicans chose Rutherford B. Hayes as their nominee; Democrats chose Samuel J. Tilden, who ran on honest politics and home rule in the South. Florida, Louisiana, and South Carolina would determine the president. Despite the enduring presence of Reconstruction in those





During the Panic of 1873, workers began demanding that the federal government help alleviate the strain on Americans. In January 1874, over seven thousand protesters congregated in New York City's Tompkins Square to insist that the government make job creation a priority. They were met with brutality as police dispersed the crowd, and consequently the unemployment movement lost much of its steam. Matt Morgen, *Print of a crowd driven from Tompkins Square by the mounted police, in the Tompkins Square Riot of 1874*, January 1874. Wikimedia.

states, white conservatives organized violence and fraud with impunity. With the election results contested, a federal special electoral commission voted along party lines—eight Republicans for, seven Democrats against—in favor of Hayes.

Democrats threatened to boycott Hayes's inauguration. Rival governments arose claiming to recognize Tilden as the rightfully elected president. Republicans, fearing another sectional crisis, reached out to Democrats. In what became known as the Compromise of 1877, Democrats conceded the presidency to Hayes on the condition that all remaining troops would be removed from the South and the South would receive special economic favors. Hayes was inaugurated in March 1877. In April, the remaining troops were ordered out of the South. The compromise allowed southern Democrats, no longer fearing reprisal from federal troops or northern politicians for their flagrant violence and intimidation of black voters, to return to power.



Military District	State	Readmission	Conservative Takeover
District 1	Virginia	1870	1870
District 2	North Carolina	1868	1870
	South Carolina	1868	1877
District 3	Alabama	1868	1874
	Florida	1868	1877
	Georgia	1870	1871
District 4	Arkansas	1868	1874
	Mississippi	1870	1876
District 5	Texas	1870	1873
	Louisiana	1868	1877
None	Tennessee	1866	1869

This table shows the military districts of the seceded states of the South, the date the state was readmitted into the Union, and the date when conservatives recaptured the state house.

After 1877, Republicans no longer had the political capital—or political will—to intervene in the South in cases of violence and electoral fraud. In certain locations with large populations of African Americans, such as South Carolina, freedpeople continued to hold some local offices for several years. Yet, with its most revolutionary aims thwarted by 1868, and economic depression and political turmoil taking even its most modest promises off the table by the early 1870s, most of the promises of Reconstruction were unmet.

## VIII. Conclusion

Reconstruction in the United States achieved Abraham Lincoln's paramount desire: the restoration of the Union. The war and its aftermath forever ended legal slavery in the United States, but African Americans remained second-class citizens and women still struggled for full participation in the public life of the United States. The closing of Reconstruction saw North and South reunited behind the imperatives of economic growth and territorial expansion, rather than ensuring the full rights of its citizens. From the ashes of civil war, a new nation faced fresh possibilities while enduring old problems.

## IX. Reference Material

This chapter was edited by Nicole Turner, with content contributions by Christopher Abernathy, Jeremiah Bauer, Michael T. Caires, Mari Crabtree, Chris Hayashida-Knight, Krista Kinslow, Ashley Mays, Keith McCall, Ryan Poe, Bradley Proctor, Emma Teitelman, Nicole Turner, and Caitlin Verboon.

