

RICE UNIVERSITY

**Merchants and the Political Economy of Nineteenth-Century Louisiana:
New Orleans and Its Hinterlands**



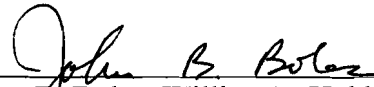
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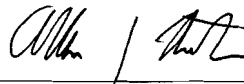
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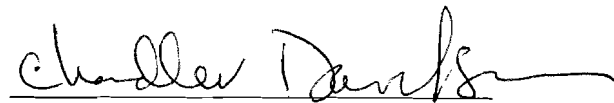
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ABSTRACT

Merchants and the Political Economy of Nineteenth-Century Louisiana:

New Orleans and Its Hinterlands

by

Scott P. Marler

As the locus of cotton production shifted toward the newer southwestern states over the first half of the nineteenth century, the city of New Orleans became increasingly important to the slave-plantation economy of the U.S. South. Moreover, because of its location near the base of the enormous Mississippi River system, the city also thrived on the export of agricultural commodities from western states farther upriver. Handling this wide-ranging commerce was the city's business community: bankers, factors, and wholesalers, among others. This globally oriented community represented an older and qualitatively unique form of wealth accumulation, merchant capitalism, which was based on the extraction of profit from exchange processes. However, like the slave-based mode of production to which it was closely allied, the New Orleans merchant community faced increasing pressure during the antebellum decades even while its fortunes seemed otherwise secure. The city lost most of its market share in western grain products to railroads and other routes linked directly to northeastern urban centers, and its merchants' failure to maintain port infrastructure or create a viable manufacturing sector reflected their complacency and left them vulnerable to competition from the fast-developing industrially-based economy of the North. These and other weaknesses were fatally exposed during the Civil War and Reconstruction. As a result of many changes to the

regional and national political economy after northern victory in the war, the New Orleans merchant community was never able to recover its previous commercial dominance, and the former first-rank American city quickly became a site of notorious political corruption and endemic poverty. Much the same can be said of the postbellum southern economy in which it was embedded, where the practices of merchant capitalism nevertheless managed to persist by becoming dispersed throughout the agricultural interior in the form of "country stores." Under the sharecropping system that became prevalent in cotton production, rural merchants furnished seasonal credit to the small farming households that had replaced plantation slavery. Although these stores played different roles in Louisiana cotton and sugar parishes, the culture of merchant capitalism hampered economic development in the South for many decades to come.

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Introduction

Merchants of the Cotton South in the Age of Capital

Cultural representations of the business classes who were so influential in the mid-nineteenth-century Western world are fairly rare. Artists seemed uninterested in chronicling the men busily transforming the world around them, and when they did, they usually portrayed them as hopeless philistines. (Here one thinks of Dickens' calculating Mr. Gradgrind, or on the other side of the Atlantic, the repressed Wall Street broker in Melville's "Bartleby the Scrivener.") Even fewer men of commerce were represented in contemporary cultural depictions of the American South, whose slave-produced cotton provided much of the fuel for the industrial revolution then underway. Harriet Beecher Stowe's northern-born slaveholder Simon Legree, a name that remains synonymous with villainy to this day, was a Louisiana planter more than he was a businessman per se, although many recent scholars would maintain there was little difference between the two. In the same state, New Orleans native George Washington Cable opened his famous 1881 novella "Madame Delphine" with a passing reference to "the activity and clatter of a city of merchants," yet oddly, these merchants never played much part in his scathing fictional representations of local culture.¹

There is one cultural representation of nineteenth-century southern businessmen that stands apart for its apparent verisimilitude, and it is also from Cable's New Orleans: the French artist Edgar Degas's 1873 portrait of *A Cotton Office in New Orleans*. This

¹ George Washington Cable, "Madame Delphine," in *Old Creole Days* (1885 ed.; repr., New York, 1964), 15. Examples of studies that blur the long-accepted distinction between planters and businessmen in the antebellum South are James Oakes, *The Ruling Race: A History of American Slaveholders* (New York, 1982); and Drew Gilpin Faust, *James Henry Hammond and the Old South: A Design for Mastery* (Baton Rouge, 1982), esp. chap. 6.

famous painting depicts fourteen men during a presumably routine day at a cotton-trading firm in the “Crescent City,” a popular nickname derived from the location of the South’s then-largest city on a sharp bend near the base of the Mississippi River. Because of its uniquely realistic portrayal of businessmen at work (a realism mostly at odds with the impressionist school of art Degas would soon help to establish), scholars have frequently reproduced *A Cotton Office in New Orleans* to illustrate their studies of the emergent global industrial order of the nineteenth century. However, their choice of illustration is in many ways deeply ironic. Rarely do they discuss the social contexts behind Degas’s portrait—the circumstances of its production, the actual firm it depicted, and the local and regional economic milieu in which it was set. In fact, these contexts tend to strongly contradict the themes of triumphant industrial capitalism that historians have typically used the painting to represent.²

For example, Degas’s depiction of New Orleans cotton merchants adorns the cover of Eric Hobsbawm’s classic study of the mid-nineteenth-century Western world, a period that he memorably labeled the “Age of Capital.” In this book, Hobsbawm elaborated a classical Marxist perspective on the development of industrial production in the core regions of Europe (England, France, Germany) and the northern United States. Industrialism, in this view, fostered the formation of two new classes defined by their

² Art historians have been more attentive to the circumstances behind Degas’s painting, but unsurprisingly, they are clearly on less familiar turf when explicating its socioeconomic context. The best of their critical studies is Marilyn R. Brown, *Degas and the Business of Art: A Cotton Office in New Orleans* (University Park, Pa., 1994). See also Christopher Benfey, *Degas in New Orleans: Encounters in the Creole World of Kate Chopin and George Washington Cable* (Berkeley, Calif., and other cities, 1997); and Gail Feigenbaum [ed.], *Degas and New Orleans: A French Impressionist in America* (New Orleans, 1999). Subsequent references to the Musson-Degas family’s activities in this introduction will be drawn from these three works. For examples of mainstream historians’ use of *A Cotton Office in New Orleans*, see Thomas L. Haskell and Richard F. Teichgraeber III, eds., *The Culture of the Market: Historical Essays* (New York, 1993); and D. A. Farnie and D. J. Jeremy, eds., *The Fibre that Changed the World: The Cotton Industry in International Perspective, 1600–1990s*, eds. D. A. Farnie and D. J. Jeremy (Oxford, Eng., and other cities, 2004).

relationships to one another in the nascent economic order: the proletariat, who owned only their own commodified labor power; and the bourgeoisie, a class defined by their ownership of the means of production and their employment of wage labor. In the American South, however, plantation slavery had long suppressed the formation of these two classes, even in metropolitan settings like New Orleans. In fact, the rather sedentary Crescent City gentlemen depicted in Degas's painting, the use of which was presumably intended to typify the thrust of Hobsbawm's arguments about mid-nineteenth-century industrial change, represented a far older and much less dynamic form of wealth based on the extraction of profit from exchange differentials—that is, “buying cheap and selling dear.” Using a categorization accepted by many other political economists before and after he wrote, and one that will also be central to the work that follows, Karl Marx referred to this qualitatively distinct form of wealth-accumulation strategy as “merchant capitalism.” Unlike industrialists, who derived their profits from the organization of production itself, merchant capitalists typically operated at a cautious remove from production processes and concerned themselves primarily with their ability to exploit differences in commodity values in geographically separated markets.³

³ Eric Hobsbawm, *The Age of Capital, 1848–1875* (1975; paperback ed., New York, 1979). This study will rely heavily on the category “merchant capital,” but in keeping with the more empirical bent of historical method, its relevance will first be demonstrated throughout the course of the narrative body of the work, with a sustained examination of its more theoretical aspects deferred to the epilogue, where its use by such diverse thinkers as Adam Smith, Karl Marx, and Max Weber will be discussed. For now, though, it is worth noting that merchant (or “mercantile”) capital was long regarded as a distinct and important category in a great deal of historiography produced during the twentieth century, from “progressive historians” like Louis M. Hacker to the more staid first-generation of business historians like N. S. B. Gras, Henrietta Larson, and George Rogers Taylor. As the practice of economic history became ever more reliant on quantitative methods, however, the use of such categories fell out of fashion—as did studies of political economy more generally. Only very recently has the rise of the “new institutional economics” held out the possibility of a much-needed synthesis that takes greater account of these older and still quite valid concerns over the sociopolitical contexts of economic development. See our discussion in Peter A. Coclanis and Scott Marler, “The Economics of Reconstruction,” in *A Companion to the Civil War and Reconstruction*, ed. Lacy K. Ford (Malden, Mass., 2005), 342–65.

Merchant capitalists were in many ways a conservative lot. Although they were usually chary of direct involvement with production, once they had established consistently profitable relationships on the production end of the commodity chain, they became dependent on those forms and were very reticent to see them change. Such was the case with the mercantile firm shown in Edgar Degas's 1873 painting. Michel Musson, the seated figure depicted in the front left foreground, was Degas's uncle, and like his father before him, he had been involved with the cotton trade in New Orleans for many years. Musson was a "factor," a commercial agent who served as an intermediary between southern slave-plantation owners and distant textile producers, for whom cotton served as raw material for their mills. But although he was never directly interested in planting himself, Musson, like many other cotton factors in New Orleans, had been a slaveholder before the Civil War. Many antebellum merchants had routinely invested in slaves, which gave them a crucial financial stake in the maintenance of the South's "peculiar institution" during an era when it was under increasing siege from the very industrial capitalists who were the main subject of Hobsbawm's book.⁴

The importance of the Crescent City's mercantile community to the U.S. and world economies during much of the nineteenth century once led the distinguished historian Clement Eaton to declare that "New Orleans is the ideal city for the study of the business class of the Southern states." Eaton understood that the hundreds of businessmen like Michel Musson who comprised the city's "gentlemen of commerce" represented the largest such concentration of merchant capital in the Old South, and their

⁴ The evolution of cotton factorage in the United States is the subject of Harold D. Woodman's classic study *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800-1925* (Lexington, Ky., 1968). On the late medieval and early modern roots of factorage more generally, see N. S. B. Gras, *Business and Capitalism: An Introduction to Business History* (New York, 1939), chap. 3.

port handled a disproportionate share of the various flows of commodities into and out of the region. Surprisingly, though, subsequent scholars have been remarkably slow to fulfill the promise of Eaton's fairly commonsensical insight. Indeed, there have been more studies produced to date about Edgar Degas's experiences in New Orleans than there have about the Crescent City business community per se—and thus Clement Eaton's injunction still remains true today. This study aims to begin filling this gap in the voluminous historiography on the American South by offering a perspective on the epochal events of the "Age of Capital" as experienced by merchants in Louisiana.⁵

Part One will focus on what is broadly termed the antebellum era. Like the South more generally, Louisiana was located on the nonindustrial periphery of the so-called Atlantic World, yet the commodities produced on its slave plantations, along with the New Orleans-based commercial agents who shepherded them to national and global markets, played a crucial role in the new forms of capitalist development taking root elsewhere. In the first chapter, the development of the New Orleans merchant capitalist community is examined during the first half of the nineteenth century. In it, Eaton's suggestion is approached cautiously by paying close attention to the many highly unique aspects of New Orleans, such as its unusual location and demographic composition, particularly the ethnocultural diversity that was a vestige of the city's lengthy Eurocolonial past. Because of its geographically advantageous site near the base of the Mississippi River system, the city grew rapidly as an export point for agricultural

⁵ Clement Eaton, *The Mind of the Old South* (1964; rev. ed., Baton Rouge, 1967), 69. There has been no sustained historical study of Louisiana's nineteenth-century merchant community and their economic importance. Robert Earl Roeder's fine unpublished dissertation, "New Orleans Merchants, 1800–1837" (Harvard University, 1959) ends with the Panic of 1837. Significant if narrower contributions to the subject have been made by George D. Green, *Finance and Economic Development in the Old South: Louisiana Banking, 1804–1861* (Stanford, Calif., 1972); Elliott Ashkenazi, *The Business of Jews in Louisiana, 1840–1875* (Tuscaloosa and London, 1988); and Richard H. Kilbourne Jr., *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish, Louisiana, 1825–1885* (Tuscaloosa, Ala., and London, 1995).

products, but tensions between American migrants to the city and “Creole” residents of Spanish or French heritage diminished the cohesiveness of its merchant community. Michel Musson’s father (and Edgar Degas’s grandfather), for example, was a slaveholder of French origin who had fled the Haitian revolution in 1809 for New Orleans, where he made his fortune in mercantile activities ranging from Mexican silver and New England ice to southern sugar and cotton. After brief setbacks associated with the national financial Panic of 1837, merchants and bankers thrived on profits from the city’s monopolistic position over the ever-increasing cotton trade. During the 1840s the wealth they derived from handling southern staple crops caused them to overlook the city’s loss of the upriver grain trade due to competition from new canal and lake routes linking western states to urban markets on the northeastern seaboard. But even though the local economy continued to grow during the 1850s, the city’s merchant community was now dangerously dependent on commodities produced in the southern countryside, and their stake in the perpetuation of the increasingly controversial slave-labor system that underpinned plantation agriculture grew accordingly. But despite this support (which was also reflected in the city’s notorious slave markets), the city’s cosmopolitan character caused New Orleans to be widely disparaged as corrupt and dissolute throughout the Old South. Such attitudes also prompted disdain toward the city’s commercial elites, whose multinational composition and extensive northern connections made them more distrusted than those in other regional seaports like Charleston, South Carolina.⁶

⁶ For a suggestive look at eighteenth-century South Carolina merchants see Peter A. Coclanis, “The Hydra Head of Merchant Capital: Markets and Merchants in Early South Carolina,” in *The Meaning of South Carolina History: Essays in Honor of George C. Rogers Jr.*, eds. David R. Chesnut and Clyde N. Wilson (Columbia, S.C., 1990), 1–18.

Their reputation was further undermined by the high prices that Crescent City factors charged for goods sold to their clients in the countryside. Similarly, inefficiencies and excessive charges in the port's handling of outbound commodities struck many planters as evidence that the wealth generated in the southern countryside had made New Orleans merchants not only rich but also arrogant and lazy. As discussed in Chapter 2, such attitudes were reinforced by the inability of the city's merchants to implement much-needed improvements to the port's infrastructure during the antebellum decades. In particular, their failure to adequately promote local railroad construction was widely viewed as a sign that the ease of river transportation had fostered complacency among the city's merchants. Some prominent members of the New Orleans commercial community, like the northern-born banker James Robb, publicly deplored the city's failure to sponsor railroad and industrial development. Robb and other observers noted that the lack of such investments made New Orleans unique among major American cities and bode ill for its long-term economic prospects. But although men like Robb and commercial publisher J. D. B. De Bow sometimes blamed aspects of the fickle, speculative, and migratory nature of merchant capitalism for these failures, they danced more gingerly around the relationship of the southern slave system to the regional suppression of fixed capital investments, particularly in manufacturing enterprises.

As Crescent City merchants' economic gaze remained fixed outward toward still-booming global cotton markets rather than on internal economic development during the 1850s, others began to take advantage of their inattention. The loss of the western grain trade had provided an early signal that New Orleans's river-based "natural advantages" might not be enough to ensure its continued commercial dominance, but the city's

formerly secure hold on the trade of its plantation hinterlands now also started to come under siege. Some of this came in the form of competition from other cities, but erosion appeared from within as well. Chapter 3 discusses the increasing role played by hundreds of country stores scattered throughout the antebellum Louisiana interior. Although they have frequently been downplayed in historical studies that emphasize the dominance of the factorage system, rural and small-town merchants in Louisiana benefited from anti-Crescent City sentiments during the years prior to the Civil War. By selling goods on credit and marketing the crop production of small farmers, these storekeepers laid the foundations for the later expansion of their importance to the southern agricultural economy.

As described by Eric Hobsbawm and many others, the development of industrial capitalism played a decisive and often-causative role in many of the political and military events of the mid-nineteenth century, from the European revolutions of 1848 through the Franco-Prussian War of the 1870s. The same can certainly also be said of the role played by industrial development in the United States, where irreconcilable conflicts between North and South were created by the the two very different labor systems in each section. Part II of this study focuses on the Louisiana merchant community's role in the South's withdrawal from the federal Union and the bloody civil war that followed. Chapter 4 discusses commercial attitudes toward the secession movement in Louisiana in late 1860 and how most New Orleans merchants rallied behind the new Confederate nation the following year. However, the city's long-standing and lucrative connections to global markets complicated the support offered by certain segments of the business community, most notably among its powerful banking sector. Furthermore, the local economy quickly

began suffering as a result of the war, particularly after a Federal naval blockade of southern seaports was instituted in May 1861.

The blockade and its effects prompted significant policy divisions between the New Orleans merchant community and the Confederate government, which are the subject of Chapter 5. Frustrated by the failure of European governments to intervene in the war on behalf of the South, New Orleans merchants sought to use “King Cotton” as a diplomatic weapon by spearheading a region-wide cotton embargo during the summer of 1861. Although Crescent City businessmen hoped their action would prompt Great Britain and France to break the blockade, the embargo they organized ran counter to the cautious foreign policies then being pursued by the Confederate government, which feared that such attempts at economic coercion would prove counterproductive. An earlier proposal for an official embargo had been quashed when advanced in the Confederate Congress by the Louisiana sugar planter Duncan F. Kenner, who also had extensive connections to the Musson-Degas family both in New Orleans and in France. As the Great Powers continued to dither over intervention, regional conditions worsened and hundreds of merchants fled New Orleans, which fell to Union forces in May 1862 and never reverted to Confederate control for the duration of the conflict.

Their support for the southern cause in the Civil War brought the Musson-Degas family even closer together. Michel Musson, who served as a Confederate quartermaster in pre-occupation New Orleans, convinced Edgar Degas’s father, a French private banker, to invest heavily in Confederate bonds, and another brother wrote a passionate public letter from London in support of slavery to the French emperor Napoleon III. Soon after the surrender of the city to troops commanded by the domineering Union general

Benjamin F. Butler, Musson sent his daughters (including Estelle, who was widowed when her husband, a nephew of Confederate president Jefferson Davis, was killed in the battle of Corinth in late 1862) to safe refuge in France. During Butler's controversial eight-month rule over New Orleans, which is the subject of Chapter 6, Crescent City merchants found themselves the rhetorical and political target of the demagogic Massachusetts general. Butler proved especially vindictive toward Crescent City banks, which had shipped most of their ample bullion reserves out of the city before its surrender.

The harsh reign of "Beast" Butler over New Orleans represented in many respects the continuation of the war by other means, and his administration exacerbated the anti-Federal attitudes held by most of the city's white residents. The consequences of his draconian regime among the business community were of particular importance, since the relative moderation born of merchants' pragmatic desire for the resumption of commercial relations might have aided in the postwar "reconstruction" of the South, a period that is discussed in Part III of this study. In New Orleans, the process of federal Reconstruction began in earnest in 1863 under the command of Butler's replacement, General Nathaniel P. Banks, another political general from Massachusetts. However, as is described in Chapter 7, Crescent City merchants continued to find themselves frozen out of federal attempts to reestablish the flow of cotton and other commodities to distant markets. Despite General Banks's less overtly hostile style of administration over the city, the corruption first apparent under Butler worsened and grew more diffuse in the wake of his departure, especially as interbelligerent trading became more prevalent. Upon the war's conclusion in 1865 and during the years afterward, the former mercantile and

financial elites of New Orleans gradually came to realize the many severe consequences that the conflict had permanently wrought on their previous dominance of regional commerce. An influx of opportunistic speculators hoping to profit from the exorbitant wartime prices for cotton now successfully competed with the remaining resident merchants for the southern trade. Most of these new arrivals were northerners, but also among them was Edgar Degas's brother René, who is the rather indolent-looking man slouched in a chair behind his uncle reading a newspaper in Degas' 1873 portrait of *A Cotton Office in New Orleans*. As Reconstruction-era politics in New Orleans devolved into often-violent factionalism between racist Confederate veterans and federally backed Republicans, most Crescent City merchants found their political influence reduced to ineffective calls for "good government" and other carping against "carpetbaggers" and newly empowered blacks.

Just as Edgar Degas included the portrait of the famous 1864 naval battle between the CSS *Alabama* and USS *Kearsarge* that hung on the back wall of his uncle's cotton office in the upper right corner of his 1873 painting, the Confederacy's defeat in the Civil War continued to hover over New Orleans merchant capitalists like Michel Musson for many years to come. In fact, at the very moment that Degas painted his piece in late January 1873, Musson's firm was on the brink of financial failure, and its dissolution was officially announced within weeks. Chapter 8 examines how the fate of merchants like Musson and many others paralleled the rapid economic decline of New Orleans during and after Reconstruction. The city's banking sector never recovered from the wartime blows it had suffered, which contributed to a severe capital shortage in the postbellum South as a whole. Furthermore, cross-lines trading during the war had provoked a sharp

rise in overland transportation routes, which worked to the long-term advantage of interior cities like Memphis at the Crescent City's expense. Attempts to resecure the midwestern grain trade that the city's businessmen had ceded decades before proved an ineffective panacea for New Orleans's many interrelated economic woes. As a result of numerous changes to the structures of regional, national, and global commerce, the fortunes of the quondam "Queen City of the South" plummeted during and after the Civil War. Neither before nor since has a first-rank American city fallen from economic grace so swiftly and decisively.

Even the revival of southern cotton production, which grew well beyond its pre-1860 levels before the end of the century, could not save the former factorage community of New Orleans. Unlike the "gentlemanly capitalists" of nineteenth-century Great Britain, who were able to preserve most of their City-based wealth and influence in the face of ascendant industrialism, the blows suffered by Crescent City merchants like Michel Musson proved too numerous and powerful to be absorbed. However, as is discussed in Chapter 9, the culture and practices of merchant capitalism did persist in postbellum Louisiana and the South, albeit in greatly changed form. Because of the dispersal of postemancipation cotton production from the gang labor of plantation slavery into thousands of individuated small-farming units under sharecropping, the rural and small-town furnishing merchant assumed a pivotal role in the agricultural economy of the "New South" during Reconstruction, a role they continued to play through the Great Depression of the 1930s and the restructuring of agriculture during the New Deal. Although other historians have described the importance of the rural merchant to the postwar South, this chapter will build on the previous discussion in Chapter 3 as well as the careful

foundations first laid by historians Roger L. Ransom and Richard Sutch in their influential 1977 study of “the economic consequences of emancipation.” Ransom and Sutch used econometric modeling to assert that rural merchants in the “Cotton South” enjoyed “territorial monopolies” as a result of their dispersal throughout the countryside. Chapter 9 will test this and other arguments by using aggregate data and methods similar to those of Ransom and Sutch (whose study is also discussed at more length in Appendix A), and it will also examine the very different ways that “country stores” developed in discrete local economic environments within Louisiana after the Civil War. Finally, in the epilogue that follows, the wide-ranging significance of this newly adapted and dispersed culture of merchant capitalism for economic underdevelopment in the postbellum South will be more broadly assessed in a global comparative context.⁷

Although Edgar Degas did not depict any of these Louisiana rural and small-town merchants in his art, they would later be memorably represented by the southern literary lion William Faulkner in his epic descriptions of the fortunes of the Snopes and Varner clans in neighboring Mississippi. However, during his 1873 visit to New Orleans, Degas did produce another, far less well known painting that also featured his uncle in his cotton office. In *Cotton Merchants in New Orleans*, a painting that Degas himself thought was “better art,” Michel Musson is the top-hatted figure stooped pensively over the table of cotton. The wall portrait of the Confederacy’s naval loss hovers over this scene as well, yet the overall style is far less photographic than in the previous painting and clearly

⁷ Roger L. Ransom and Richard Sutch, *One Kind of Freedom: The Economic Consequences of Emancipation*, 2nd ed. (New York and other cities, 2001), esp. chaps. 6–8. On the persistence, adaptation, and significance of “gentlemanly capitalism” to industrializing Great Britain, see P. J. Cain and A. G. Hopkins, “Gentlemanly Capitalism and British Expansion Overseas I: The Old Colonial System, 1688–1850,” *Economic History Review* 2d ser., 39 (November 1986), 501–25. See also Geoffrey Ingham, *Capitalism Divided? The City and Industry in British Social Development* (New York, 1984); and Martin J. Wiener, *English Culture and the Decline of the Industrial Spirit, 1850–1980* (Cambridge, Eng., and other cities, 1981).

presages the French impressionism that Degas would soon help make famous. Although the heaped cotton is greater in quantity, it has now grown less distinct, even less substantial, than before. Indeed, Musson's hands seem to sink into the pile as if he were unable to firmly grasp either the cotton or his own current misfortunes with which it is inextricably bound. In contrast to the crowded office of the earlier portrait, this time there are only two other figures besides Musson. To the right, a derby-hatted man is only partially visible from behind the wall, almost seeming to emerge from the Civil War hanging itself—perhaps one of the many anonymous speculators who had invaded the city along with the northern armies? The other figure is red-bearded and dressed in a light suit in the southern style. Art historians have surmised that this man is probably General Frederick N. Ogden, who was a partner in the cotton business with Musson's son-in-law, both of whom were also prominent in the White League, a well-organized local paramilitary group. In 1874 the charismatic Ogden, who had been a constant presence in the Musson offices and household during Degas's visit the previous year, led the white resistance that briefly overthrew the carpetbag government of Louisiana in the "Battle of Liberty Place." In fact, Michel Musson addressed the assembled throng on Canal Street that September afternoon before they set off toward the Mississippi River for their showdown with the Republican-backed "Metropolitans." This event (which will be discussed further in Chapter 7) has been widely viewed by historians as seminal in prompting weakened northern support for federal efforts to maintain Reconstruction governments in the South by military force, a failed process that officially ended just a few years later.

In all of these senses, then, it is difficult not to view Degas's lesser-known painting as representative of the precarious state of his uncle's fortunes, of which his nephew was undoubtedly aware. The other two figures in this more aptly liminal piece serve to highlight the new men largely responsible for the changed and decimated condition of New Orleans-based factorage in general. During and after the Civil War, merchant capital, a qualitatively distinct form of wealth and investment that had made the Crescent City a dominant player in national and global commodity markets for most of the nineteenth century, was exiled from its urban stronghold by the literal armies of industrialism and forced to seek refuge among the impoverished hamlets of the southern countryside. Even more so than Degas's similarly themed piece from Reconstruction-era New Orleans, which has been rather inappropriately used by historians of industrial capitalism, Edgar Degas's *Cotton Merchants in New Orleans* thus seems to provide a shrewd figurative expression of the swift decline of this last bastion of the old Atlantic World economy—as well as the system of southern slavery under which it had thrived—during the “Age of Capital.”

There is a great deal that the study of merchant capitalism in Louisiana, both in New Orleans and the interior parishes, can add to our understanding of the nineteenth-century South. Such a study should help to repopulate the historiographical Old South with more than just masters and slaves, and it may also better illuminate the often-contentious relationships between city and countryside before and after the Civil War. It should also cast fresh light on debates both old and new concerning the many socioeconomic ramifications of plantation slavery. In addition, a close examination of Louisiana businessmen's economic activities and importance will necessarily involve

situating them in wider national and international contexts, with implications for studies of comparative regional development, the U.S. economy, and the Atlantic World. Finally, such a study should also contribute significantly to nineteenth-century business history more generally, a subdiscipline that has long seemed to accept the reflexive orientation of contemporary economics toward production rather than distribution. As two historians of cotton's role in the Industrial Revolution have recently declared, it is astonishing that "the role of merchants has been largely neglected" by scholars, even though their "rehabilitation . . . [has] the potential to transform wide swathes of economic history." This study will seek to make a contribution toward alleviating that long-standing neglect.⁸

⁸ Douglas A. Farnie and David J. Jeremy, "Cotton as a World Power," in *Fibre that Changed the World*, 8. Though the subject has long been somewhat inexplicably out of fashion, older studies routinely emphasized the importance of merchant capital to American economic development. Three classic examples are Robert G. Albion, *The Rise of New York Port, 1815–1860* (1939; repr., Boston and New York, 1967); Louis M. Hacker, *The Triumph of American Capitalism* (New York, 1940); and George Rogers Taylor, *The Transportation Revolution, 1815–1860* (1951; repr., New York, 1968). A valuable exception to the productionist bias of contemporary business historiography is Glenn Porter and Harold C. Livesay, *Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing* (1971; repr., Chicago, 1989).

Chapter 1

Merchant Capitalism in Antebellum Louisiana

In April 1861 the South's leading commercial periodical, *De Bow's Review*, based in New Orleans, published an unsigned letter under the heading "We Must Develop Southern Industry." Without even alluding to the long-simmering national political crisis that would erupt into a full-fledged civil war that very month, the author described various "apprehensions" he had about "the future of the cotton and tobacco growing Southern States." Since "Great Britain and France are now earnestly engaged" in developing alternate sources of supply for the South's staple crops, he was concerned that overdependence on cotton exports left the southern economy in a vulnerable position. Although the region's cotton culture was like "a vast gold mine," the writer nevertheless took a grim view of the superficial prosperity engendered by economies based on natural resource extraction. The history of such countries, he claimed, demonstrated an unwise propensity for "purchasing all the necessaries of life" from outside their borders rather than promoting home-based industries, thus "in the end coming out poor and dependent." The author feared that the South now risked a similar fate due to the business habits and structures on which it had come to rely in recent decades. "The experience of the last forty years has proved that cotton-growing countries do not accumulate permanent wealth," he declared, because "mercantile capital emigrates to commercial and manufacturing countries to work out its continued accumulation."¹

¹ "We Must Develop Southern Industry," *De Bow's Review* 30 (April 1861), 497-99 (quotations on 497-98). For a recent account of the mid-nineteenth century global cotton trade that emphasizes European powers' attempts to develop new sources of the staple apart from the U.S. South, see Sven Beckert,

The fickle character of “mercantile capital” was a serious problem for the antebellum South, though it was rare to see it pointed out so bluntly. Although the South had enjoyed a decade of nearly uninterrupted prosperity during the 1850s, concerns about the regional economy had provided regular grist for *De Bow’s Review* ever since the journal had commenced publication in 1846. Native Cassandras had often warned readers that by failing to reinvest profits generated by the cotton trade in home industries and infrastructure, and instead using them to buy foodstuffs and manufactured goods from outside the region, the South was neglecting to establish adequate foundations for sustained long-term growth. But this anonymous author’s fears regarding the inherent tendency of mercantile capital to disregard residentiary investments displayed an unusually keen historical awareness of the deeply rooted problems that the region faced, one that he had perhaps drawn in part from the school of classical political economy then still regnant. For example, Adam Smith, in his well-known treatise *The Wealth of Nations* (1776), had drawn clear distinctions between the overall contributions to economic development made by different types of capital. As opposed to the productive wealth “put into motion” by (non-slave) agriculture and manufacturing, Smith had argued that the capital “employed in the trade of exportation has the least effect of the three.” Presaging the anonymous writer’s complaint in *De Bow’s Review* nearly a century later, Smith had noted that merchant capital originating in long-distance commerce “seems to have no fixed or necessary residence anywhere, but may wander about from place to place, according as it may either buy cheap or sell dear.”²

“Emancipation and Empire: Reconstructing the Worldwide Web of Cotton Production in the Age of the American Civil War,” *American Historical Review* 109 (December 2004), 1405–38.

² Adam Smith, *The Wealth of Nations*, ed. Andrew Skinner (New York and other cities, 1986), 463–65 (first two quotations on p. 465; third quotation on pp. 463–64). For further elaboration about merchant

Despite the transitory nature of mercantile wealth, Smith had also described how urban trading citadels “situated near either the sea coast or the banks of a navigable river,” such as London or Amsterdam, managed to derive enormous profits “from the most remote corners of the world . . . by performing the office of carriers between distant countries and exchanging the produce of one for that of another.” “A city might in this manner grow up to great wealth and splendour,” he wrote, even while “the country in its neighborhood” remained mired in “poverty and wretchedness.” By the mid-nineteenth century, Adam Smith’s insight into such geographically favored mercantile enclaves applied with particular force to the city of New Orleans, which was the home base of *De Bow’s Review* and the only true metropolis in the slave South. In an 1852 U.S. Senate-commissioned report on the nation’s burgeoning commerce, for example, special investigator Israel D. Andrews recognized the city’s role as the leading urban redoubt of southern merchant capitalism. New Orleans, Andrews wrote, is “eminently a place of exchange and distribution”:

For commercial purposes, New Orleans occupies a very superior and commanding situation. It is the natural entrepôt for supplies destined to all parts of the Mississippi Valley, as well as the depot for those products of that salubrious region which seek a market seaward.

During the antebellum era, largely because of the city’s advantageous location at the base of the enormous Mississippi River system, half of all the South’s cotton production routinely passed through the hands of merchants at the port of New Orleans on its way to textile manufacturers in the North and Europe. Although exports of cotton, sugar, tobacco, and other commodities were the main source of its international prominence, New Orleans was also important for its slave markets, as a supplier of imported goods,

capitalism both as a category of classical political economy and as a later historiographical problematic, see the concluding chapter herein.

and as a bulk-break point for midwestern and regionally produced foodstuffs, all of which were redistributed to the plantations and country stores of the southern interior under the auspices of the city's enormous community of merchant capitalists: its banks, factorage houses, commission merchants, wholesalers, and retailers.³

One is well-advised to avoid the easy temptation to treat the New Orleans "business class" as monolithic, however. In fact, the merchant capitalists of New Orleans were frequently a quarrelsome lot. As the ever-perceptive Frederick Law Olmsted reported upon spending several weeks in New Orleans and its environs during the late 1850s, "I doubt if there is a city in the world, where the resident population has been so divided in its origin, or where there is such variety in the tastes, habits, manners, and moral codes of the citizens." Merchants were often further "divided" amongst themselves by marketplace competition and conflicting institutional demands. In other words, bankers did not always see eye to eye with cotton factors, nor did factors with wholesalers, wholesalers with shopkeepers, nor any of them with one another—which leaves aside frequently sharp differences with their rural counterparts and clientele. More generally speaking, a high degree of class cohesion has never been a hallmark of merchant capitalists. As a group, they have been characterized historically as "parasitic" on other classes more directly responsible for the organization and maintenance of production (in the Old South, the slaveowning plantation elite), and also "conservative"

³ [Israel D. Andrews], *Report of Israel D. Andrews on the Trade and Commerce of the British North American Colonies, and Upon the Trade of the Great Lakes and Rivers*, Senate Executive Document No. 112 (32 Cong., 1st Sess.) (Washington, D.C., 1853), 753 (cited hereinafter as Andrews, *Report on Trade and Commerce*); Smith, *Wealth of Nations*, 502. In this study I tend to treat the New Orleans banks as part of the congeries of institutions representative of southern merchant capitalism. However, although the advent of international banking had been closely linked historically to the increasing need for reliable instruments of long-distance exchange, it should be noted that banking (or 'interest-bearing') capital had rapidly evolved according to its own particular imperatives and thereby developed an identity largely distinct from the merchant capitalism that had originally fostered it; see, for example, Karl Marx, *Capital*, Vol. III, trans. David Fernbach (1981; repr., London, 1991), 440–79

in the sense that they typically appeared reluctant to fully grasp the transformative potential represented by the capital they controlled.⁴

This chapter will provide an overview of New Orleans and its commercial development during the first half of the nineteenth century, with an emphasis on the roles played by its steadily growing mercantile and financial community. Their business practices, political and social leanings, extraregional ties, ethnocultural allegiances, and other aspects relevant to a fuller understanding of this community will be discussed, as will some of the particular individuals and firms that comprised it. Increasing “apprehensions” about the city’s and region’s long-term economic prospects, such as those expressed by the anonymous author in *De Bow’s Review*, will highlight the divisions and agreements among Louisiana’s “old gentlemen of commerce.” The resultant portrait of the state’s antebellum economy and merchants’ role in it will serve as a foundation for the chapters that follow, in which the changing fortunes of this community—as well as the city, state, region, and nations with which its fate was intertwined—will be traced through the prosperous 1850s and into the revolutionary Civil War and Reconstruction decades. In the end, an understanding of Louisiana’s antebellum commercial elites should help us to better assess the changing significance of southern merchant capitalism during the late nineteenth century and beyond.

⁴ Historians Elizabeth Fox-Genovese and Eugene D. Genovese characterized merchant capitalism as “parasitic” and “conservative” throughout their neglected work *Fruits of Merchant Capital: Slavery and Bourgeois Property in the Rise and Expansion of Capitalism* (Oxford, Eng., and other cities, 1983), esp. chap. 1, “The Janus Face of Merchant Capital”; see also Eugene D. Genovese, *The Political Economy of Slavery: Studies in the Economy and Society of the Slave South* (New York, 1965), esp. Part III; and my discussions in the epilogue herein. Frederick Law Olmsted, *The Cotton Kingdom: A Traveller’s Observations on Cotton and Slavery in the American Slave States*, ed. Arthur M. Schlesinger (New York, 1953), 235. On rural Louisiana merchants see Scott P. Marler, “Merchants in the Transition to a New South: Central Louisiana, 1840–1880,” *Louisiana History* 42 (Spring 2001), 165–92.

Although New Orleans only had a population of about 10,000 inhabitants at the beginning of the nineteenth century, the city had nevertheless been an important link in the Atlantic World commodities chain practically since its founding as a European settlement by the French in 1718. Even as the British colonies along the eastern seaboard of the New World thrived and eventually chafed under the restrictions of outmoded mercantilist policies over the course of the eighteenth century, New Orleans had become the geographic anchor for a web of economic activities sponsored by its French and Spanish rulers—as well as increasing numbers of British and American interlopers—that extended ever further up the Mississippi Valley. The city also first gained notoriety during this period as a staging ground for a variety of Eurocolonial adventures in Latin America and the Caribbean, earning a reputation as a center for international intrigues that it would maintain for many years to come. However, staple-crop agriculture was relatively slow to develop in the enormous but sparsely populated Louisiana territory during the colonial period (French attempts to promote regional tobacco culture were a minor exception to this rule), with the most attention then focused on trading in furs, naval stores, and other low capital-intensive goods.⁵

The transformation of New Orleans from a small if crucial frontier trading outpost on the periphery of the Atlantic World economy was to occur under American auspices during the decades after the young republican government had successfully negotiated the Louisiana Purchase from France in 1803. During his tenure as secretary of state under George Washington, Thomas Jefferson had been quick to recognize what he believed to be the strategic importance of the Mississippi River and its gulf outlet to American

⁵ The first century of New Orleans's commercial development is well-described in John G. Clark, *New Orleans, 1718–1812: An Economic History* (Baton Rouge, 1970).

national development. Casting a covetous gaze in 1790 toward the enormous interior territory then controlled by Spain, Jefferson insisted that “we have a right to some spot as an entrepôt for our commerce,” adding that “a disinterested eye, looking on a map, will remark how conveniently” New Orleans is situated “for the purpose.” During his presidential administration a decade later, he thus made the acquisition of the Louisiana territory, recently retroceded by Spain back to France, a high diplomatic priority. Writing to the U.S. minister to France, Robert R. Livingston, in 1802, President Jefferson sought to impress upon the ambassador the importance of obtaining Louisiana from Napoleon:

There is on the globe one single spot, the possessor of which is our natural and habitual enemy. It is New Orleans, through which the produce of three-eighths of our territory must pass to market, and from its fertility it will ere long yield more than half of our whole produce and contain more than half our inhabitants.

Jefferson thereby articulated an early version of the soon-to-be popular argument that the natural advantages of New Orleans’s location assured its eventual commercial dominance. But although such geographic determinism had some basis in truth, it also carried within it the kernel of what would later become an ill-advised complacency in the face of technological, commercial, and demographic changes.⁶

Despite Louisiana’s peaceful acquisition from France and its subsequent admission as a state in 1812, the transition to an American-controlled regime proved to be prolonged and painful for the mercantile community already in place at New Orleans. In particular, the resumption of hostilities between Great Britain and the United States

⁶ Thomas Jefferson to Robert R. Livingston, April 18, 1802, in *The Writings of Thomas Jefferson*, comp. and ed. Paul Leicester Ford (New York, 1897), VIII, 144; Secretary of State [Jefferson] to William Short, August 10, 1790, in *The Papers of Thomas Jefferson*, ed. Julian P. Boyd (Princeton, N.J., 1965), XVII, 122. Two recent works by historical geographers that closely examine New Orleans’s “site and situation” are Peirce F. Lewis, *New Orleans: The Making of an Urban Landscape*, 2nd ed. (Santa Fe, N.Mex., and Harrisonburg, Va., 2003); and Richard Campanella, *Time and Place in New Orleans: Past Geographies in the Present Day* (Gretna, La., 2002).

during the Jefferson and Madison administrations highlighted the pronounced vulnerability of merchant capital to costly political disruptions. Beginning in 1807, a series of embargoes and other acts prohibiting commercial intercourse with foreign nations severely affected the export-oriented businesses of New Orleans, including a nascent cotton trade with England only then beginning to assert its importance. These acts were highly unpopular with most Crescent City merchants and encouraged a certain degree of lawlessness, as many sought to evade their restrictions by engaging in blockade-running and other illicit commerce. Vincent Nolte, a German-born merchant, later recalled the difficulties posed to “the enterprising mercantile spirit” by the enforced “absence of business” that prevailed upon his arrival in New Orleans in late 1811. The long-simmering hostilities between Great Britain and its former colonies finally erupted into an official military conflict the following year, and many prominent city merchants overcame their reservations about U.S. foreign policies to fight alongside Colonel Andrew Jackson when the war culminated with the famous defeat of British forces at New Orleans in January 1815. Indeed, one of them, Maunsel White, established such a close relationship with Jackson during the siege that he later ended up serving as the New Orleans factor of the Tennessee planter-politician well into the 1840s.⁷

Although Vincent Nolte also fought on the American side at New Orleans, he did object when a few hundred bales of particularly high-quality cotton belonging to him were confiscated for use as impromptu parapets against British shells. (The irony of New Orleans merchants literally seeking safe haven behind cotton bales seemed lost on Nolte, but it was an effective defensive tactic that would be repeated in Louisiana during the

⁷ Clement Eaton, *The Mind of the Old South* (rev. ed., Baton Rouge, 1967), 71–72; Vincent Nolte, *The Memoirs of Vincent Nolte, or Fifty Years in Both Hemispheres*, trans. Burton Rascoe (1854; repr. New York, 1934), 187 (quotations), 198–99, 206; Clark, *New Orleans, 1718–1812*, pp. 324–28.

Civil War a half-century later.) The remarkable Nolte, the scion of a well-established European mercantile family, personally embodied many of the transnational qualities of merchant capitalism. He had first arrived in New Orleans in 1806 as a young agent of the allied English and Dutch merchant-banking houses of Baring Brothers and Hope & Company, and he would continue to do business in the city on and off until the 1850s. In his usually candid and detailed memoir first published in 1854, Nolte offered little insight into the reasons why he chose to fight alongside the Americans at New Orleans, but the fact of his service, like that of his fellow merchants, did put the test to what Thomas Jefferson, perhaps consciously echoing Adam Smith, had written disparagingly about such gentlemen of commerce in 1786. "Merchants are the least virtuous [citizens]," he had quipped, "and possess the least of the *amor patriae*."⁸

Throughout his memoir, Nolte frequently commented on the changing composition and character of the city's burgeoning mercantile community. He was not enamored with the hundreds of American businessmen, mainly from the upper Atlantic seaboard, who flocked to New Orleans in the wake of its acquisition by the United States; upon his return there in 1811, Nolte blamed "the spirit of low cunning and adroitness which they [had] introduced" for the city's "moral retrogression" during his absence. Nolte contrasted what he considered to be the boorish, opportunistic behavior of most American merchants with that displayed by the Creole community of French and Spanish origins, who he admired for their "openness, good faith, and sincerity in . . . mercantile intercourse." As the decades passed, however, Creole businessmen would endure their

⁸ Thomas Jefferson to Jean Nicolas Démenieur, January 24, 1786, in *Papers of Thomas Jefferson*, X, 16; Nolte, *Memoirs*, 17–19, 82–86, 216. On the use of cotton bales as ramparts during the 1863 Federal siege of Port Hudson, Louisiana, see Edward Bacon, *Among the Cotton Thieves* (Detroit, 1867), 136, 211–12, 227–36.

own share of criticism. Later in the century, New Orleans native George Washington Cable, himself the son of a wholesale grocer and a mercantile clerk as a young man, repeatedly skewered the city's wealthy Creoles in his literary and historical works for their indolence and conservatism. John G. Dunlap, a clerk recently arrived to New Orleans, expressed similar if more tactful comments in an 1844 letter to his wife back in Georgia. Describing one of the owners of the firm for which he worked, Dunlap characterized the "young Creole" as a "fellow who does not seem to care much about business," perhaps because his family "is said to be wealthy." Comments like these highlight how New Orleans merchants' various national origins and allegiances made them an internally divided community about which it is thus sometimes difficult to generalize. Indeed, some scholars have insisted that the Creole/American distinction should be considered the guiding leitmotif of Louisiana history. On the other hand, an overemphasis on ethnocultural factors may tend to obscure the shared interests that led to what one historian called the "peaceful coexistence" of the state's diverse group of merchant capitalists during the nineteenth century.⁹

Nevertheless, vestiges of the city's Eurocolonial past exerted a profound influence on the development of the city's business community and would continue to do so over the course of the century. By the time of the regional cotton boom that began in the 1820s, New Orleans had already assumed the complex multinational character that it would retain for the duration of the antebellum era. Largely due to the globalized nature

⁹ John G. Clark, "New Orleans and the River: A Study in Attitudes and Responses," *Louisiana History* 8 (Winter 1967), 121–22 (quotation on p. 121); John G. Dunlap to Beatrice [Dunlap], November 10, 1844, in Dunlap Correspondence, Folder 3 (Howard-Tilton Library, Tulane University); Nolte, *Memoirs*, 90, 184–85 (quotations). For the most adamant recent statement of the importance of Creole/American divisions to the state, see Joseph G. Tregle Jr., *Louisiana in the Age of Jackson: A Clash of Cultures and Personalities* (Baton Rouge, 1999). Tregle's work follows a path first blazed by George Washington Cable, especially in his *The Creoles of Louisiana* (1884; repr., New York, 1970).

of the commerce flowing through its borders, the city presented the striking aspect of “a world in miniature,” as one observer put it in 1822. The various national origins of its resident merchants made perhaps the most noteworthy contribution to what the same observer called the “confusion of tongues” evident around the city’s crowded levees and coffee-house bourses. The complex texture of this world and the commercial culture it fostered helped make New Orleans unique within the Old South.¹⁰

Although linguistic preferences may have been the most conspicuous marker of ethnocultural differences among the city’s merchant population, religious affiliations also played an important role. French and Spanish inhabitants ensured a larger institutional presence for the Catholic Church in southeastern Louisiana than anywhere else in the South, but by the 1840s, “high church” Protestant denominations, particularly the Presbyterians, as well as the anti-evangelical Congregational Unitarian Church, provided an effective counterweight to Roman influence among newly arrived Anglo-American merchants and professionals. There was also an important and growing Jewish contingent in the city, many of whom, as elsewhere, were associated with the mercantile trades. Judah Touro, who also fought for the Americans in 1814 and who later made considerable charitable contributions to urban indigent relief efforts, largely downplayed his Jewish background during his decades as a merchant in both the wholesale and commission trades. Judah P. Benjamin, whose Hebraic origins later helped make him a controversial figure in the Confederate government, first established himself as a

¹⁰ “The Former and Present Times and Trade of New Orleans,” *De Bow’s Review* 7 (November 1849), 420 (quotations); this article reprints selected excerpts from an unidentified 1822 city directory. Although New Orleans may have been the largest and most ethnically diverse city in the Old South, it should be noted (*pace* Joseph G. Tregle Jr.) that the rapid pace of nineteenth-century immigration made high percentages of foreign-born residents common in other U.S. urban areas. Foreign-born whites constituted around half of New York City’s population in 1850, and in 1860 they accounted for a similar proportion of residents in Chicago, Cincinnati, St. Louis, and Milwaukee, among others. See Allan Pred, *Urban Growth and City-Systems in the United States, 1840–1860* (Cambridge, Mass., 1980), 30–31.

commercial lawyer in New Orleans in the 1830s before branching out his interests to become a prominent (if only erratically successful) sugar planter in cross-river Jefferson Parish.¹¹

Adding to the ethnic mix in the sole southern metropolis was the presence of thousands of African Americans, many of whom were employed as domestic servants in the upper-class households of the city's merchants, both Creole and American alike. The city's slave markets were the main clearinghouse for plantation laborers on the rapidly expanding southwestern cotton frontier. New Orleans was also home to the largest concentration of free blacks in the antebellum South. Many of these were Creole men of French-Caribbean descent like the wealthy merchant-tailor Francois Lacroix: highly cultured, light-complexioned individuals who often took great pains to distinguish themselves from the darker-skinned blacks who typically made up the ranks of slaves. Indeed, some of these free blacks were slaveholders themselves, as was Lacroix.¹²

Just barely above blacks on the nineteenth-century ladder of racial caste were the growing numbers of poor European immigrants in the city, especially Irish, Italians, and Germans. Most of these penniless arrivals filled out the ranks of day-laborers, particularly on the city's busy docks. Indeed, Frederick Law Olmsted observed that "free men have very much gained the field of labour in New Orleans to themselves," which helped keep

¹¹ Robert D. Meade, *Judah P. Benjamin: Confederate Statesman* (New York, 1943), 38–45, 60–61; on Judah Touro see Bertram Wallace Korn, *The Early Jews of New Orleans* (Waltham, Mass., 1969), 83–88, 217–21. William W. Chenault and Robert C. Reinders, "The Northern-born Community of New Orleans in the 1850s," *Journal of American History* 51 (September 1964), 241–42.

¹² On Francois Lacroix see Loren Schwening, *Black Property Owners in the South, 1790–1915* (Urbana, Ill., 1990), 118; and "The World of Francois Lacroix" (2002), an online exhibition with primary documents by the Louisiana Division of the New Orleans Public Library, at <http://nutrias.org/exhibits/lacroix/title.htm> (accessed June 9, 2006). On slavery in antebellum New Orleans see Walter Johnson, *Soul by Soul: Life Inside the Antebellum Slave Market* (Cambridge, Mass., and London, 1999); Roger W. Shugg, *Origins of Class Struggle in Louisiana: A Social History of White Farmers and Laborers during Slavery and After* (1939; rpt., Baton Rouge, 1968), 24–25 and Appendix, Tables 3 and 4 (pp. 318–19); and Richard C. Wade, *Slavery in the Cities: The South, 1820–1860* (New York, 1964), 17–18, 24–25, and *passim*.

the city's resident slave population relatively low and confined largely to domestic service in upper-class households. Some of these migrants, however, were able to carve out places for themselves as petty shopkeepers or in the artisanal trades. As the immigrant population assumed ever-greater importance to fractious municipal politics, such ambitious and successful *petit bourgeois* capable of appealing to the working class without greatly offending the conservative sensibilities of native business elites—men such as Abdil Crossman, a hatter; Charles M. Waterman, a hardware dealer; Gerard Stith, a typographer; and John T. Monroe, a former stevedore—found themselves elected to terms as mayors of the city during the late antebellum era.¹³

Further compounding the city's distinctive cosmopolitan aura were its seasonal residents. Israel Andrews noted in his 1852 report on the nation's commerce that New Orleans's steadily increasing population (it had doubled roughly every dozen years over the previous half-century) was all the more "extraordinary" given that the city's merchant class "has always been somewhat migratory." Many businessmen sought to avoid summertime outbreaks of cholera and yellow fever and only traveled to New Orleans from Europe and the North for the fall marketing season. Similarly, each fall and winter also saw many large plantation families from Louisiana and Mississippi establish temporary residence in the city, where they competed with the more sedentary merchant population for pride of place. Their arrival in the fall marked the advent of the city's busy social season, which culminated with the balls, parades, and festivities associated with

¹³ "Administrations of the Mayors of New Orleans" (typescript dated 1931; Special Collections, Howard-Tilton Memorial Library, Tulane University, New Orleans, La.; cited hereinafter as HTML-Tulane); Shugg, *Origins of Class Struggle in Louisiana*, 146–48; Olmsted, *Cotton Kingdom*, 233. The British political economist John E. Cairnes later cited another American observer's similar conclusion that "nearly all the heavy out-door work in the city of New Orleans is performed by whites"; Cairnes, *The Slave Power: Its Character, Career, and Probable Designs* (1862; repr., Columbia, S.C., 2003), 38.

Mardi Gras in the weeks prior to Lent, usually in February. Yet the creeping Americanization of the traditionally Catholic Mardi Gras festival—a process that was well under way by the 1850s, when the Mystic Krewe of Comus was formed by the city's Anglo-American business elite—provides a good measure of the ways that cultural differences between merchants were smoothed over in the urban business environment.¹⁴

Finally, the city's antebellum commercial life was also enriched by each day's steamboat arrivals, which disgorged dozens of itinerant visitors to the "Queen City of the South": drummers (as traveling salesmen were then called), country-store owners, small upcountry planters, and many other transients who made occasional pilgrimages to New Orleans, typically to transact business. This constant parade of vulnerable visitors to the city also attracted, like bees to honey, a free-floating mercenary army composed of various card sharks, swindlers, and other scoundrels who sought to prey on these unsuspecting rubes. The international cotton merchant Vincent Nolte noted the presence of these "offscourings of the northern States" in his 1854 memoir. "New Orleans," a Boston business associate once told him, "as everybody knows, is a regular rendezvous for all sorts of rogues and rabble."¹⁵

The stays of rascals and respectable visitors alike were often punctuated by outbursts of debauchery in the Crescent City's numerous dens of gambling, prostitution, and strong liquor, and both their prevalence and effects on the city's business culture were frequently noted by antebellum travelers. The "quadron balls," where exotic

¹⁴ Robert C. Reinders, *End of an Era, New Orleans 1850–1860* (New Orleans, 1964), 155–58; Reid Mitchell, *All on a Mardi Gras Day: Episodes in the History of New Orleans Carnival* (Cambridge, Mass., 1995), 23–28. Of nineteen founding members of the Pickwick Club, a private social club that grew out of the new Krewe of Comus in 1857, sixteen were merchants; Augusto P. Miceli, *The Pickwick Club of New Orleans* (New Orleans, 1964), 17–19. Andrews, *Report on Trade and Commerce*, 753 (quotations).

¹⁵ Nolte, *Memoirs*, 88.

mixed-race concubines consorted publicly with their white patrons, probably offered the most notorious example of how deeply ingrained the city's sensual delights were, even among its upper-class residents. Alexis de Tocqueville attended one of these balls during his brief stay in the city in 1832 and was shocked by the "incredible laxity of morals" he felt was promoted by such racial intermingling. Over two decades later, Frederick Law Olmsted also attended a quadron ball during his visit, but his take on the city's hedonistic subcultures was both more ambiguous and less prurient than Tocqueville's. "[A]lthough the facilities for licentiousness are much greater" in New Orleans than in a comparable northern city, Olmsted wrote, the resultant "evils" may be attenuated in the North by the "very intrigues, cloaks, hazards, and expenses" that "exasperate [young men], and increase its degrading effect on their character, producing hypocrisy . . . and giving them habits which are inimical to future domestic contentment and virtue." Olmsted seemed to insinuate that southerners could publicly embrace their depraved sins of the flesh, at least in New Orleans social circles, whereas their bourgeois Yankee urban counterparts, perhaps to their psychological detriment, typically had to repress feelings and actions of which they were deeply ashamed. Regardless, some resident businessmen managed to resist the city's panoply of vices. Commission merchant James Wyche disparaged New Orleans in 1857 as "the most dissipated place in the world," and he described his struggles to maintain "moral firmness enough to withstand the temptations with which I am daly [*sic*] thrown into contact." "I don't like New Orleans," Wyche declared, "and only remain here because I think I can in a few years be able to say that I am independent of the world in regard to pecuniary concerns."¹⁶

¹⁶ James Wyche to O. A. Otey, January 26, 1857, in Wyche and Otey Family Papers, Folder 9 (Southern Historical Collection, Wilson Library, University of North Carolina–Chapel Hill; cited hereinafter as SHC);

Such unflattering estimates of the amoral and chaotic character of antebellum New Orleans, whether among residents, visitors, or outsiders, was long a matter of grave concern to city boosters. But resident publisher J. D. B. De Bow was also opposed to the type of rootless opportunism represented by merchants like Wyche, a position that he had first made clear in an early number of his new southern business journal the decade before. Not only did New Orleans need to overcome its ill-repute as a “great charnel-house” of “disease and death” due to inadequate public health and sanitation, argued De Bow, but he also maintained that “we have had a worse reputation still,” one for which he laid blame squarely on short-sighted commercial interests:

Our city has been considered a great depot of merchandise, one vast warehouse in which every inhabitant is a mere transient adventurer, without any kind of local feeling or bond of union, constituting together a heterogeneous mass of material from all the world. . . . Something higher must be aimed at than mere trade or commerce, high as these may be. *A society must be formed, social institutions promoted, . . . and a fixed and settled order of things secured.*

De Bow, along with a handful of exceptionally public-spirited city merchants like Maunsel White and Glendy Burke, tilted at this windmill for many years. As Olmsted also later noted, the plethora of long-standing cultural divisions and hierarchies in New Orleans society “injure[d] civic enterprise” and complicated the city’s ability to attend efficiently to the many pressing concerns related to rapid urban growth.¹⁷

Other nineteenth-century American cities faced similar problems, to be sure, but in New Orleans, such difficulties seemed more exacerbated than elsewhere. The glaring

Olmsted, *Cotton Kingdom*, 239; G. W. Pierson, [ed.], “Alexis de Tocqueville in New Orleans,” *Franco-American Review* 1 (1936), 36.

¹⁷ Olmsted, *Cotton Kingdom*, 235; J. D. B. De Bow, “The Moral Advance of New Orleans,” *De Bow’s Review* 2 (November 1846), 349 (emphasis in original). Many businessmen’s initial response to the mid-1853 yellow fever outbreak, which killed thousands in New Orleans, was to downplay the epidemic for fear it would injure the impending crop marketing season; see John Duffy, *Sword of Pestilence: The New Orleans Yellow Fever Epidemic of 1853* (Baton Rouge, 1966); and Ari Kelman, *A River and Its City: The Nature of Landscape in New Orleans* (Berkeley, Calif., and other cities, 2003), 94–100.

cultural differences in the city noted by many contemporaries and later historians, particularly the Creole/American distinction, certainly contributed to the city's political underdevelopment. But other important reasons for the lack of a "fixed and settled order of things" in antebellum New Orleans lay a little deeper below the surface. The city's geographic isolation on the periphery of expanding southwestern cotton production lent it a decidedly frontier character, a persistent sort of "rugged individualism" that not only gave New Orleans higher rates of violence than comparable American cities, but one that also ran somewhat contrary to the rarified social airs put on by many of its commercial elites. Perhaps most of all, the city's steadily deepening imbrication in the regional system of plantation slavery over the first half of the nineteenth century helped reinforce its status as one of the last bastions of an increasingly anachronistic form of exchange-based capitalism in a rapidly industrializing Western world. Ironically, these processes of industrialization elsewhere were fueled largely by the millions of bales of slave-produced cotton shepherded through New Orleans, but there the relatively effortless profits earned from this enormous trade lulled Crescent City businessmen into complacent habits that suppressed the investment patterns and nascent class cohesion then undergirding economic modernization in free-labor urban environments in Europe and the North. Like the tendency of "mercantile capital" to emigrate elsewhere noted in the anonymous letter he would publish just before the outbreak of civil war, De Bow's complaint against "transient adventurers" in New Orleans reflected an awareness of the peculiar and detrimental market mentalities being engendered and buttressed by the superficial economic successes of southern plantation slavery, especially in cotton production.¹⁸

¹⁸ On the frontier character of antebellum New Orleans see Tregle, *Louisiana in the Age of Jackson*, 42–45; cf. Alexis de Tocqueville's famous comments on "Why Americans Are So Restless in the Midst of Their

Although the city's economy had long centered around its status as an entrepôt for commodities in transit through the enormous Mississippi River system at whose base it stood, New Orleans's excessive dependence on the cotton trade evolved only gradually over the first half of the nineteenth century. Furthermore, the significance of this developing overreliance on cotton was obscured by several factors, not least among which was the apparent prosperity that increased commerce promoted in the city and its hinterlands. Because of the simultaneous shift of the locus of production from the Atlantic seaboard to the southwestern interior, especially to the young states of Alabama, Mississippi, and Louisiana itself (these three states' share of total U.S. cotton production grew from 22.7 percent in 1821 to 58.6 percent in 1839), the rapid expansion of cotton culture beginning in the 1820s immediately proved greatly advantageous to the established commercial channels that flowed through New Orleans, where annual receipts of cotton increased from less than 40,000 bales in 1816 to nearly a million by 1840. Fueled by the seemingly insatiable demand of British textile factories, the value of all exports from New Orleans during the same period increased nearly sevenfold, and as a result, the city briefly overtook New York during the 1830s as the leading export center in the nation. Internationally connected New Orleans merchants, most notably Edmund J. Forstall, took the lead in overseeing the expansion of banking facilities in the city during this period, and in so doing, they played an instrumental, though rarely acknowledged, role in southwestern economic development by making capital and credit available to underwrite regional land (and slave) purchases and improvements. Hundreds of new

Prosperity," in *Democracy in America*, intro. by Alan Ryan (New York, 1994), Book II, chap. 13. The comparatively high rates of urban violence in New Orleans are discussed by Dennis Rousey, *Policing the Southern City: New Orleans, 1805–1889* (Baton Rouge, 1996), chap. 3, esp. p. 81n.26.. On similar endemic violence in the Louisiana countryside, see Samuel C. Hyde Jr., *Pistols and Politics: The Dilemma of Democracy in Louisiana's Florida Parishes, 1810–1899* (Baton Rouge, 1996).

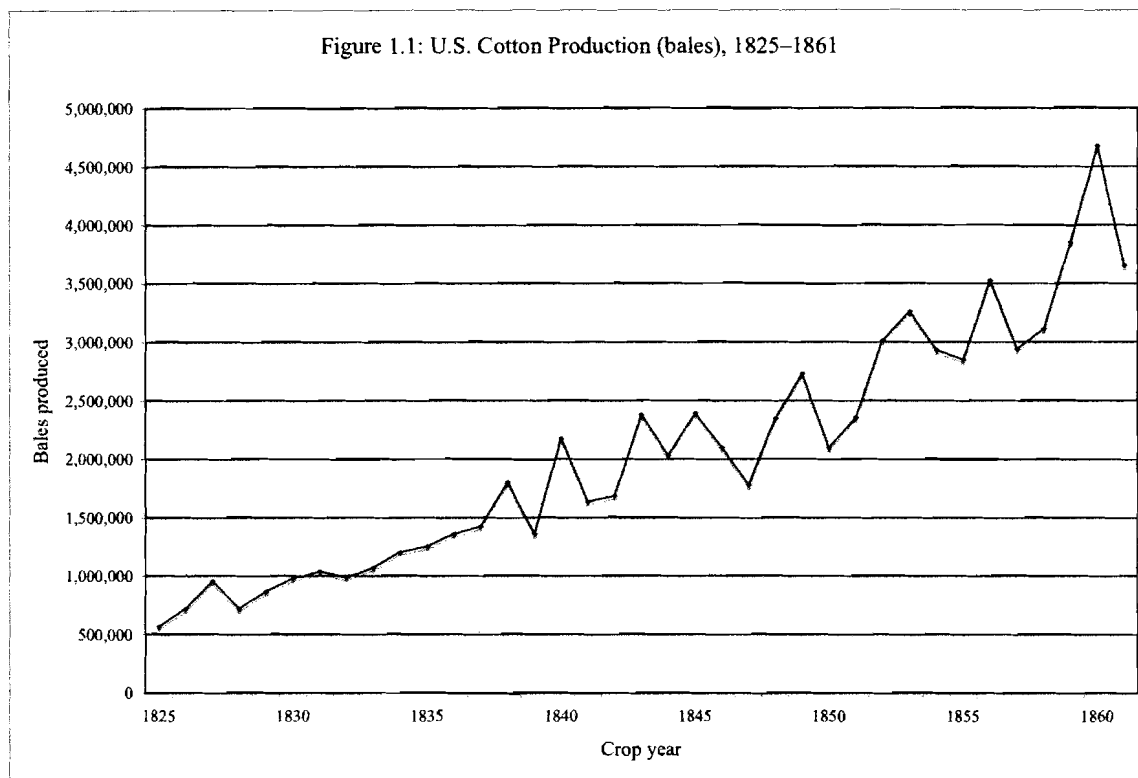
mercantile firms and individual investors also flocked to the city during these initial boom years, which lasted until the depression after the national financial panic of 1837.¹⁹

The effects of the Panic of 1837 were especially severe in New Orleans, and one historian has estimated that a majority of the city's factorage concerns went bankrupt as a result. Larger, better-established firms were hit particularly hard due to the wider extent of their financial commitments, and it took years for well-known merchants like Maunsel White and Glendy Burke to recover their interests. But dozens of smaller New Orleans firms quickly stepped into the regional, national, and international breaches created by the failure of many larger houses. One such firm solicited business from the prosperous upriver cotton parishes in a fall 1837 circular that declared, "Not having engaged in any speculations, we are certainly entirely free from the embarrassments which unfortunately prevail so generally." Commission merchants Wood & Simmons also claimed to have weathered the "disastrous cotton operations of the past season" when seeking to establish themselves as purchasing agents for a New England textile manufacturer in 1839. Similarly, although the New Orleans firm of Schmidt & Werner admitted "the prevailing duress in every branch of trade" in an 1838 letter to a prominent London cotton buyer, they nevertheless felt that "prospects . . . remain fair" and should "enable us to do an extensive and profitable business for you and your friends."²⁰

¹⁹ On the westward shift of U.S. cotton production before the Civil War and its effects on New Orleans receipts, see Stuart Bruchey, comp. and ed., *Cotton and the Growth of the American Economy, 1790-1860: Sources and Readings* (New York and other cities, 1967), 80-81. The data cited on states' relative production shares are derived from *ibid.*, Table 3-D. Total export values are drawn from *ibid.*, Table 3-M; see also Taylor, *Transportation Revolution*, 196-98. On the pre-1840 expansion of New Orleans banking and commercial institutions see Robert Earl Roeder, "New Orleans Merchants, 1800-1837" (Ph.D. diss., Harvard University, 1959), 118-19, 295; and George D. Green, *Finance and Economic Development in the Old South: Louisiana Banking, 1804-1861* (Stanford, Calif., 1972), 20-26.

²⁰ Schmidt & Werner to F. Huth & Co., August 15, 1838, in Cotton Trade Series (MSS 537), No. 12 (HTML-Tulane); Wood & Simmons to Charles H. Dabney, September 23, 1839, in New Orleans Cotton Brokers' Correspondence (MSS 132), Folder 9 (HTML-Tulane); printed circular included with letter, S. &

Many businessmen thus believed that the city's long-term prospects were still good. Cotton production seemed barely damaged by the panic. After suffering a sharp drop during 1838–39, it first surpassed the two million bale mark the following season, and the general trend remained one of growth through the Civil War (Figure 1.1).



SOURCE: Data derived from E. J. Donnell, *Chronological and Statistical History of Cotton* (1872; repr., Wilmington, Del., 1973).

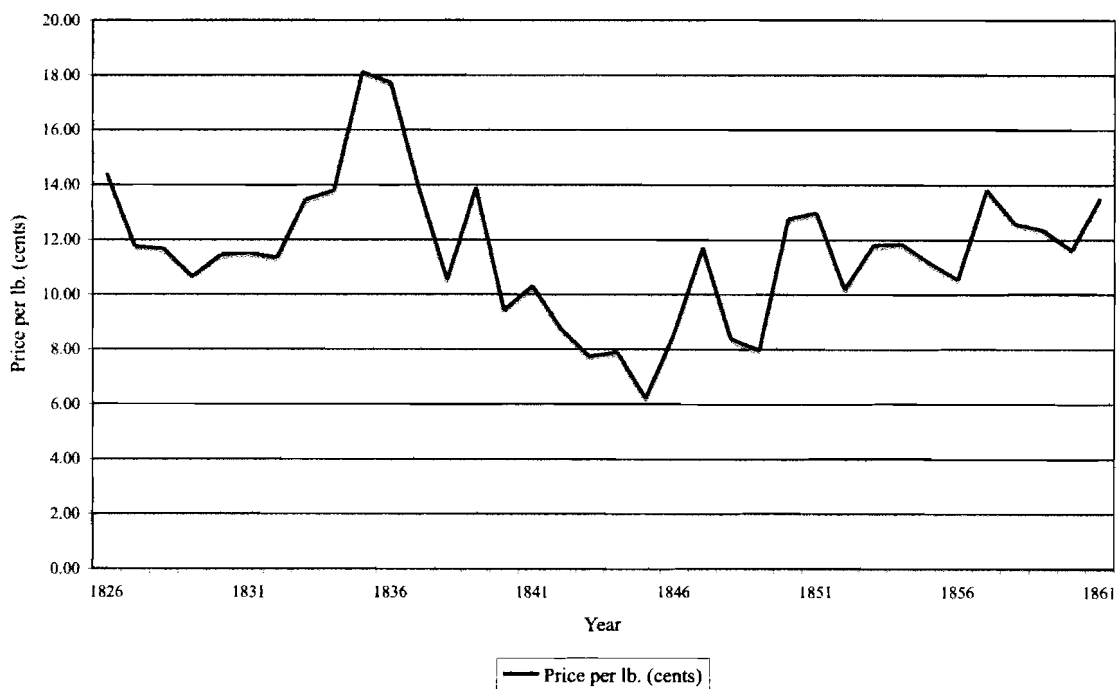
But the hard lessons learned during and after the Panic of 1837 inaugurated a period of what historian Merl E. Reed called “retrenchment” among the New Orleans commercial community during the 1840s, when business practices generally became more cautious.

Merchants’ newfound conservatism was both a reaction to post-panic conditions and

W. J. Bryan to John McKowen, October 25, 1837, in John McKowen Papers (MSS 1353), Louisiana and Lower Mississippi Valley Collections, Hill Memorial Library, Louisiana State University, Baton Rouge, La.; cited hereinafter as LLMVC). Roeder, “New Orleans Merchants,” 117, 234–36. On the post-1837 travails of Maunsel White see “Pioneers of the Southwest, No. 1: Maunsel White, of Louisiana,” *De Bow’s Review* 25 (October 1858), 480–81; and Eaton, *Mind of the Old South*, 73–74; on Glendy Burke see “Gallery of Industry and Enterprise: Glendy Burke, of New-Orleans, Merchant,” *De Bow’s Review* 11 (August 1851), 219.

forced by changing circumstances. The initial rush of would-be planters to the Southwest had begun to slow somewhat by this time, and with much of the prime alluvial real estate in the region now settled, cleared, and in use as plantations, especially along the Mississippi and Red Rivers, the rural land speculation that had characterized the 1830s boom became a less attractive investment option for many merchants. (The U.S. annexation of Texas later in the decade would ignite another western “land grab,” but its effects were more gradual and dispersed due to the simultaneous California gold rush.) Other factors also obliged merchants to be more careful with their financial resources. Cotton prices suffered a sharp drop over most of the 1840s: after averaging 13.57 cents per pound during the 1830s, they declined nearly 40 percent during the following decade and bottomed out at an antebellum low of 6.22 cents in 1845 (Figure 1.2).

Figure 1.2: Annual Cotton Prices at New Orleans, 1826–1861 (cents per lb.)



SOURCE: Data derived from E. J. Donnell, *Chronological and Statistical History of Cotton* (1872; repr., Wilmington, Del., 1973).

Commission merchants, whose income was based on their extraction of a fixed percentage of sale values (customarily, 2.5 percent), saw their profits threatened in tandem with this decline, although many were able to make up the difference due to the larger volume of sales from continued production increases.²¹

Probably the major force behind the stabilization of the regional economy centered on New Orleans, however, was the end of the soft money and easy credit that had fueled the speculative frenzy preceding the Panic of 1837. No sector of the New Orleans commercial community had been hit harder by the panic than the city's banks, nor was any sector more compelled to reform its policies in favor of stability afterward. During the 1830s the city's banking institutions had grown even faster than the cotton trade they supported. The number of banks in New Orleans had increased from four to sixteen between 1830 and 1837, which included the chartering of the two largest state banks in the nation, the Union Bank (1832) and the Citizens Bank (1833). Aggregate banking capital in Louisiana had risen eightfold during the same interim, from around \$5 million to over \$40 million. Competitive pressures had caused these banks to loan out their capital unwisely, much of it on the basis of rising land values in the region. The onset of the national financial panic in the spring of 1837—and the consequent deflation of the real estate bubble—thus found New Orleans banks badly overextended. Nearly all

²¹ Price data in text are derived from annual averages compiled in E. J. Donnell, *Chronological and Statistical History of Cotton* (1872; repr., Wilmington, Del., 1973). Harold D. Woodman, *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800-1925* (Lexington, Ky., 1968), 49-51; Gavin Wright, *The Political Economy of the Cotton South: Households, Markets, and Wealth in the Nineteenth Century* (New York, 1978), 15; Merl E. Reed, *New Orleans and the Railroads: The Struggle for Commercial Empire, 1830-1860* (Baton Rouge, 1966), 58 (quotation). Robert William Fogel and Stanley L. Engerman identified a gradual long-term decline in cotton prices between 1802 and 1861, but they also presented data demonstrating how sharply prices during the 1840s deviated below even these downward trend values; Fogel and Engerman, *Time on the Cross: The Economics of American Negro Slavery* (New York, 1974), 91-93, esp. Figures 26 and 27. By contrast, without denying the downward price spike during the 1840s, Gavin Wright emphasized the relative stability of inflation-adjusted prices for cotton during the nineteenth century; Wright, *Political Economy of the Cotton South*, 90-97.

of them were forced to suspend operations indefinitely, some permanently, and their subsequent desperate efforts to collect outstanding notes at a time of sharply declining cotton prices promoted a disastrous ripple effect among city merchants and their rural plantation clientele.²²

The popular Jacksonian-era animus against banks had its political analogue in Louisiana, where the situation was exacerbated by the growing perception of a division between country and city interests. The seat of state government was then still located in New Orleans, where prominent merchants and their political allies collaborated closely in the establishment and control of new banks during the early 1830s. But many planters resented what they considered to be a mutually reinforcing relationship between city merchants, bankers, and politicians, which was believed to promote corruption and a monopoly of credit in factors' hands. There was some truth to these charges. Louisiana's new "property banks" (such as the Union and Citizens Banks) benefited heavily from what one scholar has called the "extraordinarily large" state subsidies of the bond issues that underlay their aggressive capitalization. Furthermore, despite the ostensible purpose of these quasi-public institutions to make credit directly available to agricultural interests, mercantile control of the banks ensured that the bulk of investment capital continued to be parceled out to the countryside by commercial middlemen, which one planter condemned as a "system of robbery [by] our commission houses." Historian Robert E. Roeder's examination of the loans extended by the city's largest property banks during the 1830s led him to conclude that they provided relatively little direct credit to Louisiana

²² "The Louisiana Bank Act of [1842]," *Bankers Magazine*, 3d ser., 12 (November 1877), 346-47; Stephen A. Caldwell, *A Banking History of Louisiana* (Baton Rouge, 1935), 59-61; Green, *Finance and Economic Development*, 25. On the role of banking capital in the "speculative mania of the Thirties" for southwestern land investments, see Lewis C. Gray, *History of Agriculture in the Southern United States to 1860* (2 vols., 1933; repr. Gloucester, Mass., 1958), II, 898-900.

planters; instead, many of their loans were “used by merchants . . . to speculate in urban real estate without tying up much of their capital.”²³

Anti-bank sentiment in Jacksonian Louisiana was further complicated by the Creole/American distinction and the xenophobia often closely associated with it. Complaints about the control of one city bank or another by particular ethnic factions had been common since territorial days, but as the institutional matrix of New Orleans merchant capitalism expanded in size, complexity, and global reach during the 1830s, popular prejudices were even more frequently expressed against the powerful banks that seemed to epitomize these trends. One citizen of Donaldsonville, for example, denounced “the influence of foreign capital working through New Orleans banks” in an 1831 letter to the *Baton Rouge Gazette*. Indeed, as of 1837 over half of the Crescent City’s banking capital, over \$20 million, was imported from sources overseas, especially from Great Britain and France. The enormous Union and Citizens Banks accounted for over \$12 million of this foreign investment, and furthermore, nearly another fifth of the city’s aggregate bank capital came from non-Louisiana U.S. investors, mainly in New York.²⁴

The same writer also linked foreign influence in Louisiana banking to “the remnants yet of Spanish feodality” in “our social system.” Though he did not single out anyone in particular with this parting shot, many readers of his letter nevertheless

²³ Roeder, “New Orleans Merchants,” 295–96, 347–49 (quotation on p. 349); Henry W. Huntington to William N. Mercer, April 4, 1837, quoted in Green, *Finance and Economic Development*, 28. On the unusually close relationship between state and private interests in Louisiana banking, see *ibid.*, 109–11, (“extraordinarily large” on p. 109); and Larry Schweikart, *Banking in the American South from the Age of Jackson to Reconstruction* (Baton Rouge, 1987), 57–58, 138–40. On the unique innovation of property banks in Louisiana see Irene D. Neu, “J. B. Moussier and the Property Banks of Louisiana,” *Business History Review* 35 (Winter 1961), 550–57.

²⁴ Data on the sources of New Orleans banking capital in 1837 are presented in Green, *Finance and Economic Development*, 80 (Table 3.2). *Baton Rouge Gazette*, January 29, 1831, quoted in Shugg, *Origins of Class Struggle in Louisiana*, 30. On merchants’ close involvement with Louisiana banking during the territorial and early national periods, and the ethnocultural controversies that sometimes resulted, see Clark, *New Orleans, 1718–1812*, pp. 342–49.

probably understood his target to be Edmond Jean Forstall, a well-known Creole commission merchant who was highly influential in New Orleans financial circles. The often-controversial Forstall was one of the towering figures of merchant capitalist-led economic development in nineteenth-century Louisiana, with a lengthy and exceptional career that spanned from the early national period through Reconstruction. Born in 1794 to a New Orleans mercantile family closely associated with Spanish colonial authorities, by the 1820s Forstall was already well-established in a British-connected commission firm, one that retained him as its managing partner when it mutated into the New Orleans branch of the Paris-based merchant-banking house of M. Lizardi & Co in the 1830s. Although he usually represented himself as a commission merchant (he also later tried his hand at sugar planting), Forstall was deservedly better known for his many involvements with Louisiana banking and international finance. First named a bank director in the city at the tender age of twenty-four, Forstall was soon recognized as a moving force behind the establishment of the state's major property banks: its first one, the Consolidated Association of Planters, in 1829, followed by the Union and Citizens Banks in the early 1830s. But both his Creole origins and international connections combined to make him a constant bellwether for anti-foreign sentiments. Forstall was forced out as comptroller of the Consolidated Association bank in 1830 because of his connections to London's Baring Brothers; similarly, he was later the victim of an American-led purge of Creole directors at the Union Bank; and most famously, he was compelled to resign the presidency of the Citizens Bank in 1838 in the face of accusations that he had improperly steered bank business through the Lizardis, whom he still served as New Orleans agent.²⁵

²⁵ Irene D. Neu, "Edmond Jean Forstall and Louisiana Banking," *Explorations in Economic History* 7 (Summer 1970), 384-89; Roeder, "New Orleans Merchants," 288-89, 328-34.

There were multiple ironies at work in Forstall's poor reputation among his fellow Louisianians, city merchants and country planters alike. It was true that his Creole ties may have helped advance his banking schemes; his relationship by marriage to Louisiana governor A. B. Roman was widely disparaged by contemporary cynics. Yet without Roman's support, the state guarantees that backed bond issues by the property banks might never have passed legislative muster, and absent those de facto subsidies, Forstall would have been unable to successfully market the bonds to European investors. By the same token, the esteem with which international firms like the Barings, the Lizardis, and Hope & Company of Amsterdam regarded Forstall may have been a political liability in New Orleans, but without their confidence in him, it is unlikely that they would have seen fit to massively augment the city's banking capital for the benefit of brash, often-hostile American merchant capitalists, such as the Connecticut-born Samuel Jarvis Peters of the Commercial Bank of New Orleans (est. 1833), who was a major rival of Forstall's. The patrician European cotton merchant Vincent Nolte spoke for his class of Old World "gentlemanly capitalists" when he dismissed Yankee arrivistes to New Orleans like Peters as crassly opportunistic and insufficiently risk-averse.²⁶

The conflicting business cultures in New Orleans frequently emphasized by Nolte also serve to highlight perhaps the foremost irony of Forstall's career. Though he personified for many the anti-bank sentiments that were soon legitimated by the events of 1837, in fact, Forstall always sought to govern the banks with which he was associated according to consistently articulated principles that stressed stability and accountability.

²⁶ Nolte, *Memoirs*, 90. On Samuel J. Peters and his rivalry with Forstall, see Roeder, "New Orleans Merchants," 290, 366; Green, *Finance and Economic Development*, 41, 75. On "gentlemanly capitalism" in industrializing Great Britain, see P. J. Cain and A. G. Hopkins, "Gentlemanly Capitalism and British Expansion Overseas I: The Old Colonial System, 1688-1850," *Economic History Review* 2d ser., 39 (November 1986), 501-25.

Only after he was forced out did the merchant-directors of these banks begin to systematically engage in the riskier speculative practices that brought about their downfall during and after the Panic of 1837. Indeed, Samuel J. Peters's public disagreements with Forstall in the 1830s centered around the former's defense of the expansive, "easy money" system of accommodation credits, which Peters felt it was the primary function of banks to provide. But although he and his American allies in many ways represented the wave of New Orleans's commercial future (Peters' Commercial Bank went into forced liquidation in 1843, Peters soon landed on his feet as president of the prestigious Louisiana State Bank), it was the Creole Forstall's highly conservative approach to "sound banking" that was ultimately enshrined into law in the wake of the Panic of 1837. Passed after several years of partisan wrangling, the Louisiana Bank Act of 1842 allowed New Orleans banks to finally resume business, but only on the basis of regular governmental oversight of their operations, restrictions on the types of investments in which they could engage, and carefully specified reserve ratios of metallic assets to liabilities (like note issues). These strict reserve requirements in particular made Louisiana's banking system the model for subsequent reforms in several other states. The Boston-based *Bankers Magazine* later called the 1842 law "among the most enlightened pieces of banking legislation to be found on the statute books of any country" and recognized Forstall as "the gentleman most influential in framing this act."²⁷

²⁷ "Louisiana Banking Act of [1842]," 347, 352 (quotations). Most historians of American banking, such as Fritz Redlich and Bray Hammond, have also attributed the genesis of the act to Forstall, and even Forstall himself, usually modest, believed that he deserved credit for the principles behind it; see the balanced discussion in Neu, "E. J. Forstall and Louisiana Banking," 391–95. Some scholars have downplayed Forstall's role by emphasizing the political context that shaped the legislation during the five years of controversy prior to its final passage; see Green, *Finance and Economic Development*, 121–27; and John M. Sacher, *A Perfect War of Politics: Parties, Politicians, and Democracy in Louisiana, 1824–1861* (Baton Rouge, 2003), 86–94, 105. For Samuel J. Peters' ill-timed defense of easy money, see his *An Address to the Legislature of Louisiana, Showing the Importance of the Credit System on the Prosperity of*

On his home turf, however, Forstall not only had to shoulder an unjust share of public opprobrium for the financial excesses of the previous decade, but adding insult to injury, he then found himself roundly condemned during the 1840s by merchants and planters who resented the contraction of money and credit that accompanied the state banking reforms with which he was associated. Banking policy would remain a political football in Louisiana through the Civil War, and complaints against the insufficiency of bank-sponsored capital in New Orleans reached a crescendo by the early 1850s. But although historian George D. Green has agreed with such critics that Forstall's reforms probably did overcontract the regional money supply during the 1840s, the Act of 1842 was explicitly designed to allow New Orleans banks to keep providing the short-term accommodation credits on which commercial interests relied, even as it did so at the expense of other long-term investment opportunities, notably in manufacturing. Bray Hammond has also pointed out that Forstall's highly conservative metallic reserve ratios, so admired by later bankers, were largely possible at the time only because of the atypical situation of New Orleans with regard to specie imports: much of the silver and gold mined in Latin America during this period, which had previously been shunted directly overseas to Spanish coffers, ended up being stored in Crescent City vaults after Mexico finally threw off its colonial yoke in the 1820s. Regardless, and even though the Act of 1842 later combined with subsequent legislation to provoke the unintended consequence of creating a banking oligopoly in New Orleans, Forstall's reforms clearly stabilized the

antebellum Louisiana economy by making the city's vital financial sector far less vulnerable to market fluctuations and periodic panics.²⁸

However unpopular they may have been at the time among some New Orleans merchants (and many bankers too), the statutory measures undertaken to prevent the reoccurrence of speculative abuses by the city's financial institutions were doubtless regarded as a necessary dose of bitter medicine by many others. These reforms created a secure, prosperous, and internationally esteemed banking system in Louisiana for the duration of the antebellum era. Combined with a trend toward greater functional specialization among the city's commodities firms, such institutional changes helped provide a cushion of safety for the increasingly complex framework of global exchange centered on antebellum New Orleans. Given the continued health of the cotton economy as reflected in sustained production increases, once the dust had settled at long last after the devastating Panic of 1837, many merchants found that they once again had good cause for optimism about the Crescent City's future.²⁹

²⁸ Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton, N.J., 1957), 680–85, esp. 681; Green, *Finance and Economic Development*, chaps. 4 and 5, esp. 159–61; see also Schweikart, *Banking in the American South*, 139–42. Green's detailed study of antebellum Louisiana banking is excellent in many respects, but only slightly less so than in Schweikart's book (in which his libertarian bias is overtly expressed), Green derives a great deal of satisfaction from the ostensibly value-free conclusions of neoclassically-derived econometric market analysis, and he pauses frequently to condemn non-quantitative "moralizing" by both contemporaries and later historians (his favorite target among the latter is the work of Eugene D. Genovese). But as the rise of the new institutional economics has shown in the decades since Green wrote, mainstream historians' emphasis on frequently non-quantifiable variables related to process and context—for example, the distribution and consolidation of political power—can offer much-needed correctives to economists' fondness for static (ahistorical) and abstract (non-empirical) models, however ingenious and internally consistent those may sometimes be. See our discussion of such differences in Peter A. Coclanis and Scott Marler, "The Economics of Reconstruction," in *A Companion to the Civil War and Reconstruction*, ed. Lacy K. Ford (Malden, Mass., 2005), 342–65.

²⁹ On the increasing differentiation of mercantile functions by commodities and services in New Orleans during the 1830s, see Woodman, *King Cotton*, 25–29; and Roeder, "New Orleans Merchants," 206–19. Similar national trends toward specialization among merchants in the same period are discussed in Glenn Porter and Harold C. Livesay, *Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing* (Baltimore, 1971). For the resistance of some New Orleans bankers to the 1842 reforms, see Green, *Finance and Economic Development*, 123–28.

Although there were other reasons that merchants tended to think that the city's economic prospects would continue to improve, gradually unfolding trends would soon prove these reasons to be less well grounded than the improved stability of its markets. Most important was the still-widespread belief that New Orleans's location at the base of the Mississippi River system assured the city's commercial destiny. For example, an 1841 article in *Hunt's Merchants' Magazine* on the increasing global importance of the American cotton trade noted the disproportionate benefit that was redounding to the port of New Orleans from the recent expansion of cotton culture to the southwestern states. But at the beginning of the 1840s, faith in the city's natural geographic advantages was also reinforced by the seeming diversity of other products and services, besides cotton, that New Orleans merchant capitalists provided to the region, the nation, and the world.³⁰

Like cotton, some of these other commodities handled by Crescent City merchants were part of the wider antebellum consolidation of a regional plantation economy based on slave labor. Rice and tobacco were two such products, but far more prominent than these was sugar. The cultivation of sugar in Louisiana had expanded rapidly beginning in the mid-1820s, and aided by technological improvements in refining, the commodity (along with its ancillary product, molasses) quickly become one of the mainstays of New Orleans commerce. Furthermore, after receiving de facto price support from the federal government in the form of the Tariff of 1842, production more than doubled again during the subsequent decade, and the aggregate value of sugar receipts at New Orleans even approximated that of cotton on a few occasions during these years of slack prices for the latter. The importance of sugar to New Orleans

³⁰ "The American Cotton Trade," *Hunt's Merchants' Magazine* 4 (March 1841), 218.

business culture was further magnified by the relative contiguity of its production locus in the southern alluvial parishes on the deltaic coastal plains near the Crescent City. More so than cotton, sugar planting was a capital-intensive form of agriculture that benefited from economies of scale, and its planters thus constituted a particularly wealthy and prominent presence in both Louisiana politics and New Orleans social circles.³¹

The southern system of slavery, increasingly antiquated in a “free labor” age, worked to the advantage of New Orleans-based merchant capitalism in other ways. Most obvious were the city’s infamous slave markets, the South’s largest. These markets grew in conjunction with the expansion of production in the southwestern states, and they facilitated the forced migration of thousands of slaves from the mid-Atlantic seaboard to the new plantations of Louisiana and Mississippi during the first half of the nineteenth century. Historians have differed sharply on the extent of the interstate slave trade, but one recent scholar has estimated that the antebellum traffic in humans contributed as much as \$12–\$17 million annually to the southern economy during the 1840s and 1850s. These figures, which probably err on the high side, may pale before the value of southern crops (the receipts of cotton alone at New Orleans in 1845–46, when prices were their lowest ebb, were valued at \$33.7 million), but on the other hand, neither do they take into sufficient account the “multiplier effects” that the slave system had on New Orleans commerce, which are even more difficult to quantify. For example, the thriving retail sector of New Orleans (whose 1,881 stores in 1840 were the main reason that Louisiana had the highest per capita investment in retailing in the U.S.) drew most of its strength from the provision of supplies, especially dry goods, hardware, and foodstuffs, to

³¹ J. Carlyle Sitterson, *Sugar Country: The Cane Sugar Industry in the South, 1753–1950* (Louisville, Ky., 1953), 24–30. See also Richard J. Follett, *The Sugar Masters: Planters and Slaves in Louisiana’s Cane World, 1820–1860* (Baton Rouge, 2005).

regional slave plantations, as did the city's large wholesale trade. Higher up the merchant capitalist ladder, Crescent City factorage houses not only profited from the two-way traffic in commodities that the slave system generated, but more directly, they often acted as brokers for slave acquisitions by their rural clients. In addition, many city merchants frequently speculated in slaves themselves, sometimes for eventual resale, sometimes hiring them out as rental properties. Such extensive mercantile involvement with antebellum slavery, along with the degree to which slave property often served as collateral for the rolling annual credits that New Orleans commission merchants extended to interior planters, highlights the underappreciated importance of slavery as what one historian called "a system of capital accumulation," as opposed to the overwhelming historiographic focus on it as a labor system.³²

By the end of the antebellum era, particularly after the cotton boom of the 1850s, the dependence of New Orleans's mercantile economy on the southern slave system and its products had become increasingly obvious to many observers. But at the beginning of the 1840s, the situation looked rather different. Then, the slave-centered regional economy still appeared to many as but one important aspect of a wider web of

³² Johnson, *Soul by Soul*, 231 n.20 (quotation). See also Robert H. Gudmestad, *A Troublesome Commerce: The Transformation of the Interstate Slave Trade* (Baton Rouge, 2003), 25–34. For an example of a New Orleans merchant's involvement in regional slave markets, including his ownership of slaves as rental properties, see Joseph Slemmons Copes Papers, esp. Box 6 (HTML-Tulane); see also David Goldfield, "Cities in the Old South," in Goldfield, *Region, Race, and Cities: Interpreting the Urban South* (Baton Rouge, 1997), 210–11. On the use of slaves as collateral for commercial credit see Richard H. Kilbourne Jr., *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish, Louisiana, 1825–1885* (Tuscaloosa, Ala., and London, 1995), chap. 3. Andrews, *Report on Trade and Commerce*, 756–57; James L. Huston, *Calculating the Value of the Union: Slavery, Property Rights, and the Economic Origins of the Civil War* (Chapel Hill, 2003), 32–33. The cited estimate of the annual value of the interstate slave trade is from Steven Deyle, *Carry Me Home: The Domestic Slave Trade in American Life* (New York, 2005), 139–40; cf. Fogel and Engerman, *Time on the Cross*, 47–53. Figures on the New Orleans retail sector in 1840 are derived from census data compiled in Lewis E. Atherton, *The Southern Country Store, 1800–1860* (Baton Rouge, 1949), Tables I and II (pp. 41–42), which indicates that per capita investment in Louisiana retail stores was nearly double that of its nearest competitors, including northern states like New York and Pennsylvania; see also Harry A. Mitchell, "The Development of New Orleans as a Wholesale Trading Center," *Louisiana Historical Quarterly* 27 (October 1944), 955–56.

commercial relationships that grew naturally out of the city's location at the base of the Mississippi River system. This advantageous geographic situation not only made the city a vital export point for interior products, but it also allowed New Orleans to serve as a gateway for a broad variety of imported goods as well. Although imports from foreign sources usually only averaged about one-fourth of the value of exports from New Orleans during the antebellum era, these figures did not reflect the city's seaborne receipts of goods via coastwise packets, particularly manufactured products sent from the Northeast. Firm statistical data on these coastwise receipts are not available, but anecdotal evidence indicates that they were substantial. In his 1852 report on internal commerce, Israel D. Andrews declared, "A statement fairly exhibiting the movement of merchandise coastwise would show a domestic importation into the southern cities having a much nearer ratio than the foreign importations to their export trade." The dry goods trade was especially significant in this regard: many New York City firms established branches in the Crescent City to take advantage of the increasing demand for ready-to-wear clothing. By the late 1830s, New York's growing involvement in such trade helped give rise to a series of southern commercial conventions that invariably condemned the region's mercantile dependence and urged direct imports from foreign sources. But when the largest of these early conventions assembled in Charleston in 1839, the absence of any representatives from Louisiana seemed to reveal the relative indifference of New Orleans merchants. Many of them apparently found the status quo fairly beneficial, especially given the city's recent emergence as the southern anchor of a robust triangular trade between the nation's three great regions.³³

³³ Robert G. Albion, *The Rise of New York Port, 1815-1860* (1939; repr., Boston and New York, 1967), chap. 6, esp. 104-6, 117-21; Herbert Wender, *Southern Commercial Conventions, 1837-1859* (Baltimore,

More than anything else, New Orleans's river-based trade with the states of the upper Mississippi and Ohio Valleys promoted the illusion of a healthy and well-diversified local economy at the beginning of the 1840s. The steady westward movement of frontier settlement away from the Atlantic seaboard that had reshaped the South during the early nineteenth century was even more pronounced in the case of the former territories of the Old Northwest and the upper reaches of the Louisiana Purchase. During the 1830s the rate of population growth in the West had been more than twice that of the southern states; as a result, the region's share of national population in 1840 surpassed the South's for the first time. Fueled by generous federal policies toward the sale of public lands, western population growth was accompanied by an enormous expansion in the region's agricultural production of foodstuffs like wheat and corn, and prices for these commodities generally either rose or remained fairly stable during the antebellum period because of steadily increasing demand for them in both national and global markets. The outlines of a mutually beneficial economic division of labor between the regions had thus become gradually apparent by the 1840s: the Northeast focused on overseas commerce and, increasingly, manufacturing; the South specialized in raising staple crops like tobacco, sugar, and especially cotton; and the West produced the grain that fed them all.³⁴

1930), 30–31. For a condemnation of southern commercial dependence on New York from this period see "A Scheme for Rebuilding Southern Commerce," *Southern Literary Messenger* 5 (January 1839), 2–12. On the dry goods trade in New Orleans see Harry A. Corbin, *The Men's Clothing Industry: Colonial through Modern Times* (New York, 1970), 32–37. The city's antebellum export-import position is discussed in Reinders, *End of an Era*, 40–42; and Reed, *New Orleans and the Railroads*, 62–63. On the coastwise flow of goods to the South from northeastern ports see Andrews, *Report on Trade and Commerce*, 850 (quotation). Similarly, William L. Hodge had written several years earlier that "if the whole of the foreign and coasting trade of both ports are taken into view, it might be a matter of doubt whether the bulk and possibly the value of merchandise that enters and leaves the mouth of the Mississippi is not fully equal to that" of New York City, and he cited estimates of the "coastwise importations at New Orleans" of between \$30–35 million; Hodge, "New Orleans," *De Bow's Review* 2 (July 1846), 54.

³⁴ The literature on western settlement and the expansion of the American economy that it promoted during the first half of the nineteenth century is enormous. Two older studies that remain essential are Frederick Jackson Turner, *The United States, 1830–1860: The Nation and Its Sections* (1935; repr., New York, 1950);

The ability of western agricultural production to meet the insatiable demand for foodstuffs elsewhere, however, was contingent on the facility with which crops could be efficiently transported to consumers in markets that were hundreds or even thousands of miles away. Through at least the end of the early national period, the movement of bulk-intensive food crops from the interior by overland routes had been prohibitively slow and expensive, causing most markets to remain stubbornly local or regional in character. The growth of cities on the Atlantic coast and elsewhere was limited by their dependence on their immediate rural hinterlands for food supplies. As a result, improvements in the nation's distribution networks—the bailiwick of the merchant capitalist, yet so often relegated to a mere “factor of production” by later economists—proved essential for the full development of a national economy. In this respect, the assumption of U.S. sovereignty over the sprawling Louisiana territory in the early nineteenth century allowed the Mississippi River and the tributary waterways that flowed into it to begin serving as an interlinked series of natural highways for greatly increased interior and interregional trade, and the advent of steamboats soon thereafter made these river-based commercial flows, both downstream and upstream, even more cost- and time-efficient.³⁵

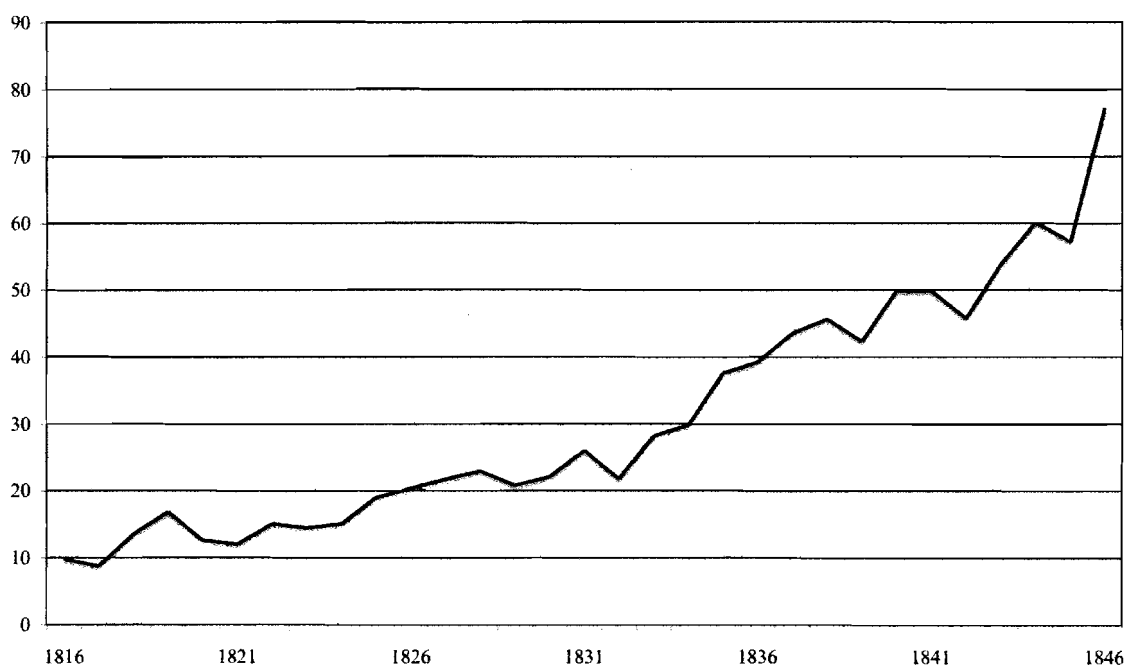
To many observers, not least of all its own merchants, New Orleans seemed uniquely poised to exploit the opportunities thus offered. Crescent City businessmen like John McDonogh moved quickly to seize an intermediary share of the profits from the myriad products that suddenly poured downriver for coastwise transshipment to upper

and Douglass C. North, *The Economic Growth of the United States, 1790–1860* (1961; repr., New York, 1966). The population data in this paragraph are derived from the latter, Appendix II, Table L-IX (p. 257); more generally, see also North's discussion of western agriculture in chap. 11. More recent scholarship is reflected (along with helpful bibliographies) in Jeremy Atack and Peter Passell, *A New Economic View of American History from Colonial Times to 1940*, 2nd ed. (New York, 1994), chaps. 6–10.

³⁵ George Rogers Taylor, *The Transportation Revolution, 1815–1860* (1951; repr., New York, 1968), chap. 7, esp. 135–36. See also Louis B. Schmidt, “Internal Commerce and the Development of [a] National Economy Before 1860,” *Journal of Political Economy* 47 (December 1939), 798–822.

Atlantic ports. During this period, competition forced many city merchants to remain aggressive in their efforts to secure a portion of this burgeoning trade. As late as 1828, a traveller in Illinois reported encountering agents of New Orleans houses who were buying up produce crops for shipment downriver. But with the value of receipts from the interior at New Orleans doubling roughly every decade after the end of the War of 1812 and reaching nearly \$50 million by 1840 (Figure 1.3), a certain complacent belief in the city's "natural advantages" came to the fore.

Figure 1.3: Value of Interior Receipts at New Orleans, 1816–1846 (millions of dollars)



SOURCE: Douglass C. North, *The Economic Growth of the United States, 1790–1860* (1961; repr., New York, 1966), 250 (Table A-IX).

Typical of this attitude was the reaction of one Louisiana newspaper in 1817 to the New York legislature's passage of the bill authorizing construction of the Erie Canal, which

accused the Empire State of “a jealous eagerness to deprive us . . . of the advantages arising from our geographical position.”³⁶

Two decades later, the rapid development of steamboat-based commerce during the intervening years had done little to dispel such beliefs. In 1837, for example, a local paper still trumpeted the long-standing refrain that “New Orleans is destined to be the greatest city in the Western Hemisphere” by virtue of its position at the base of the Mississippi. But with city merchants increasingly focused on their plantation clients in the lucrative southern staples trade, the traffic in crops from the distant upper Mississippi and Ohio Valleys became largely an afterthought. Not only was it believed that the natural advantages of river transport still assured New Orleans a large share of this trade, but the built-in demand for foodstuffs that inhered to both urban and regional growth meant that such commerce might safely be left to the workings of the free market. Such confidence seemed partly borne out by continuing increases in produce receipts at New Orleans during the 1840s, when flour and pork showed steady if unspectacular gains. Furthermore, while the city’s corn receipts quadrupled to 4.9 million bushels, most of it had probably been sent to market by farmers in Louisiana and other southern states, rather than originating from free-state producers upriver. Unlike wheat, corn was commonly grown throughout the South, and in fact it was widely recognized to be the main staple of the southern diet, particularly among slaves and poor whites.³⁷

³⁶ *Louisiana Gazette and New Orleans Mercantile Advertiser*, April 29, 1817, quoted in Clark, “New Orleans and the River,” 119–20; James Stuart, *Three Years in North America* (2 vols., 1828; rev. ed., Edinburgh, 1833), II, 303–4, 375, 384; Lewis E. Atherton, “John McDonogh and the Mississippi River Trade,” *Louisiana Historical Quarterly* 26 (January 1943), 37–43. The value of New Orleans interior receipts as cited in the text are from North, *Economic Growth of the U.S.*, Table A-IX (p. 250).

³⁷ Annual produce receipts at New Orleans from 1840 to 1849 are given in John G. Clark, *The Grain Trade of the Old Northwest* (Urbana, Ill., 1966), 163 (Table 15). Diane Lindstrom has claimed that up to two-thirds of the corn received at New Orleans in the 1840s came from Tennessee and Kentucky; Lindstrom, “Southern Dependence upon Interregional Grain Supplies: A Review of the Trade Flows, 1840–1860,”

Such statistics showing sustained growth in both the bulk and value of western produce received at New Orleans during the 1840s tended to obscure a variety of crucial ongoing alterations to the extent and structure of this trade. Most important was the failure of New Orleans grain receipts by the river to come anywhere near keeping pace with the massive expansion of agricultural production in the West. For example, the 4.9 million bushels of corn that the city received in 1849 were obviously a drop in the bucket compared to total non-southern production that year of over 240 million bushels. The completion of the Erie Canal in 1825, followed by the construction of others in Illinois, Indiana, and Ohio during the 1830s, had made it possible for western commodities to flow smoothly to eastern markets via the inland seas of the Great Lakes system. Despite the city's earlier scorn toward such artificial improvements, the success of the burgeoning canal system of the Old Northwest in diverting western commerce away from New Orleans was extremely rapid. The situation was particularly bad in wheat products: twelve times more wheat was received at Buffalo alone in 1845 than at New Orleans. By the mid-1840s the combined tonnage of products shipped eastward on the Great Lakes surpassed that transported down the Mississippi River (whose totals also included cotton and other southern goods), and by 1853, 62 percent of western tonnage made its way to market via the lakes, as opposed to 29 percent that was still sent by the river.³⁸

Agricultural History 44 (January 1970), 111. It should be noted, however, that Louisiana corn production nearly doubled during the decade to over 10 million bushels, and small farmers in both the eastern Florida parishes and the Attakapas region frequently marketed their surpluses of corn and other produce crops in New Orleans; Gray, *History of Agriculture in the South*, 1040 (Table 52); Hyde, *Pistols and Politics*, 28–30. On the importance of corn in the antebellum South, see the comments throughout Olmsted, *Cotton Kingdom*; see also Sam Bowers Hilliard, *Hog Meat and Hoecake: Food Supply in the Old South, 1840–1860* (Carbondale, Ill., 1972). New Orleans *Picayune*, February 20, 1838, quoted in Clark, "New Orleans and the River," 120.

³⁸ Bruchey, *Cotton and the Growth of the American Economy*, 85; "Contests for the Trade of the Mississippi Valley," *De Bow's Review* 3 (February 1847), 102; Gray, *History of Agriculture in the South*, 1040 (Table 52).

This proportion would shrink further during the 1850s, when even the lake routes began to face stout competition from new east-west railroad systems between Chicago and New York. In the meantime, the merchants of New Orleans proved unwilling to confront the growing imbalance in favor of the Great Lakes trade during the 1840s. In large part, their complacency about the river trade's diminishing proportion of western agricultural production reflected a preference for specializing in the still-increasing commerce generated by plantations closer to home. Although the number of dealers in foodstuffs remained substantial (an 1854 municipal census revealed 73 wholesale firms devoted to western produce in the two main districts of the city), these firms came to assume a more subordinate role in the city's mercantile hierarchy. One New Orleans commission merchant wrote in 1845 that he was abandoning western produce entirely to concentrate on cotton and sugar, because the former trade "costs more than it brings in." On the other hand, factors' role as purchasing agents meant that many of them had to continue buying interior products to send back upriver to their plantation clients. Some merchants relied on city dealers for such purchases, while others made an extra effort on behalf of their rural customers to seek out better prices for goods like pork and twine from wholesalers and specialists in other cities. In either case, the effect of its merchants' cession of the western trade was doubly disadvantageous to New Orleans: the growth of upriver competitors like St. Louis and Louisville was buttressed by the business directed their way; and the already-high price of goods at New Orleans, a source of constant grouching by rural customers, increased even further as more profit-taking intermediaries insinuated themselves along the ever-lengthening commodity chain.³⁹

³⁹ The higher prices of goods at New Orleans can be traced in Arthur C. Cole, *Wholesale Commodity Prices in the United States, 1700-1861* (Cambridge, Mass., 1938), esp. 65-76, 170-79. For examples of

Higher costs, along with other drawbacks of doing business at New Orleans, became increasingly notorious by the end of the decade. For example, as shipments of grain competed with cotton and sugar for space on the city's poorly maintained riverfront docks and levees, *De Bow's Review* noted in 1847 that excessive spoilage caused prices for flour shipped coastwise from New Orleans to lose an estimated twenty-five to fifty cents a barrel in eastern markets, and it claimed that "the injury is much greater" in unprocessed commodities. Adding further insult to such literal "injury" were the frequent delays caused by obstructions on the Mississippi both above and below New Orleans, not to mention the "extravagant cost" of riverborne freight, which was said to be five times as high as the Lake Erie route by 1851. Furthermore, as one city customer complained in *De Bow's Review* that same year, "wharfage fees, port charges, & c. [at New Orleans] are infinitely too high" compared to other ports.⁴⁰

Such escalating complaints were not limited to the diminishing western trade, however. Of even greater concern to increasing numbers of observers by the late 1840s were the possible consequences of higher costs, rampant corruption, and other ongoing abuses in the port's bread-and-butter, the cotton trade. An 1840 comparative survey of global markets had already indicated that New Orleans was the most expensive U.S. port for shipping cotton. According to this study, the combined average fees for drayage,

Crescent City factorage firms buying interior products from wholesalers elsewhere see Bull, Hart & Schultz (St. Louis) to Watt & Desaulles, January 7, 1852; and Todd & Richardson (Louisville) to Watt & Desaulles, July 12, 1851, both in Mrs. Frank M. Besthoff Collection (MSS 388; HTML-Tulane). J. V. Payne to Moses Payne, February 17, 1845, quoted in Clark, "New Orleans and the River," 133. The number of grocers and western produce dealers are from my compilation of data collected in City of New Orleans, Treasurer's Office, Census of Merchants, 1854 (microfilm #89-239, NOPL; hereinafter cited as New Orleans Census of Merchants, 1854). On railroad competition with canal-lake routes during the 1850s, see Taylor, *Transportation Revolution*, 84-103.

⁴⁰ "Why New Orleans Does Not Advance," *De Bow's Review* 11 (October-November 1851), 388-89; "Thoughts on a Rail-Road System for New Orleans, No. II," *De Bow's Review* 10 (May 1851), 510; "Contests for the Trade of the Mississippi Valley," 104. See also Robert Royal Russel, *Economic Aspects of Southern Sectionalism, 1840-1861* (Urbana, Ill., 1924), 112, 136-37.

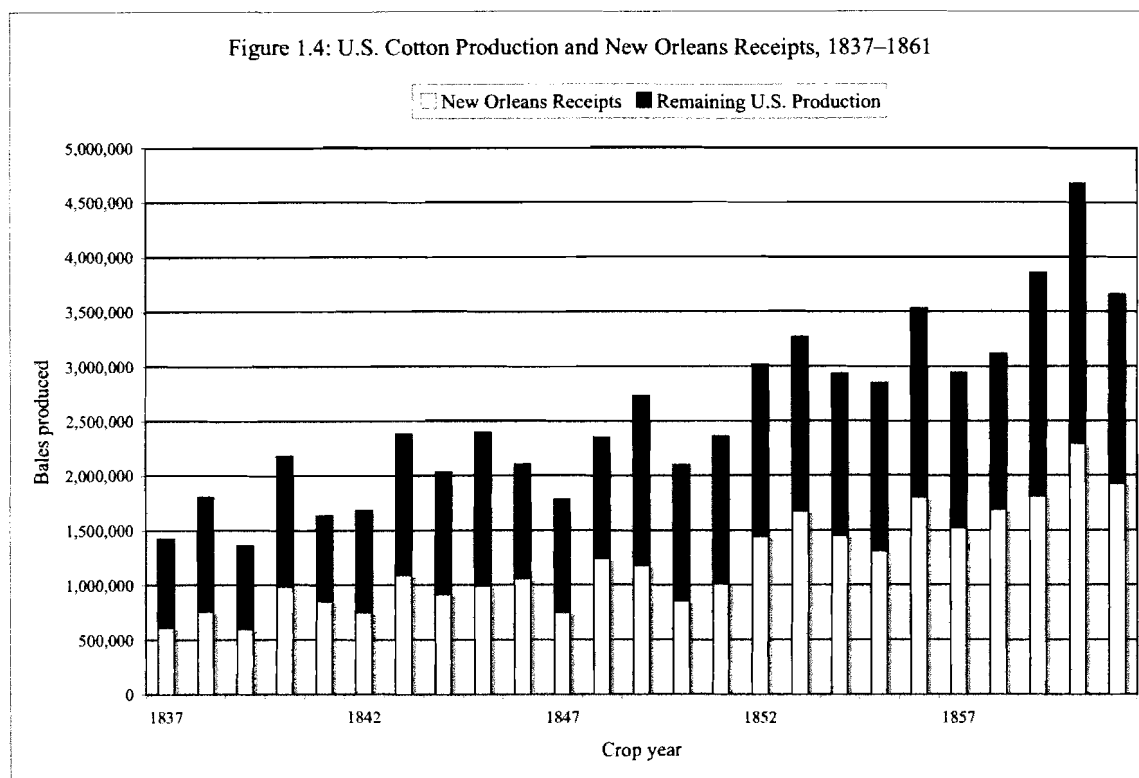
storage, commissions, and freight for a hundred bales of cotton forwarded to Liverpool from New Orleans totaled \$55.31, with another \$65.36 for insurance. The equivalent rates were \$46.74 and \$63.88 from Mobile; \$43.81 and \$34.40 from Charleston; and \$39.25 and \$48.27 from New York City. Such figures seemed to show that merchants in the nation's leading export point for the staple were somehow managing to defy basic market laws, since the greater volume of business they handled should have resulted in a competitive advantage over other ports in the form of lower overall costs. Instead, the situation only seemed to worsen over the rest of the antebellum period, with widespread objections increasingly voiced against New Orleans intermediaries from both the producing and consuming ends of the commodity chain. Planters not only grumbled about the high cost of goods advanced on credit by their factors but also about grading, weighing, baling, and other practices that they claimed reduced their net profits on crops forwarded to the city. Cotton buyers in Liverpool were also frequently displeased by the grading and packing procedures supervised by New Orleans merchants. Although most were unafraid to exercise their prerogatives to make adjustments to invoices for cotton they considered below stated par, the practice of "plating"—baling an outer layer of better cotton around an inferior grade inside—remained a typical source of complaints against the Crescent City from overseas.⁴¹

Such problems did not go unrecognized in New Orleans. As late as October 1859 a meeting of the city's leading merchants sought "to redress certain abuses and

⁴¹ For complaints from overseas buyers see the statement by the Liverpool Chamber of Commerce, October 23, 1857, as excerpted in Bruchey, *Cotton and the Growth of the American Economy*, 204–5; and Jones, Mann & Fisher to G. Burke & Co., February 23, 1849, in Besthoff Collection (HTML-Tulane). For examples of planters' complaints see Leo Tarleton to Watt & Desaulles, September 28, 1852, in *ibid.*; and R. Abbey, "Cotton and the Cotton Planters," *De Bow's Review* 3 (January 1847), 8–19. Price data on cotton shipments from New Orleans and other U.S. ports are from J[ohn] F. Entz, *Exchange and Cotton Trade Between England and the United States* (New York, 1840).

grievances existing in connection with the cotton trade in New Orleans.” But the best they could do was to urge voluntary compliance with the resolutions they adopted, and key problems were left unresolved: a consensus could not be reached on controversial questions concerning weighing, and drayage issues were deferred in favor of extant municipal ordinances that had long proven ineffective. New institutional innovations that had already been successfully established in other markets certainly might have helped. In particular, a cotton exchange with the authority to standardize grading and other practices, such as that provided to western commodities by the Chicago Board of Trade since 1848, was badly needed, but no such group was formed in New Orleans until the 1870s. Given the disproportionately high percentage of southern cotton that continued to flow through the city (receipts averaged over half of total annual production during the decade preceding the Civil War; see also Figure 1.4), it is tempting to blame the persistence of the numerous and well-known disadvantages of doing business in antebellum New Orleans on the usual complacency of the monopolist. In this sense, as historian Robert C. Reinders has pointed out, most merchants felt little incentive to tamper with the status quo, since fixed commissions meant that they “were always assured of a profit barring a complete collapse of the market.”⁴²

⁴² Reinders, *End of an Era*, 44 (quotation); “Cotton at New Orleans,” *Hunt’s Merchants’ Magazine* 42 (January 1860), 105–6 (quotation on p. 105). The high transactions costs that resulted from the slow pace of institutional innovation in the American cotton trade are noted in Lance E. Davis and Douglass C. North, *Institutional Change and American Economic Growth* (Cambridge, Eng., and New York, 1971), 193–97. Institutional marketing reforms in midwestern and southern commodities are contrasted in Morton J. Rothstein, “The International Market for Agricultural Commodities, 1850–1873,” in *Economic Change in the Civil War Era*, eds. David T. Gilchrist and W. David Lewis (Greenville, Del., 1965), 64–71; on the Chicago Board of Trade specifically see William Cronon, *Nature’s Metropolis: Chicago and the Great West* (New York, 1991), 106–19.



Source: E. J. Donnell, *Chronological and Statistical History of Cotton* (1872; repr., Wilmington, Del., 1973).

However, their collective failure to address endemic problems at the port also reflected the relative lack of class cohesion among Crescent City merchant capitalists. The highly atomized, speculative, informal, and personalist nature of the antebellum New Orleans commercial community, exacerbated by long-standing ethnocultural divisions, prevented city businessmen from agreeing on and effectively implementing reforms and other improvements that would have alleviated the many obvious shortcomings in the port's handling of the southern commodities trade. Of course, a wide-ranging and well-funded program of reforms might also have given New Orleans merchants a fighting chance at retaining a greater share of the grain trade with upriver western states too. But the state government's support for commercial improvements had been sporadic and weak during the 1840s, mainly because of the unpopular public debts that had resulted

from the bank bond issues it had guaranteed prior to the Panic of 1837. By the early 1850s, however, the political tides had shifted again somewhat in favor of business-minded Whigs, and yet another revised state constitution was in the offing, one that would somewhat loosen earlier banking restrictions and sanction more government support of improvement projects. The post-Jacksonian reascendance of "government by gentlemen" prompted one New Orleans commission house to rhapsodize in a fall 1852 circular that "even our own State, after a Rip Vanwinkle slumber, has at length awakened to a proper sense of her own best interests, and commenced in earnest such improvements" that would soon return Louisiana to the "high rank . . . which her favored position entitles her to [*sic*]."43

Such continued belief in the city's geographically "favored position" for the Mississippi Valley's commerce was a hard habit to shake, even for seasoned outside observers like Israel D. Andrews, despite all the evidence he had amassed to the contrary in his 1852 report. Noting the "serious inroads made upon a trade [to] which the merchants of New Orleans formerly supposed they had a prescriptive right," Andrews echoed and even amplified the Crescent City firm's sanguine claims about the future. The recent diversion of "the commerce of that great valley from its *natural* and accustomed channels" by western canals and railroads, he wrote, had been "too startling not to arouse the whole community to a sense of taking the proper steps to avert . . . the loss of their

⁴³ Printed circular, G. W. Shaw & Co., September 1, 1852, in Cotton Trade Series, No. 15 (Ms 537; HTML-Tulane). A useful review of improvement controversies through the early 1840s is the biographical sketch of a two-term governor from the period in "Gallery of Industry and Enterprise: A. B. Roman, Agriculturalist," *De Bow's Review* 11 (October-November 1851), 436-43. For state political developments in general, see Shugg, *Origins of Class Struggle in Louisiana*, chap. 5 ("Government by Gentlemen").

trade and commercial importance.” Andrews also agreed with local merchant capitalists that government should play a leading role in such capital-intensive improvements.⁴⁴

By the early 1850s, regional differences in the availability and deployment of investment capital had become steadily more obvious, and some commentators seemed to brandish these disparities as a means of deflecting responsibility for the rickety southern infrastructure epitomized by the port of New Orleans. In Louisiana, statutory restrictions on capital were increasingly made the scapegoat for the decline of the western trade in particular. In 1852, for example, *Bankers' Magazine* reprinted an article from the New Orleans *Commercial Bulletin*, one of the chief organs of the city's mercantile elite, that severely assessed the situation. “The banks of New Orleans are the most solvent in the world,” it declared, “but what then?” Because the availability of commercial credit is “so cramped by silly, injudicious legislative provisions,” the paper argued vehemently, “we are daily losing a trade which naturally belongs to us, which is making others rich at our cost, and which is exhausting our resources and cramping our energies.” The previous year, an unsigned piece in *De Bow's Review* had been more frank about admitting many of the competitive disadvantages of New Orleans with respect to the Great Lakes carrying trade. But at the same time, its author also sought to focus attention on the effects of the conservative Louisiana financial system that had been adopted in 1842 and tightened further under the new state constitution of 1845. The superior ability of “banking facilities at the East” to accommodate western commerce, the author astutely

⁴⁴ Andrews, *Report on Trade and Commerce*, 342–43 (quotations). The historically close relationship between merchant capitalists and established state regimes is described in Maurice Dobb, *Studies in the Development of Capitalism* (1947; rev. ed., New York, 1963), 97–109, 161–65; see also the review essay “Merchant Capital and State Power: Jacob Price on the Tobacco Trade and Its Political Consequences,” in Fox-Genovese and Genovese, *Fruits of Merchant Capital*, 61–75. On the political division of New Orleans into three competing municipal districts from 1836 to 1852, and the harmful effects it had on the city's credit, see Reinders, *End of an Era*, 51–55; Reed, *New Orleans and the Railroads*, 31, 81–82.

observed, "are doing as much to draw trade from us as [are] the canals and railways which Eastern capital is constructing."⁴⁵

There was a great deal of truth behind this author's brief and evenhanded assessment. Not only did he avoid apologetics for New Orleans's ill-advised neglect of port-related abuses, but more importantly, neither did he make the routine genuflections toward the city's "natural" advantages for the upper valley's commerce. Instead, he called attention to the role of human-directed institutions and the conscious strategic decisions that were profoundly shaping regional and national economic development—and leaving New Orleans and her complacent merchant capitalists far behind in the process. In many ways, a corollary of the durable conventional wisdom about the "natural" channels of trade was to regard the growth of western agriculture and the "artificial" transportation improvements that nurtured it as a sort of benign and gradually evolving coincidence—the economic equivalent of "manifest destiny." Even later generations of historians have not been immune to this way of thinking. Most would reflexively acknowledge the importance of what George Rogers Taylor famously termed the "transportation revolution," yet relatively few have paid sufficient attention to the social context underlying nineteenth-century technological change. But it is important to bear in mind that the history of technology concerns more than just the sudden appearance of useful inventions large and small—the byproducts of "Yankee ingenuity," to use one clichéd but persistent example. More broadly defined, it concerns the human application of techniques—or what environmental historians now call "artifice"—to

⁴⁵ "The Course of Trade on Rail-Roads," *De Bow's Review* 11 (October-November 1851), 521; "Banking Capital in New Orleans," *Bankers' Magazine* 7 (December 1852), 468–69 (quotations on p. 469). A British banking journal concurred in 1861 that "the weak point of the western trade by way of New Orleans is thus the absence of banking facilities" able to accommodate it; quoted in Reinders, *End of an Era*, 43.

shape and control the world around them to their perceived best advantage. In this sense, people innovate technologies not only by creating new gadgets, but also by willfully rearranging and reorganizing practices that may have acquired the false imprimatur of the “natural” through familiarity, prejudice, custom, and habit.⁴⁶

New Orleans’s role as gatekeeper to the western interior was one such habit, the product of decades of navel-gazing by armchair geographers and smug Crescent City merchants, and these beliefs had only been reinforced by the city’s remarkable growth and prosperity during the first half of the nineteenth century. The author in *De Bow’s Review* saw through this tempting mirage, however, as did De Bow himself, who had written scathingly earlier that year that “the Mississippi River lulls the mind of New Orleans into a sort of stupid fatalism.” They understood that concentrated capital in an industrial age had no need to respect “natural advantages”: the aggressive new breed of businessmen who controlled “Eastern capital” were using it to literally reinscribe national maps with the canals and railroad lines that now patterned the western landscape. But the author also realized that these were only the most obvious manifestations of a revised commercial geography that was redirecting the flows of people and commodities—as well as capital. By gradually creating a more sophisticated, complex, and flexible national financial system centered on New York—one that furnished interior farmers and merchants with capital and credit that New Orleans and the South could not—these businessmen were fashioning strong institutional bonds among all northerners, eastern

⁴⁶ Taylor, *Transportation Revolution*. It is worth noting that Taylor’s classic study ends with several insightful but oft-neglected chapters in which the “transportation revolution” appears less as the *deus ex machina* of American economic history than as a tool in purposeful human struggles over the control of national resources. A good example of a broad, contextualized view of U.S. technological development is Ruth Schwartz Cowan, *A Social History of American Technology* (New York, 1997). For a recent example of an environmental history that examines the consequences of human “artifice” in New Orleans, see Kelman, *A River and Its City*; but cf. my critique in Scott P. Marler, “Après Le Déluge: New Orleans and the New Environmental History,” *Journal of Urban History* 32 (March 2006), 477–90, esp. 486.

and western alike. In this sense, then, eastern capitalists had not merely diverted a western trade that many of the cotton-besotted merchants of New Orleans apparently felt they could afford to lose. More importantly, the decline of the city's upriver commerce seemed to symptomize a momentous ongoing shift in the sectional balance of the national political economy.⁴⁷

To be sure, fears about the growing reach of "Eastern capital" sometimes had the taste of sour grapes, and indeed, the mid-decade rise of the "King Cotton" worldview can be seen in part as a stubborn effort to reassert southern commercial supremacy, at least on the playing field of ideas. But for many observers in New Orleans, the problem increasingly centered around the reasons for the apparent failures of resident capitalist capitalists to reinvest their profits in local and regional economic development. After all, the city remained one of the nation's wealthiest during the 1850s and was reputedly home to more millionaires than any other. Even though the city's proportion of the total upriver trade had declined during the 1840s, the real value of western products received at New Orleans had actually continued to rise, and the recovery of cotton prices after a decade-long slump, along with sustained production increases in southern commodities, augured the beginning of an economic boom that would soon surpass that of the early 1830s. Rising prices for slaves and land, the twin pillars of southern plantation agriculture, also reflected this regional economic resurgence after the doldrums of the 1840s.⁴⁸

⁴⁷ "Thoughts on a Rail-Road System for New Orleans, No. II," 505 (quotation). Some recent historians have begun following the lead of George Rogers Taylor and many of his contemporaries by recontextualizing the story of "how the West was won" as a key battlefield of the nation's rapidly changing and highly contested political economy. Three good examples of this literature are Cronon, *Nature's Metropolis*; Sven Beckert, *The Monied Metropolis: New York City and the Consolidation of the American Bourgeoisie, 1850-1896* (New York, 2001); and William G. Roy, *Socializing Capital: The Rise of the Large Industrial Corporation in America* (Princeton, N.J., 1997).

⁴⁸ On national economic expansion during the 1850s see North, *Economic Growth of the U.S.*, chap. 15; on its effects in New Orleans see Reinders, *End of an Era*, 37-49. For the ways that the increasing value of

Louisiana probably benefited from the 1850s economic boom more than any other state in the South. The 1860 national census revealed that the aggregate value of real and personal property in the state more than doubled during the decade, rising from \$243 million to \$602 million (both regional highs), with \$42 million in personal property held in Orleans Parish alone. With its intermediary role for southwestern products apparently still secure, the commercial sector of New Orleans thrived during the 1850s. Another invaluable but previously neglected census, one conducted of Crescent City businesses by the municipal government in 1854, provides a detailed snapshot of the prosperous New Orleans merchant capitalist community during the pivotal decade before the Civil War (Figure 1.5). Over 4,000 businesses operated in the two main districts of a city that had just over 100,000 free white inhabitants as of 1860. Most of these were small firms concentrated in the city's retail sector, which provided a wide range of specialized goods and services, from apothecaries and upholsterers to tailors and rag-pickers. At the pinnacle of New Orleans's commercial economy, however, was its mercantile sector. Previous estimates based on listings in city directories have sometimes underestimated the size of this sector, but the municipal census of 1854 identified nearly 600 commission houses engaged in the commodities trade, with several dozen more specialized firms providing them with ancillary services like shipping and storage.⁴⁹

western produce received at New Orleans masked its proportional decline in real terms, see Clark, *Grain Trade of the Old Northwest*, 231–36. On the ideology of “King Cotton” (a term first coined by David Christy in 1855) and its particular influence in New Orleans, see the discussion in chapter 5 below.

⁴⁹ For data cited in the text on the aggregate value of property in Louisiana see *Eighth Census of the United States (1860)*, Vol. I: *Population and Other Statistics* (Washington, D.C., 1864), 294–95, 303. For examples of earlier estimates of the number of antebellum New Orleans firms engaged in the southern commodities trade, see Eaton, *Mind of the Old South*, 72–73; Shugg, *Origins of Class Struggle in Louisiana*, 25, 319–20; and Reed, *New Orleans and the Railroads*, 5. The discrepancy between such estimates and my count based on the 1854 municipal census is probably attributable to the fact that listings in city directories like Mygatt's, Gardner's, and Soard's were solicited advertisements, for which a considerable number of merchants apparently declined to pay; cf. Woodman, *King Cotton*, 13 n.16.

FIGURE 1.5: *Number of Commercial Firms by Sector, 1854, New Orleans, Louisiana, First District (French Quarter) and Second District (American)*

SECTOR	FIRST DISTRICT	SECOND DISTRICT	TOTAL NUMBER OF FIRMS
1) Mercantile			
Commission	158	425	583
Shipping	6	30	36
Storage/Processing	2	40	42
<i>Total</i>	166	496	662
2) Financial			
Banking/Exchange	2	35	37
Insurance	1	8	9
Real Estate	0	8	8
<i>Total</i>	3	51	54
3) Wholesale			
General	16	68	84
Produce	10	63	73
Dry Goods	0	14	14
<i>Total</i>	26	140	166
4) Retail			
Goods	879	858	1737
Artisanal	199	407	606
Other Services	320	393	1106
<i>Total</i>	1398	1658	3449
5) Manufacturing			
<i>Total</i>	10	31	41
<i>Grand Totals</i>	1603	2376	4372

SOURCE: Compiled by author from City of New Orleans, Treasurer's Office, Census of Merchants, 1854 (microfilm # 89-239, New Orleans Public Library).

Also supporting the mercantile sector in New Orleans were its public and private financial institutions, which were geared mainly to the provision of banking, exchange,

Furthermore, even the far more complete 1854 municipal census may still not reflect all the mercantile firms in the city. For example, at least one resident commission merchant from the Second District, Dr. Joseph Slemmons Copes, was not listed in the census's block-by-block count, even though other contemporary evidence confirms his mercantile activities at the time; see Copes Papers (HTML-Tulane). Although the 1854 census did include service providers like artisans and innkeepers, interestingly, it did not count professionals, most notably attorneys and physicians; Copes may have avoided enumeration (and the licensing tax) by declaring his primary occupation to be a doctor. Also, I have not included the outlying Third District of the city in my compiled figures. My review of the census for this district's businesses revealed that few, if any, commission merchants were located in this essentially suburban area; however, its inclusion would admittedly add a few hundred more retailers to the city's totals for that sector.

and insurance services for the commodities trade. However, the 1854 municipal census indicated that firms in the financial sector remained fairly few in number. An ironic consequence of the controversial banking reforms of the 1840s had been to encourage the growth of a powerful oligopoly among the handful of chartered institutions that had eventually managed to regain solvency after the Panic of 1837. In response to this situation, the Whiggish state constitution of 1852, while retaining most of the earlier restrictions specifying reserve ratios and the composition of portfolio assets that had earned New Orleans banks a much-needed reputation for stability, had finally allowed charters to be granted once again for the formation of new state banks. At about the same time, the legislature had also authorized the limited establishment of privately-held "free" banks in Louisiana. But despite these and other moderate revisions to banking policy, by the mid-1850s there were still only a dozen state-chartered banks in Louisiana, all headquartered in New Orleans, and although free banks helped make more credit available, they probably never represented more than a quarter of banking capital in the city. Rather than relying on banks' highly regimented practices for their routine needs, many merchants found it more convenient to make recourse to the city's network of exchange brokers, men like Jacob M. Barker, many of whom skirted the boundaries of legality with near-usurious rates. Furthermore, during a time when northeastern interests were perfecting their ability to augment their investment capital from overseas sources, outside holdings of Louisiana bank securities, whether from U.S. or European sources, remained strongly discouraged: foreign holdings alone of such stocks declined from nearly \$21 million in 1837 to just over \$2 million two decades later. Although by 1860 New Orleans banks' specie holdings were second in the nation only to New York's (with

many of whom they maintained close correspondent ties to facilitate the extensive coast-wise flow of commodities between the two cities), financial capital in the South's premier commercial center nevertheless remained highly concentrated, intensely regional when not merely local in character, and subject to close and often-hostile legislative regulation during the boom years of the 1850s.⁵⁰

George D. Green has argued that, given the enormous capital resources at their disposal from the cotton trade alone, a less restrictive Louisiana banking system could have helped New Orleans keep a larger share of western agricultural output and thus a more diversified economy. This may be true in the finely-tuned hypothetical modeling terms that economists like Green prefer, but it ignores the political realities of the day. The city, somewhat like the South as a whole, had squandered much of its credit with foreign investors during and after the Panic of 1837. Full repudiation of the state's bond obligations to European bondholders had barely been avoided in Louisiana, but the anti-foreign sentiments that had underlay it had found expression in state politics throughout the 1840s and 1850s; and in the case of New Orleans, the foolish trifurcation of the city into competing municipal districts had caused near-default on international loans held by the Barings, among others. In short, despite its continuing importance as an entrepôt for the global cotton trade, not only did the state of Louisiana discourage foreign investment, but just as importantly, the city had cemented a reputation overseas as a rather risky place to invest capital over the long term. The conservative financial system inaugurated by

⁵⁰ Green, *Finance and Economic Development*, 35–36, 80–81 (Tables 3.2 and 3.3). 133–35; Schweikart, *Banking in the American South*, 134–43; cf. Genovese, *Political Economy of Slavery*, 21–22. On northern use of foreign investment capital, particularly in western railroads, see Roy, *Socializing Capital*, 99–100. In its otherwise admiring 1877 article on the antebellum Louisiana banking system, *Bankers' Magazine* criticized the lack of functional differentiation among New Orleans banks during the 1850s compared to those in the North; see "The Louisiana Bank Act of [1842]," *op cit.*, 349–50. On the increasing number of city exchange dealers see Roeder, "New Orleans Merchants," 218–19. The note broker and private banker Jacob M. Barker will be discussed at greater length in subsequent chapters.

Forstall was thus probably about the best the city could hope for insofar as it at least promoted stability in a market prone to price fluctuations and financial panics.⁵¹

Furthermore, it is not at all clear that a less restrictive credit system more in favor of western agriculture would have overcome the other disadvantages under which New Orleans labored: the suicidal port charges; the deteriorating docks and warehouses; the ramshackle levee system; navigational obstructions in the Mississippi River; political stalemates and corruption; poor sanitation and disease; and the lack of railroads. All of these failures were not just coincidence or the product of bad government. Instead, they were systemic failures, the consequences of the qualitative type of capitalism represented by New Orleans merchants, whose horizons were so limited that they were unable to muster the political will, much less commit sufficient capital, to mount the multipronged offensive necessary to retain an adequate share of the rapidly growing western trade. However, even as the city headed into the most prosperous decade in its history, some observers in New Orleans recognized the decline of the western trade as symptomatic of such failures by its merchant community. As a result, they urged the government to more actively promote improved interregional flows of people and capital like those benefiting the West. An aggressive campaign of railroad construction, many thought, was precisely the spark needed to spur industrial development in New Orleans and Louisiana, which would then provide the region with a more diversified and healthier economic base. Such efforts to overcome the increasingly provincial cast of the Crescent City's wealthy but oddly stagnant exchange-oriented economy are the subject of the next chapter.

⁵¹ Green, *Finance and Economic Development*, 49–65. On the travails of foreign bondholders in the South after the Panic of 1837, see Leland Hamilton Jenks, *The Migration of British Capital to 1875* (New York, 1927), 85–108; and Ralph W. Hidy, *The House of Baring in American Trade and Finance: English Merchant Bankers at Work, 1763–1861* (Cambridge, Mass., 1949), 219–26.

Chapter 2

Merchants and the Failure of Industrial Development

Throughout the antebellum decades, debates over banking policy in Louisiana provided a popular launching pad for addressing wider questions about the pervasive inadequacy of home-based economic development in the city, the state, and the South. Differences of agenda determined the many particular ways that such development could be shown to be lacking, but commentators also increasingly ranged beyond Louisiana's restrictive banking system to focus their criticisms on the shortcomings of regional wealthholders, especially tight-fisted New Orleans businessmen. In so doing, observers often identified problems that reflected qualitative habits, mentalities, and other characteristics that were endemic among southern merchant capitalists. At the same time, however, because Crescent City merchants were so deeply entwined with slave-based plantation agriculture, which was itself mostly off-limits as a fit subject for regional censure, there was also a countervailing tendency not to push one's analyses too far in the direction of a systemic critique of the southern economy.

Probably the most common platform for discussing New Orleans merchants' investment patterns during the 1850s was local railroad development. Although the first short-line railroad in the South had been constructed northward from St. Francisville, Louisiana, in 1831, the state had lagged significantly behind the region and the nation in its use of the new technology in the years following the Panic of 1837. Incredibly, less than ten miles of completed track were laid in the state during the 1840s. Rail construction in Louisiana was made far more difficult by the swampy and bayou-crossed

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terrain, particularly around the desired terminus of New Orleans. As a result, frequent cost overruns contributed to political conflicts that also hampered railroad development: different projects and routes competed for transitory legislative favor, and the coordination of projects with other state governments like Mississippi also proved cumbersome. But faced with the rapid expansion of rail systems across the more favorable terrain of the Old Northwest beginning in the late 1840s, public criticism of Louisiana's failures mounted, and responsibility for them increasingly focused less on logistical or political snafus than on the paucity of investment support by New Orleans capitalists for railroad projects.¹

In September 1850, for example, a Crescent City newsweekly worried that "the freights arriving in our port by the river are not commensurate with the rapidly increasing amount of the products of the Western States—a fact which is justly attributable to the superior enterprise of eastern capitalists in the construction of Rail Roads . . ." Although also concerned about the local economic impact of projected southern railroads intended to connect Tennessee and northern Alabama with competitor ports on the Atlantic coast like Charleston and Savannah, the paper reserved its greatest fears for the city's declining share of the western trade: "If the products of the Valley of [the] Mississippi are carried to Eastern ports, and, through the same channels, the millions and multiplying millions of that vast region of country receive their foreign supplies for domestic consumption, the fate of New Orleans is sealed." This was a gloomy (if nevertheless quite prescient) analysis, so the author tried to continue in a somewhat more positive vein:

¹ Merl E. Reed, *New Orleans and the Railroads: The Struggle for Commercial Empire, 1830–1860* (Baton Rouge, 1966), 12–19, 58–61; Lawrence H. Larsen, "New Orleans and the River Trade: Reinterpreting the Role of the Business Community," *Wisconsin Magazine of History* 61 (Winter 1977–78), 121; "West Feliciana [Railroad]: A Century Old," *Illinois Central Magazine* (March/April 1931), 3–5.

This need not be so. New Orleans may accomplish much to countervail the losses she has sustained, and will sustain. . . . We want only the enterprise of other cities. How long shall we rest supinely, and see drained from us the very aliment which is necessary for our vigorous existence and growth? . . . We hope soon to see the enterprise of our citizens exhibited on a more enlarged scale than heretofore. We do earnestly hope to see our men of capital awakened to the importance of at once pushing forward such enterprises

Even then, the editor did not consider the construction of railroads in and around New Orleans to be itself a sufficient panacea for the city's economic woes, urging them as but one crucial aspect of a wider program of much-needed—and doubtlessly, quite expensive—local development.²

Such sentiments in favor of railroads and other improvements would become commonplace in the New Orleans commercial press over the next few years. But complaints about banking restrictions notwithstanding, the problem was not really about a deficit of capital, since the cotton trade obviously continued to generate large fortunes among Louisiana merchants and planters alike. Instead, the issue increasingly became how the men who controlled these monies chose to deploy their accumulated wealth. However, it was one thing to fault the state for not sponsoring such projects, or even to gently prod “men of capital” to take a more active role in doing so, but it took far more chutzpah to pursue a chain of logic that condemned wealthy white southerners as socially irresponsible with their property. In the privacy of his diary, Crescent City banker Samuel J. Peters, the old rival of Edmond J. Forstall, felt free to disparage “men of means” who “are afraid to part with their money for public improvements as long as they can shave

² *New Orleans News-Letter and General Weekly Review*, September 14, 1850.

notes at the rate of fifteen per centum per annum.” “By their short-sightedness,” Peters complained, “our city and state are the sufferers, and of course they also.”³

To express such thoughts publicly, though, required a brave, perhaps even somewhat brash, individual—and the private banker James Robb was such a man. If the Creole merchant-financier Forstall can be regarded in many ways as the preeminent figure of New Orleans commerce during the first wave of its nineteenth-century expansion, the controversial American Robb similarly personifies its trajectory through the boom years of the 1850s. Yet despite the national and international renown that each gained, the careers of both men also showed them to be highly exceptional in their local and regional contexts. Particularly in the case of Robb and his well-publicized efforts to promote railroad development, rather than exemplifying the strength of progressive-minded commercial reform among urban businessmen in the antebellum South, what he and others like him were actually able to achieve does more to demonstrate the limits of southern merchant capitalism and its deeply ingrained resistance to change.⁴

Born in Pennsylvania in 1814, Robb had arrived in New Orleans during the momentous year of 1837. Though he had little money at first, he quickly distinguished himself as a savvy dealer in the city’s informal financial underworld of exchange brokers. Taking advantage of the depressed state of currency and other paper obligations in the years following the Panic of 1837, Robb bought up the depreciated securities of the New Orleans Gas Light & Banking Company and had soon accumulated a controlling share of that publicly chartered improvement corporation, which he then served as president until

³ Entry, March 31, 1852, Samuel J. Peters diary, quoted in Reed, *New Orleans and the Railroads*, 85.

⁴ For historical portraits of urban businessmen in the Old South that emphasize their “progressive” orientation, see Clement Eaton, *The Mind of the Old South* (rev. ed., Baton Rouge, 1967), chap. 4; Jonathan Daniel Wells, *The Origins of the Southern Middle Class, 1800–1861* (Chapel Hill, 2004); and Frank Towers, *The Urban South and the Coming of the Civil War* (Charlottesville, Va., 2004).

1856. In the meantime, he continued to establish himself as a private banker, and he also began to dabble in local politics, serving a term in 1845 as an alderman from the Second Municipality (the "American" district, below Canal Street). It was during this period that accusations of questionably timed dealings first arose that would dog him throughout his career. His bank had extended a one-year loan of \$150,000 at 7 percent interest to the Second Municipality just a month before he was elected alderman, and after quitting office the following year, he then sued his own municipality for nonpayment of the loan. Robb obtained a favorable judgment, and only the last-minute intervention of Samuel J. Peters's state-chartered bank prevented the sale of the municipal corporation's assets at public auction to satisfy his claim. Whether or not he was guilty of any impropriety, the incident provided an indication of Robb's strong feelings about two matters at the crux of business/state relations in a democratic republic, each of which would be a hallmark of his career: the rights, privileges, protections, and responsibilities that he felt pertained to private property; and his equally fervent belief in the necessity for unimpeachably sound credit on the part of government. On a more personal level, the incident also served early notice that the blunt-spoken Robb could be quite indifferent, almost ungentlemanly, toward the possibility of offending his fellow urban elites.⁵

Within ten years of his arrival, then, James Robb was considered one of the wealthiest men in New Orleans, and beginning in the early 1850s he used this influence

⁵ The most detailed study of Robb's career is still Harry Howard Evans, "James Robb, Banker and Pioneer Railroad Builder of Antebellum Louisiana," *Louisiana Historical Quarterly* 23 (January 1940), 170-258. Originally a 1935 master's thesis at Louisiana State University, Evans collected considerable evidence on his subject, mainly from contemporary press accounts and obituaries. Although he relies far too heavily on accounts favorable to Robb to support less-than-objective conclusions like "James Robb was as liberal and generous a man as ever lived" (p. 246), Evans' study remains useful with proper caution. Somewhat less hagiographic views of Robb can be found in Reed, *New Orleans and the Railroads*, chap. 7; and Larsen, "New Orleans and the River Trade," 120-21. Here it may also be worth noting the strong resemblance between James Robb and the character Preston Dillard in the classic film *Jezebel* (1938), which was set in early 1850s New Orleans and starred Bette Davis and Henry Fonda as Dillard.

to become the city's most outspoken proponent of railroad development. After a series of embarrassing false starts that earned the city scorn from outsiders for its apparent complacency, the New Orleans railroad movement finally gained serious momentum during the spring of 1851, when Robb was elected president of a group seeking to establish a line running north from New Orleans to Jackson, Mississippi, and from there, eventually also into Tennessee and Kentucky. The members of the group read like a "Who's Who" of New Orleans commerce, particularly its Anglo-American contingent: bankers like Robb, Samuel J. Peters, Robert M. Davis, and Peter Conrey Jr.; insurance executives like Joshua Baldwin; planters-cum-businessmen such as Judah P. Benjamin and Maunsel White; and a host of prominent commission merchants including Glendy Burke, H. S. Buckner, R. W. Montgomery, J. P. Harrison, J. C. Cammack, Sheppard Brown, and P. N. Wood, among others. Committees were formed, meetings were held, and by April the group had already prepared a detailed proposal for the New Orleans, Jackson, and Northern Railroad, which called for an initial capital stock of \$2 million. But according to the Ways and Means Committee chaired by Robb, government support for this aspect of the project would be crucial. For one thing, the state legislature would have to amend an existing statute of Jacksonian vintage that limited the capitalization of corporations to \$500,000. In the interim, books would be opened to accept individual subscriptions for company stock, which were payable only after the law's amendment.⁶

However, the committee also warned that relying on voluntary subscriptions to raise the requisite capital had proven insufficient in the past. Despite the groundswell of elite support now being shown for this most current effort, not to mention the copious

⁶ Evans, "James Robb," 198-206, 213; Reed, *New Orleans and the Railroads*, 88-91.

financial dividends it was projected to pay, they still apparently did not believe that this venture's ability to attract investors with deep wallets would be any different. This telling assessment seemed confirmed when the stock issue was first offered in May 1851. Robb himself initially signed on for \$25,000, but others seemed less willing to put their money where their mouths were: such well-known men of means as White, Burke, and Buckner subscribed for just \$5,000 each, and others for even smaller amounts. As aroused and united as the merchant capitalists of New Orleans now professed to be in favor of the railroad, this was clearly no way to raise \$2 million. Robb's committee thus advanced a fairly radical scheme that relied on the authority of the state to essentially coerce the expected capital shortfall from its landholding citizenry. They proposed that municipal and parish governments should oversee the collection of taxes on real estate, payment of which would entitle citizens to receive shares of stock in the railroad corporation.⁷

Over the next few years, Robb would be the indefatigable point man for the New Orleans, Jackson, & Great Northern Railroad, pledging increasing amounts of his own money to keep the project afloat, and he continued to stump widely on its behalf even after most of the others had returned their attention to the booming cotton trade. Among the most important of Robb's speeches, however, was one that he delivered in New Orleans in April 1851, just after the group's detailed plans, including the sure-to-be controversial possibility of real estate taxes, had been submitted for consideration. In this lengthy speech, Robb sought to explain and justify these proposals to the public. But as its title implied, "The Condition of Things in New Orleans and the Remedy" was also a wide-ranging excursus that contained a blistering critique of the city's political economy.

⁷ Evans, "James Robb," 205, 211-14, 227; Reed, *New Orleans and the Railroads*, 83-85, 89-90.

Robb used his highly-publicized speech as a platform to discuss many of the problems that confronted New Orleans during the 1850s, and in the pages that follow, it will serve as a similar point of departure. His speech deserves close attention for its frank condemnation of how wealth was accumulated and deployed in the Crescent City. It provides further insight into what "progressive" southern merchant capitalists believed was the necessarily close relationship between business and government, while also offering apologetics for the glacial pace of capital formation in the city's commercial sector. Especially in this latter regard, however, Robb's speech is sometimes revealing for what he chose *not* to say. Such evasiveness, along with his occasionally strained logic, may indicate the limits of systemic self-criticism that southerners could accept as legitimate during a decade of escalating national political tensions. Such limits seem to have been internalized even by the otherwise fearless and northern-born Robb, who was easily the most determined, candid, and visionary champion of southern industrial development to emerge from the mercantile community of antebellum New Orleans.⁸

In typically frank fashion, Robb began his speech with the proposed real estate tax, which he knew was likely to prove unpopular in many quarters. He admitted that the group had recommended such a tax (at a rate as yet unspecified) partly because previous "appeals to the liberality and sense of duty and of pride of our capitalists had failed" to generate sufficient subscriptions. Rather than dwelling on this failure, however, Robb quickly tried to shift attention onto other factors that he felt were "insufficiently understood" and more relevant to the need for a real estate tax. The chief reason that a tax

⁸ Robb's April 1851 speech before the Southwestern Railroad Convention held in New Orleans was "of so much interest and value," according to *De Bow's Review*, "as to be incapable of any division," and was thus reprinted there in its entirety a few months later; see "Speech of James Robb, Esq., on the Condition of Things in New Orleans and the Remedy," *De Bow's Review* 11 (July 1851), 77-80 (introductory quotation on p. 74).

was now necessary, he believed, was the poor standing of New Orleans's public credit, since "other communities were enabled, through their foreign credit, to raise any sum required for public improvement." But this "was not so in New Orleans," Robb said. He claimed that outstanding city debts dating from before the Panic of 1837, combined with newer obligations by the still-divided three municipalities, totaled at least \$7 million, and furthermore, that the city had been notoriously lax about making timely payments on these debts, especially to overseas bondholders.⁹

Of course, this was a subject about which Robb had some first-hand experience. But although he did not mention his 1846 lawsuit against the Second Municipality, Robb returned to the city's lack of credit repeatedly throughout his speech. He described his "shame" when, during a trip to London the previous summer, one of its "greatest bankers" had asked him "why, with her immense commerce, did not New Orleans pay the interest on her public debt?" Robb compared regional underdevelopment with the "extensive system" of public works in New England, the success of which he attributed to the "unlimited extension of her credit" in bond markets. Finally, he argued that poor public credit adversely affected the business climate of the city, producing "a general demoralization" that injured commerce and suppressed local investment.¹⁰

Although it was true that the city suffered from its poor credit rating in national and foreign financial markets, Robb misrepresented the degree to which improvement projects elsewhere, particularly railroads, depended on government support rather than consortiums of capital assembled and controlled by private interests. In fact, as Israel D. Andrews would note in his report that following year, the necessity for the state to

⁹ Robb, "Condition of Things in New Orleans," 77 (all quotations)

¹⁰ *Ibid.*, 79 (all quotations).

organize and fund such massive projects was by now fairly unique to the South. Andrews argued that the new Louisiana constitution, as well as the long-overdue reunification of New Orleans under a single municipal government, constituted an “extraordinary revolution . . . in the political organization of that city and the State,” and would likely result in massive public improvements to help recapture the upper valley trade. It was interesting that Andrews, like merchant capitalists generally, apparently agreed that the state should play the leading role in funding such improvements. “In the southern states,” he declared without explanation, “works of the magnitude proposed cannot be effected by private enterprise”¹¹

By implicit contrast, though, extensive projects such as railroad systems were somehow being realized with far less government support by the emergent laissez-faire capitalists of the North. (Land grants and more indirect subsidies, however, remained quite welcome, as was foreign investment, just so long as they did not require ceding control over the managerial prerogatives of ownership.) The continued reliance of southern Whigs like Robb on a government-industry alliance showed them to be out of step with trends in the rest of the country; indeed, one of the less-examined reasons contributing to the sudden collapse of the Whig Party nationally during the 1850s was its outmoded support for highly activist state commercial policies, which increasingly conflicted with the more laissez-faire ideologies held dear by the new breed of businessmen in the North. Further, while Robb was also certainly right about New Orleans’s poor overall business climate, the sorry state of the city’s public credit probably reflected this environment more than it had created it, with other factors more causatively

¹¹ [Israel D. Andrews], *Report of Israel D. Andrews on the Trade and Commerce of the British North American Colonies, and Upon the Trade of the Great Lakes and Rivers*, Senate Executive Document No. 112 (32 Cong., 1st Sess.) (Washington, D.C., 1853), 342.

responsible. Crescent City business culture was not only deeply divided along ethnic lines, but the “spirit of gambling” that animated the commodities markets on which the local economy relied, noted by many antebellum visitors, tended to pit speculators large and small against one another in what Hobbes would have called “omnum bellum contra omnes”: a war of all against all. The ephemeral character of incessant mercantile speculation, in other words, constantly chipped away at the sort of “team spirit” more apparent among the sober and thrifty bourgeoisie of industrializing economies, where intense interfirm competition guided by the “invisible hand” seemed to foster greater class solidarity and, along with it, a healthier collective willingness to sponsor public improvements that benefited all.¹²

To some degree, Robb’s emphasis on inadequate public credit probably reflected his predilections as a banker, but furthermore, it may have also indicated his strategic reticence to dwell too long in his speech on the failures of regionally unpopular New Orleans merchant capitalists—who, after all, were the likeliest immediate beneficiaries of railroads that they seemed unable to capitalize themselves. This becomes clearer in light

¹² Edward Sullivan, *Rambles and Scrambles in North and South America* (London, 1852), quoted in Harold D. Woodman, *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800–1925* (Lexington, Ky., 1968), 27. On the financing, ownership, and operation of U.S. railroads by private capital beginning in the 1840s, see William G. Roy, *Socializing Capital: The Rise of the Large Industrial Corporation in America* (Princeton, N.J., 1997), 98–102; and Alfred D. Chandler Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass., 1977), 89–94. Historian Louis Hartz has described how Philadelphia merchant capitalists had solicited strong state involvement with improvement projects intended to shore up their trade position during the 1820s; by the 1840s, however, with the property form of the mixed corporation under siege, the state was compelled to sell its share in public works to private investors, and increasing conflicts between government and business characterized economic policy during the 1850s, particularly with regard to railroads; Hartz, *Economic Policy and Democratic Thought: Pennsylvania, 1776–1860* (1948; repr., Chicago, 1968), 161–75, 267–85, 290–91; and on the rising influence of laissez-faire ideology, chap. 7. Although he admits the central role that its promotion of an activist state had in defining the Whig Party, Michael F. Holt skates oddly around the supersession of this view as one of the many reasons he identifies for the party’s rapid collapse in the mid-1850s; see Holt, *The Rise and Fall of the Whig Party: Jacksonian Politics and the Onset of the Civil War* (New York, 1999), 66–70, 951–61; cf. Eric Foner, *Free Soil, Free Labor, Free Men: The Ideology of the Republican Party before the Civil War* (New York, 1970), 168–76.

of the truncated apologetics he offered for that mercantile community in his speech. Robb “begged to correct an error” made by a previous speaker, who had described “the merchants of New Orleans . . . as too torpid and indifferent” to their own city’s best interests. Robb demurred from this assessment. “The fault of the inert state of New Orleans was not due to our merchants,” he said. He insisted that the city’s “toiling, diligent merchants” have “the will, but not the means, to aid all public works,” because “their hard-earned means—their capital—is absorbed in high rents, high interest, and by advances to planters.” “There is no more enterprising or public-spirited class of merchants in the world than those of New Orleans,” Robb concluded, “but taxed and burdened as they are, it is vain to seek help from them.”¹³

Lest his wider audience not find these characterizations sufficiently persuasive, however, Robb also provided them with a villain to blame for the deficiencies of New Orleans capitalists. There were actually “two classes” among the Crescent City elite, he said. The first were its “toiling, diligent merchants”; the other was “composed of the large property-holders, who live upon the princely revenues of their estates, acquired by inheritance, lucky speculation, or by long and successful business.” He then further elaborated on this subject:

Within the last year, three individuals died in New Orleans, leaving fortunes which amounted to four millions. These persons belonged to a numerous and influential class, who had always opposed all public improvements and enterprises. They would do nothing to advance the city. They produced nothing; they neither toiled nor spinned; but from the hard labor of others, they drew their large resources.

In order to fund improvement projects, Robb said, the public should not rely on New Orleans’s hard-pressed merchants, but rather on “those who have capital to spare—those

¹³ Robb, “Condition of Things in New Orleans,” 77. Inconsistencies of punctuation have been silently corrected herein.

who derive princely revenues from the merchants' toils—who, while they produce nothing in reality, hold and enjoy all the wealth in the community.” He and his group thus proposed the real estate tax as a means of “putting the live coal on the backs of the dormant enterprise and liberality of this class of our citizens.”¹⁴

Robb's attempt to deflect responsibility for New Orleans's shortcomings onto a class of urban rentier capitalists was a fairly ingenious strategy. His assault on unproductive wealth resonated sympathetically with a wider regional audience often accustomed to directing similar opprobrium onto the fortunes acquired by mercantile middlemen in the Crescent City. His reference to recently deceased citizens who personified this class pandered to popular prejudices against longtime city resident John McDonogh, an exceedingly odd millionaire despised for his miserly habits, despite the bequest of his fortune for the establishment of public schools in New Orleans and Baltimore. “How easily even the most ultra Louisianians could put on the imported virtues of the North when they could be brought to bear against the hermit,” George Washington Cable later observed of such prejudices, yet these attitudes were also especially pronounced in New Orleans because of the exaggerated social context in which the city's antebellum commercial culture was embedded. However, Robb's attack centered less on atypical characters like the American land speculator McDonogh than it did on the rentier class as a whole, and real estate in New Orleans was widely thought to be mostly controlled by Creoles and absentee owners overseas, especially in France. In this sense, Robb was not only exploiting long-standing ethnocultural divisions in the city on behalf of the Anglo-American community he represented, but he was also tapping into

¹⁴ *Ibid.*, 77–78.

the rising tide of xenophobia that would culminate locally and nationally in the nativist political parties of the mid-1850s.¹⁵

Robb was correct that the real estate sector absorbed a great deal of wealth in antebellum New Orleans. The 1860 census would reveal a staggering \$62 million worth of real estate in Orleans Parish, which represented nearly a quarter of the total valuation of land in Louisiana. Just sorting out complicated title claims, which were mostly a holdover from colonial-era land grants of often-contested legitimacy, had become a thriving cottage industry for local attorneys. Such increased transaction costs further contributed to exorbitant real estate prices in an urban market where new development was often restricted by the city's awkward, bowl-like topographical situation between river and lake. Nevertheless, Robb once again elided aspects of matters that would not have reflected well on the Crescent City mercantile community that his speech sought to absolve, at least partly. Merchants had long been the prime players in the city's real estate markets. During the 1830s they had monopolized property bank resources intended for rural development to further their own speculations in city properties. Certainly, many Creoles continued to draw income from properties owned by virtue of their longtime residence in the city, but other foreign nationals, more recently arrived in New Orleans, had built up such holdings using profits originally derived from their other commercial activities. For example, after Francois Lacroix, a native of St. Domingue, had securely

¹⁵ Two nineteenth-century accounts that discuss concentrated real estate holdings among Creoles and foreigners in antebellum New Orleans are *Biographical and Historical Memoirs of Louisiana* (2 vols.; Chicago, 1892), 184, 186; and George Washington Cable, *The Creoles of Louisiana* (1884; repr., New York, 1970), 210–13, 254. Leon C. Soulé, "The Creole-American Struggle in New Orleans Politics, 1850–1862," *Louisiana Historical Quarterly* 40 (January 1957), 54–83. Cable, "Jean-Ah Poquelin," in *Old Creole Days* (1885 ed.; repr., New York, 1964), 142 (quotation). On John McDonogh, who had died in October 1850, see Arthur G. Nuhrah, "John McDonogh: Man of Many Facets," *Louisiana Historical Quarterly* 33 (January 1950), 5–144; on his death and the controversial disposition of his estate, see *ibid.*, 129–35, 143; and *The Last Will and Testament of John McDonogh . . .* (New Orleans, 1851).

established himself in the city's clothing trades during the 1830s, he began gradually buying up local property, and by 1860 his holdings were valued at over \$200,000. Like Lacroix, other free blacks in antebellum New Orleans, such as grocer J. Camps and exchange broker Bernard Soulié, accumulated large portfolios of urban real estate as a lucrative sideline to other trades. Free people of color probably found such investments appealing not only because of their steadily rising values, but also because they offered opportunities for enhancing their wealth without the unspoken racial ceilings that capped their ability to operate and advance in the city's exclusivist mercantile social circles. By the same token, though, racism probably caused such "Creole" entrepreneurs in New Orleans to be resented all the more when they acted as landlords for white businessmen.¹⁶

However, investments in local and regional real estate also attracted many non-Creole residents whose primary pursuits were also commercial. John McDonogh had commenced his career in early nineteenth-century New Orleans as a successful all-purpose merchant in the river trade, but his land speculations in and around the city, as well as in the southwestern countryside, soon proved to be a more lucrative calling better suited to his increasingly reclusive ways. Somewhat ironically, most slave dealers found themselves nearly as shunned as were free blacks (and John McDonogh) in the upper reaches of "polite" society in New Orleans, and perhaps as a result, they too sometimes invested heavily in real estate. Bernard Kendig, for example, was well known to be one of the wealthiest slave traders in antebellum New Orleans, yet in the 1860 census he not

¹⁶ Loren Schweninger, *Black Property Owners in the South, 1790-1915* (Urbana, IL, 1990), 117-18. Free blacks held an estimated \$2.5 million in New Orleans real estate in 1850; see Arnold R. Hirsch and Joseph Logsdon, eds., *Creole New Orleans: Race and Americanization* (Baton Rouge, 1992), 100. Roeder, "New Orleans Merchants," 107-11, 349-50; *Eighth Census of the U.S.* (1860), I, 303. Intense legal conflicts between Creoles and Americans over riverfront property rights in New Orleans during the early national period are discussed in Ari Kelman, *A River and Its City: The Nature of Landscape in New Orleans* (Berkeley, Calif., and other cities, 2003), 28-49.

only reported his ownership of \$64,000 in landed property, but he also listed real estate broker as his occupation.¹⁷

Contrary to James Robb's portrait of "two classes" of commercial elites in the Crescent City, even well-respected commission merchants from the American business district seemed to regard real estate as the safest and most profitable place to invest their incomes from trade. The Jewish businessman Judah P. Touro was another wealthy resident who had been in the city since before the War of 1812, in which he had fought alongside other merchants under Colonel Jackson. Like McDonogh, he also had a reputation for miserliness in his personal affairs, but unlike him, Touro retained many friends and associates in the American mercantile community, due to both his philanthropic activism and his lifelong involvement in the city's wholesale and consignment trades. Touro did tend to steer clear of speculation in commodities markets, however, and upon his death in 1854 the overwhelming bulk of his million-dollar estate proved to be composed of various real estate properties in New Orleans.¹⁸

Although, interestingly, Touro's name did not appear among the many prominent commercial supporters of the new railroad, most of Robb's allies in the venture had similarly large holdings of local real estate. Indeed, this rather unsurprising fact came to light only a few days after Robb's speech. In an attempt to drum up support for the real estate tax, a local newspaper published figures intended to show how much the chief

¹⁷ Richard Tansey, "Bernard Kendig and the New Orleans Slave Trade," *Louisiana History* 23 (Spring 1982), 159–78, esp. 177. Robert Evans Jr. used quantitative methods to confirm the social ostracism of slave dealers in his article "Some Economic Aspects of the Domestic Slave Trade, 1830–1860," *Southern Economic Journal* 27 (April 1961), 329–37; see also Walter Johnson, *Soul by Soul: Life Inside the Antebellum Slave Market* (Cambridge, Mass., and London, 1999), 24–25. Lewis E. Atherton, "John McDonogh—New Orleans Mercantile Capitalist," *Journal of Southern History* 7 (November 1941), 453–54, 477–80.

¹⁸ Bertram Wallace Korn, *The Early Jews of New Orleans* (Waltham, Mass., 1969), 78–90, 217–21; Vincent Nolte, *The Memoirs of Vincent Nolte, or Fifty Years in Both Hemispheres*, trans. Burton Rascoe (1854; repr. New York, 1934), 206.

mercantile backers of the railroad project stood to be assessed were such a municipal tax adopted. It turned out that H. S. Buckner and Judah P. Benjamin owned over \$200,000 in local property; others like Glendy Burke and R. S. Montgomery were said to own a hundred dollars in real estate for every dollar of personal property they controlled; and even James Robb himself would face assessment on his holdings valued at \$100,000. The editorial, friendly to their cause, was meant to demonstrate the sacrifices that the city's wealthy merchants were themselves willing to make in support of the common good, and so it did not mention the apparent contradiction between those merchants' real estate holdings and the drift of Robb's much-praised argument of the week before. Furthermore, skeptics probably noted that, if taxed at a 3 percent rate (which was the amount eventually agreed upon and passed, with payments to be staggered over six years), the financial contributions to the railroad project being provided by individual Crescent City merchants, whether through mandatory taxes or voluntary subscriptions, still were pitifully low, especially in light of their enormous declared wealth and the disproportionate benefits likely to accrue to them if the venture succeeded.¹⁹

The distinction that Robb tried to make between merchant and rentier capital in New Orleans thus collapsed upon close examination. Real estate was actually a tempting and logical investment for successful city merchants. As working capital, real property earned more for them than did gold drawing interest in a bank, both in terms of the rental income stream it provided and its seemingly steady rise in value over time. In the latter sense, land was an eminently fungible yet fairly stable asset (indeed, it was the basis of all other wealth, according to some economic theorists), one that provided merchants'

¹⁹ New Orleans *Daily Delta*, April 30, 1851, as cited in Evans, "James Robb," 211–12. For the 3 percent municipal tax passed in June 1852, see *ibid.*, 227.

portfolios with an excellent conservative counterweight to their riskier activities in volatile long-distance commodities markets. Compared to more modern forms of capital deployment, especially manufacturing, which required successful owners to pay close and active attention to the myriad details of the production process, real estate investing was a far more natural fit within the conventional parameters of the sedentary, speculative, exchange-oriented mentality of gentlemanly merchant capitalists. Robb's villainization of Crescent City rentiers to justify his advocacy of a real estate tax was mainly a rhetorical strategy intended to obscure the unmentioned fact that their tax proposal was meant to be adopted in parishes throughout Louisiana, and as such would likely be stoutly resisted by the interior plantation owners on whom it would fall most heavily.²⁰

Seen in this light, Robb's attempt to distinguish between rentier and merchant capital collapsed even further when considered in the wider context of the antebellum South's agricultural economy, in which fixed wealth took two primary forms: land and slaves. New Orleans merchants invested heavily in both, and their investments in the former were not confined only to urban real estate. Merchants' investments in rural properties sometimes took a merely speculative form, as with New Orleans cotton factor Joseph Slemmons Copes, who actively traded land in northwest Louisiana and Texas. But furthermore, the peculiar nature of southern slave society, with its emphasis on premodern forms of status and hierarchy, often compelled merchants to buy rural land in

²⁰ Although the trend in contemporary economic theory, epitomized by Adam Smith and Karl Marx, was toward an emphasis on the costs and benefits of value-added industrial production in urban environments, hindsight should not prevent historians from understanding that such views remained highly contested in the mid-nineteenth century. Thinkers who emphasized the importance of land and/or agriculture, such as the French Physiocrats (Francois Quesnay) or British political economist David Ricardo, were still very influential—and understandably, all the more so in the stubbornly non-industrial Old South.

a more active attempt to “refeudalize” themselves in the manner of the plantation lord, which testified to the continued truth of Adam Smith’s observation that “merchants are commonly ambitious of becoming country gentlemen.” For example, from a humble beginning in his family’s mercantile business, Isaac Franklin parlayed his success as a New Orleans slave dealer to become one of the largest cotton plantation owners in the state. Even some of the most “progressive” merchants that antebellum Louisiana had to offer, Creole and American alike, pursued careers as planters after first establishing themselves as urban entrepreneurs. Sugar planting was the most common attraction for New Orleans merchants so inclined, partly because its production was situated close enough to the city to allow them to keep an eye on their interests there. Edmond J. Forstall, Maunsel White, and Judah P. Benjamin were all examples of men prominent in the New Orleans commercial milieu who later branched out into sugar planting, albeit with mixed degrees of success. The low esteem with which businessmen were regarded helped make such stories fairly common in the Old South; yet by the same token, it is telling that counterexamples of planters foresaking agriculture for trade vocations are exceedingly rare.²¹

Even though Robb evaded the inconvenient fact of New Orleans merchants’ extensive real estate holdings in his April 1851 speech, he did at least acknowledge such investments as an example of the ways that wealth generated by the local export trades was too often employed unproductively—that is, when it remained in the city at all. For

²¹ Robert D. Meade, *Judah P. Benjamin: Confederate Statesman* (New York, 1943), 59–61; Irene D. Neu, “Edmond J. Forstall,” in *Banking and Finance to 1913*, ed. Larry D. Schweikart (New York, 1990), 186–201; Eaton, *Mind of the Old South*, 75–80 (on Maunsel White); Wendell Holmes Stephenson, *Isaac Franklin: Slave Trader and Planter of the Old South, with Plantation Records* (Baton Rouge, 1938). New Orleans merchant Joseph S. Copes’s speculations in Texas land began in the late 1830s and continued until his death in 1885; see the copious correspondence throughout the Joseph Slemmons Copes Papers (HTML-Tulane). Adam Smith, *The Wealth of Nations*, ed. Andrew Skinner (1776; New York and other cities, 1986), 507 (quotation); see also the discussion in the concluding chapter herein.

besides its "toiling, diligent" resident businessmen, he noted that the city's "commercial class" was also composed of a large number of "foreign agents and factors, who came here in the winter, boarded in hotels at \$50 a month, . . . and, when they had accumulated enough, fly off, or send their money away to be spent in distant countries." Robb here added his voice to the rising chorus of complaints about the migratory nature of merchant capital in New Orleans, which drained the pool of funds available for intensive local improvements. But although many historians have also tended to emphasize the number of non-natives, whether foreigners or northerners, in New Orleans's antebellum trade sector, the 1854 municipal census reveals, somewhat surprisingly, that these firms were mainly composed of self-declared residents of the city. In the American district, where the cotton trade was centered, only 27 percent of the 355 commission houses reported having non-residential partners. Robb seemed aware of this fact, commenting that it was "a great mistake in supposing that the transient population of our city is so large." What he objected to was that so many of these transients came to New Orleans only to extract capital rather than to spend it.²²

Robb compared this situation to that of New York City, where the number of commercial visitors was much higher, yet the money they spent helped "support a hundred trades and professions." Although it too was largely a commercial city, New York had shrewdly developed a more flexible and diversified economy that derived greater benefits from the capital that passed through it. The trains and ships that carried

²² Robb, "Condition of Things in New Orleans," 78-79. Residential data on merchants were derived from City of New Orleans, Treasurer's Office, Census of Merchants, 1854, Second District (microfilm #89-239, New Orleans Public Library). Unfortunately, the municipal census-takers failed to solicit the residential status of owners and partners in the First District. The percentage cited in the text is derived only from firms designated as commission merchants (which constitute the majority of businesses in this sector, according to the census), not brokers, factors, dealers, or other trade-related descriptions. There does not seem to be any good reason that respondents to the census might have falsified the presence of non-residential partners; no apparent benefit or liability attached to their answers.

cargo and visitors alike were frequently New York-owned; its wholesale and retail dealers not only imported more goods directly from overseas, but they also sold far more that were produced locally and regionally; and its bankers and merchants were both increasingly inclined to lend financial and marketing support to new industrial enterprises, from small manufactories to enormous projects like railroads. By contrast, while goods flowed in abundance through New Orleans—by river and sea, inbound and outbound—the city was a mere waystation for commodities. Almost nothing was done to goods received at New Orleans to add to their value, unless one counted the almost medieval tariffs exacted by virtue of simply passing through the port. Nevertheless, the sheer volume of trade the city handled had left its businessmen satisfied with the fixed charges of the middleman (plus whatever the less-principled could finagle on the side), and its practical monopoly on southwestern products, combined with the still-common belief that its geographic position would assure this dominance indefinitely, promoted arrogant attitudes toward the need for change. Such shortsightedness, Robb claimed, had already “lost to New Orleans nine-tenths of her natural advantages,” which he found particularly “alarming” with regard to the declining upriver trade with the West.²³

Moreover, even the apparent prosperity engendered by the export of southwestern products was dangerously superficial. Here Robb first bemoaned the city’s “want of an external commerce,” by which he meant that “conducted by ships owned here, and plying between this and foreign ports, and exchanging the produce of our valley for articles of

²³ Robb, “Condition of Things in New Orleans,” 79. On New York-based antebellum economic development see Robert G. Albion, *The Rise of New York Port, 1815–1860* (1939; repr., Boston and New York, 1967); Sven Beckert, *The Monied Metropolis: New York City and the Consolidation of the American Bourgeoisie, 1850–1896* (New York, 2001), 24–29; and Glenn Porter and Harold C. Livesay, *Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing* (Baltimore, 1971), 62–78.

foreign production needed by our people.” One might have expected an urban economy based on long-distance exchange to have developed at least a robust transportation sector of its own, from shipbuilding to freight forwarding, but New Orleans had not. There were no direct shipping lines linking the city to European markets, a source of frequent planter complaints against mercantile inaction. The coast-wise carrying trade, both on the Gulf and the Atlantic, was monopolized by New England-based companies. On the nation’s rivers, of the 601 steamboats then plying the interior, only 113 were of Crescent City registry, about the same number as from Cincinnati and Pittsburgh; and during the 1840s, while Louisville was tripling its available steamboat tonnage and St. Louis’s more than doubled, New Orleans had added barely a fifth to her own. Finally, of course, the city had no railroads. New Orleans had thus failed to develop either the institutions or the infrastructure necessary to ensure a secure and reciprocal commerce with even its relatively immediate hinterlands over the long term. “Save a small trade with both Mexico and Texas,” claimed Robb, New Orleans was “entirely destitute of this extensive and enriching branch of commerce.”²⁴

At the same time, however, Robb again pointed out that “no city ever grew great by commerce alone.” Even in “the most favorably located cities in the world,” he said,

²⁴ Robb, “Condition of Things in New Orleans,” 78; Albion, *Rise of New York Port*, 107–11; James P. Baughman, “The Evolution of Rail-Water Systems of Transportation in the Gulf Southwest, 1836–1890,” *Journal of Southern History* 34 (August 1968), 359–63; Robert C. Reinders, *End of an Era: New Orleans 1850–1860* (New Orleans, 1964), 44; Joseph G. Tregle Jr., *Louisiana in the Age of Jackson: A Clash of Cultures and Personalities* (Baton Rouge, 1999), 18. Data on steamboat registry and tonnage by city are from Andrews, *Report on Trade and Commerce*, 733–34, 744. Alexis de Tocqueville had attributed the South’s inferior merchant-marine capabilities to the incompatibility of slave labor with maritime service; Tocqueville, *Democracy in America*, intro. by Alan Ryan (New York, 1994), 399 n.70. With this in mind, it is suggestive to compare the curiously underdeveloped state of locally-owned ocean transport in antebellum New Orleans with the role of English merchant capitalists in spearheading the use of free wage labor on their ships during the eighteenth century; see Marcus Rediker, *Between the Devil and the Deep Blue Sea: Merchant Seamen, Pirates, and the Anglo-American Maritime World, 1700–1750* (New York and other cities, 1987), 74–84, 149–51.

“prosperity was transient, evanescent, compared with that of towns . . . where industry and labor were cultivated and flourished—where the mechanical and productive arts were encouraged.” “Everything used here [is] manufactured abroad,” Robb lamented. His hat, his chair, his bed—all were “the product of the industry of some distant people.” Once again, New Orleans’s economy drew only the minimal benefits of the intermediary from the resale of such goods produced elsewhere, and the extra price markups passed along by city retailers and factors were widely resented by interior consumers. Frustrated by these high prices, increasing numbers of rural storeowners, and even some planters with ready cash, began making semi-annual shopping expeditions to the Northeast. But in addition to cultivating a reputation for price-gouging, Crescent City merchants both drained off local capital and helped strengthen the economies of their competitors when they purchased goods from New York, or perhaps even worse, from wholesalers in relatively close cities like St. Louis and Louisville.²⁵

Robb was greatly concerned by the city’s lack of a significant manufacturing sector, a striking absence that is confirmed by the available data. The 1854 municipal census-takers apparently did not even bother to regard manufacturing as an economic enterprise distinct from the mercantile firms they had been statutorily empowered to count, as they had with professional service-providers such as lawyers and physicians. In any case, the results were meager: out of over 4,000 New Orleans businesses in 1854, only forty-one “manufactories” of one sort or another were identified (see Figure 1.5). However, besides five iron foundries and a few others, most of these firms were probably little more than artisanal workshop production on a slightly more intensive scale, such as

²⁵ Country storekeepers’ purchases from northern markets are discussed in Chapter 3 herein; see also Lewis E. Atherton, *The Southern Country Store, 1800–1860* (Baton Rouge, 1949), 113–24. Robb, “Condition of Things in New Orleans,” 78–79.

makers of soap, chocolate, perfumes, umbrellas, and baskets. The paucity of factory-style production in antebellum Louisiana was corroborated in the national census conducted at decade's end, when only 16 men out of over 100,000 free white male respondents in the state reported "manufacturer" as their occupation, although to be fair, at least several dozen more may have been listed instead as producers of specific items like pianos, pumps, trunks, and trusses. As urban historian Allan Pred has pointed out, New Orleans's lack of manufacturing made it unique among major antebellum American cities. While the changing composition of employment in other cities during this period reflected their rapid "transition to . . . an industrially based economy," in New Orleans only 3 percent of the labor force was employed in manufacturing by 1860. A paltry \$3 million was invested in manufacturing in Orleans Parish in 1849, and even after a decade's worth of frequent agitation on the subject, this figure, when adjusted for inflation, had barely budged upward at all ten years later.²⁶

Despite enjoying great concentrations of agricultural and mercantile wealth, New Orleans and the state in which it was situated actually managed to compile an even worse track record with regard to manufacturing development than did the South as a whole. Yet by most every measure that the census provides, the Old South was a laggard in manufacturing, in which it had less than \$100 million of capital invested in 1860, with

²⁶ Allan Pred, *Urban Growth and City-Systems in the United States, 1840-1860* (Cambridge, Mass., 1980), 8 (quotation). The 1850 U.S. census (conducted in 1849) showed \$3.0 million in capital invested in manufacturing in Orleans Parish. This amount would have been worth \$3.26 million in 1859 if adjusted for inflation; the 1860 census listed Orleans Parish manufacturing capital at \$3.4 million. This data is derived from the Seventh and Eighth Censuses as available through the University of Virginia Libraries' Historical Census Browser, located online at <http://fisher.lib.virginia.edu/collections/stats/histcensus/> (accessed July 20, 2006); the CPI-adjusted figure was calculated using the similarly convenient converter "How Much Is That?" available through the Economic History Association's website at <http://eh.net/hmit/compare/> (accessed July 20, 2006). The number of persons engaged in particular occupations in Louisiana is from the published version of the *Eighth Census* (1860), I, 197. Data on manufacturing establishments in the First and Second Districts of New Orleans was compiled by author from *New Orleans Census of Merchants, 1854*.

nearly a third of it concentrated in one state, Virginia. This constituted less than a tenth of the nation's industrial capital, and furthermore, it represented only about 5 percent of the aggregate value of regional farms in 1860—a proportion that shrinks even further to insignificance if one factors in the two to three billion dollars invested in slaves, the overwhelming majority of whom remained engaged in agriculture. In real terms, the South's proportion of national manufacturing capacity actually fell during the 1850s, whether as capital invested, value of products, or number of employees engaged. Furthermore, these statistics are themselves greatly inflated by the census-takers' decision to count second-stage agricultural-processing industries as "manufacturing": sugar refining, tobacco curing, lumbering, and most of all, the milling of corn and wheat. Such facts show that one does not necessarily have to take sides in now-neglected older historiographical debates about the reasons for the failure of antebellum southern industrialization in order to at least acknowledge the fact of that weakness.²⁷

James Robb certainly recognized the lack of manufacturing enterprise in New Orleans, and he also regarded its absence as anomalous in the context of ongoing urban development elsewhere in the nation. Referring to what he called "the peculiar character of our population," where, he asked, are those "large industrial classes which have built up other towns"? To explain their absence, Robb once again fell back on the poor state of

²⁷ All cited data in this paragraph are derived from the Eighth Census (1860), Manufacturing, Historical Census Browser; and Gary M. Walton and Hugh Rockoff, *History of the American Economy*, 9th ed. (Mason, Ohio, 2002), 213–15. Fine studies of particular industrial projects in the Old South, like those by Charles B. Dew and Tom Downey, have had the unfortunate side effect of masking the highly exceptional nature of such efforts, helping prepare the ground for one recent scholar to assert that "after the Mexican War . . . the [South] industrialized rapidly." Wells, *Origins of the Southern Middle Class*, 14 (quotation); Dew, *Bond of Iron: Master and Slave at Buffalo Forge* (New York, 1994); Downey, "Riparian Rights and Manufacturing in Antebellum South Carolina: William Gregg and the Origins of the 'Industrial Mind,'" *Journal of Southern History* 65 (February 1999), 77–108. An excellent recent review of the still-relevant older historiography about the slave South is Mark M. Smith, *Debating Slavery: Economy and Society in the American Antebellum South* (New York, 1998).

public credit, which he said “draws around our city a *cordon sanitaire*, which keeps away industry and capital.” But this quintessential bankers’ rationale seemed specious in several respects. Again, although “bad management of our public affairs” doubtlessly contributed to a poor overall business climate in the city, it was less clear that private investment in local industry was primarily suppressed by the fact of municipal debts abroad, as Robb claimed. Furthermore, Robb’s emphasis on public credit reflected his assumption that such new enterprises could not rely on local investors. “To create such [an industrial] class in New Orleans,” he said, “to draw them here from other countries, it [is] only necessary to extend and facilitate the connection of this city with the great agricultural states” of the West. Here Robb once again seemed to be exculpating local merchant capitalists of responsibility for the city’s developmental failures. Based on his contention that the “hard-earned means” of Crescent City merchants was “absorbed in high rents, high interest, and by advances to planters,” Robb apparently believed that resident businessmen had insufficient resources available to sponsor manufacturing enterprises. In light of the considerable wealth that these merchants had tied up in real and personal property, however, this excuse rang somewhat hollow.²⁸

More interesting, though, was Robb’s belief that any industrial class capable of building up a viable manufacturing sector in New Orleans necessarily had to be “created” and “drawn here” from either the West, the North, or foreign countries. Having recognized that the capital resources of southern merchants and planters alike were overwhelmingly directed toward conservative investments in land and slaves, Robb also strongly implied that the “peculiar character” of merchant capital in New Orleans, and

²⁸ Robb, “Condition of Things in New Orleans,” 77–79.

even of wealth in the South more generally, mitigated against the unique habits and mentalities associated with successful industrial development elsewhere. His belief in the need for outside capitalists to sponsor regional economic development suggested, albeit subtly and gently, that the southern economy's reliance on plantation slavery had wide-ranging consequences that were no less profound for being only vaguely understood or acknowledged. However, Robb carefully avoided any overt criticism of "the peculiar institution" in his speech, and his reluctance to do so highlights one of the problems limiting the effectiveness of industrialization's regional champions. Those advocates had to tread very softly in order not to appear as if they were endorsing wider critiques of southern slavery that were becoming more commonplace nationally during this period, from the thunderous moral condemnations emanating from the northern abolitionist movement to political conflicts over slavery's role in national territorial expansion after the Mexican War.²⁹

Businessmen of both sections would find it easy to fall back on platitudes about collective interests when confronting the moral and political zealotry that was polarizing national discussions over slavery during the late antebellum era. Robb typified such sentiments in the conclusion of his April 1851 speech, saying that railroads would provide "iron bonds of mutual interest" between the sections to thereby "soften the asperities and prejudices that too often alientate and divide the citizens of our common country." Yet as other aspects of Robb's address implied, there was also an economic critique of slavery and its effects that even pragmatic southern men of commerce had trouble ignoring. Such critiques frequently centered around the ostensible indolence of

²⁹ The best review of escalating national tensions over slavery during the 1850s, especially as they centered on territorial expansion, remains David M. Potter, *The Impending Crisis, 1848-1861*, ed. Don E. Fehrenbacher (New York, 1976).

poor whites in the South, which observers such as Frederick Law Olmsted and Hinton Rowan Helper would attribute to slavery's degrading effect on ideals of manual labor. But a closely related subject, one that was more relevant to the concerns of industrial promoters like Robb, were lethargic southern attitudes toward public improvements and economic development more generally. As early as 1841, for example, a fairly sympathetic lead article in the commercial journal *Hunt's Merchants' Magazine* discussed the increasing prevalence of cotton manufacturing in the North, which the author clearly regarded as curious in light of the South's monopoly on production of the raw staple. Although the author seemed reticent to blame slavery directly for the region's lack of textile factories, he did suggest that the poor condition of roads and villages perhaps "indicate . . . a want of thrifty enterprise on the part of the inhabitants." He also observed that most southern planters' "liberal and free indulgences" with regard to spending left them in constant debt. In spite of their "abundant resources," he concluded, "those means which in the hands of some would be a source of vast profit, become in their hands a cause of mere competence."³⁰

Such an emphasis on the savings and investment patterns common to southern wealthholders presaged Robb's concerns about the differences between the behavior of capitalists in a slave-based plantation regime and those in economies grounded on free labor relationships. Furthermore, as the author hinted, nowhere was the absence of manufacturing in the South more striking than in the cotton industry. In the same journal several years later, northern textile manufacturer Amos E. Lawrence expressed his

³⁰ "The American Cotton Trade," *Hunt's Merchants' Magazine* 4 (March 1841), 201-27 (quotations on pp. 225-26); Robb, "Condition of Things in New Orleans," 80; Frederick Law Olmsted, *The Cotton Kingdom: A Traveller's Observations on Cotton and Slavery in the American Slave States*, ed. Arthur M. Schlesinger (New York, 1953), 327-28, 522-27; Hinton Rowan Helper, *The Impending Crisis of the South: How to Meet It*, ed. George M. Fredrickson (1857; repr., Cambridge, Mass., 1968).

skepticism toward southern efforts to establish cotton mills, partly because of the scarcity of free-labor operatives willing to work in them. In the eastern seaboard states, with their increasingly depleted agricultural soils, visionary promoters of cotton manufactures like South Carolina's William Gregg did enjoy some limited successes using white laborers in the 1850s, but their efforts mostly only prepared the ground for the later growth of mill villages during the postbellum period. In the booming cotton culture of the Southwest, however, the failure to successfully establish textile mills was far more pronounced. In New Orleans, which had the largest pool of available free labor in the antebellum South, not to mention abundant supplies of raw material, only the passive nature of merchant capital prevented the city from becoming, as one writer put it in an 1850 article in *De Bow's Review*, "another Lowell." Although such men sought repeatedly to "stimulate the slumbering ideas of mercantile men" in New Orleans as to the opportunities that awaited those willing to exploit the city's many advantages, scattered efforts to establish cotton manufacturing there during the 1850s proved undercapitalized and unsuccessful. Again, outside observers were less shy than southern businessmen like Robb about blaming such failures on the fickle and conservative character of investment under a slave mode of production. As Amos Lawrence had insightfully argued, "Though there are many rich men in the cotton-growing States, the number of moneyed men is very small, and they are not usually the projectors of new enterprises."³¹

Lawrence's distinction highlights the comparative dimensions of capitalist development in the U.S. It was a long-standing hallmark of merchant capitalism to be

³¹ [Amos E. Lawrence], "The Condition and Prospects of American Cotton Manufactures in 1849," *Hunt's Merchants' Magazine* 21 (December 1849), 628-33 (quotation on p. 628); Reinders, *End of an Era*, 44-45; "Establishment of Manufactures at New Orleans," *De Bow's Review* 8 (January 1850), 1-20 (both quotations on p. 1); Downey, "Riparian Rights and Manufacturing," 95, 105-6.

wary of close involvement with ventures whose profitability depended mostly on inputs, especially labor costs, that were built into the production process and thus required intense supervision. Industrialism in this sense, as sociologist Max Weber later described it, truly represented a new, all-encompassing form of economic life. But merchants everywhere typically preferred the shallower commitments of short-term gambles based on exchange differentials in markets with which they were familiar or well-connected. One such 'old-school' Philadelphia cotton merchant of the late antebellum era, for example, included a warning in his will about the fixed expenses and problematic entanglements entailed in manufacturing ventures. But the comfortable habits of such men were under siege; to paraphrase another German observer of nineteenth-century socioeconomic change, the compression of space and time by capital-intensive transportation and communication improvements in the North and West caused markets to become denser and information less exclusive. Consequently, as opportunities to wheedle windfall profits in their customary manner decreased, increasing numbers of northern merchant capitalists began cautiously investing in regional factories during the antebellum era. Even though manufacturers soon chafed under their restrictions and successfully sought to generate new investment capital either internally or via the growing northeastern financial sector, historians have thus recognized the role of such merchants as "catalysts" in the early stages of American industrial development.³²

³² Porter and Livesay, *Merchants and Manufacturers*, chap. 4; Graeme J. Milne, *Trade and Traders in Mid-Victorian Liverpool: Mercantile Business and the Making of a World Port* (Liverpool, Eng., 2000), 100. Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy*, trans. Martin Nicolaus (New York, 1973), 539; Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. Talcott Parsons (1904–5; repr., London and New York, 1992), esp. 169–83. For more on the differences between industrial and mercantile wealth in classical political economy, see the concluding chapter herein.

As economic critiques of slavery implied, however, such conditions did not apply to most merchants in the slave South. There, the absence of external forces impelling mercantile adaptation elsewhere combined with more deeply rooted behaviors to mitigate against industrial development. Both *Hunt's* articles suggested that one of these behaviors was the lack of "thrift" among southern wealthholders, planters and merchants alike. Their extravagant personal spending, in this widely circulated view, ran contrary to the careful savings habits typical of self-abnegating industrial entrepreneurs. Copious anecdotal evidence seems to confirm the widespread existence of "conspicuous consumption" by antebellum southern elites, and historians have debated whether such spending helps prove that slaveholders behaved "irrationally" in economic terms. In New Orleans, merchants spent widely on everything from hand-tailored clothes and fine imported spirits to brougham carriages and the high-bred horses that pulled them, all of which served as outward signifiers of their standing in the city's highly stratified commercial environment. Even the previously noted tendency of merchants to invest in slaves and real estate partly reflected the crucial social function of such spending. No well-heeled mercantile family could do without several domestic servants, and their homes were the most expensively constructed and furnished in the city. For example, although James Robb preached the industrial gospel, his spending habits rivalled those of any plantation grandee. His home was valued at \$100,000, and he appointed it with one of the largest private collections of art in the nation.³³

³³ Evans, "James Robb," 245-46. The question of conspicuous consumption was an important sidebar to older historiographical debates over the profitability of slavery; see Eugene D. Genovese, *The Political Economy of Slavery: Studies in the Economy and Society of the Slave South* (New York, 1965), esp. pp. 130, 158, 283; Jane H. Pease, "A Note on Patterns of Conspicuous Consumption among Seaboard Planters, 1820-1860," *Journal of Southern History* 35 (August 1969), 381-93; Gavin Wright, "New and Old Views on the Economics of Slavery," *Journal of Economic History* 33 (June 1973), 452-66, esp. 459; and Fred

Such profligate spending was by no means irrational when viewed in the performative context in which elite New Orleanians defined themselves and one another. Indeed, the normativity of this behavior helps explain the intense stigma attached to those who refused to participate in it, like the miserly millionaire John McDonogh. As historian J. G. A. Pocock has suggested in an English context, merchants' outward displays of wealth seem to have reflected southerners' devotion to older, classically derived ideals in which property was "the basis of social personality" and its possession denoted civic virtue and rightful authority. The essentially political nature of elite consumption in the Old South is further highlighted by other forms of spending that were less overtly pecuniary. The sociologist Thorstein Veblen recognized that forms of "conspicuous leisure" were especially common in slave societies, in which time itself was a commodity to be "spent" by gentlemen relieved of the need to labor. Merchant capitalists like Robb whiled away the hours together in exclusive private associations such as the Boston Club, but their more visible activities, from horse-racing to debutante balls, received a great amount of attention in the local press and thereby helped to publicly establish and maintain their reputations. Banker Samuel J. Peters, grasping opportunist that he was, nevertheless devoted "an inordinate amount of time," according to one historian, to organizing his busy social calendar. During the late 1850s his fellow American merchant elites poured enormous effort into the newly organized Mystic Krewe of Comus, by

Bateman and Thomas Weiss, *A Deplorable Scarcity: The Failure of Industrialization in the Slave Economy* (Chapel Hill, 1981), 158–63. On domestic slaves as such a form of consumption, see Pease, "Patterns of Conspicuous Consumption," 389.

which they refashioned the raucous Creole-Catholic festival of Mardi Gras into a popular theatrical platform for the display of their wealth and prestige.³⁴

Some economic critiques of slavery shaded further toward the realm of moral judgment by implying that slaveholders' conspicuous consumption was a sign of their decadence as a class. They were probably on firmer ground, however, by sticking to the consequences that such spending had on the capital resources available to wealthy southerners. Yet even in this sense, money or time thus spent was actually just another form of conservative investment—in one's personal status—and as such, it could pay handsome dividends in the highly exaggerated social context that shaped economic life in antebellum New Orleans. Such investments were not within everyone's means, though. Small businessmen often found that they did not have the resources to compete on both the social and commercial planes, however intertwined they were. As one New Orleans merchant, J. M. Ellis, wrote to his sister in 1847, "The fact is, I do not go into society here . . . because my business will not allow to the expenses attending it."³⁵

Still, most successful merchants devoted careful and costly attention to cultivating their social standing, in large part because of the commercial benefits that followed. One important advantage of acceptance in high society was greater access to "inside"

³⁴ Reinders, *End of an Era*, 153–61; Clark, "New Orleans and the River," 123 (quotation); Stuart O. Landry, *History of the Boston Club* (New Orleans, 1938). On conspicuous leisure in slave societies see Thorstein Veblen, *The Theory of the Leisure Class: An Economic Study of Institutions* (1899; repr., New York, 1953), 29–30, 74–76; cf. Mark M. Smith, *Mastered by the Clock: Time, Slavery, and Freedom in the American South* (Chapel Hill, 1997). J. G. A. Pocock, "The Mobility of Property and the Rise of Eighteenth-Century Sociology," in Pocock, *Virtue, Commerce, and History* (Cambridge, Eng., and other cities, 1985), 103–23 (quotation on p. 119). On the performative nature of elite consumption in the Old South, see Rhys Isaac, "Ethnographic Method in History: An Action Approach," in *Material Life in America, 1600–1860*, ed. Robert Blair St. George (Boston, 1988), 53–54.

³⁵ J. M. Ellis to Mrs. Samuel T. Tisdale, February 14, 1847, in Ellis Papers (Mss 1363, LLMVC). An excellent point of comparison is the similar shared business culture in Great Britain described in P. J. Cain and A. G. Hopkins, "Gentlemanly Capitalism and British Expansion Overseas I: The Old Colonial System, 1688–1850," *Economic History Review* 2d ser., 39 (November 1986), 501–25, esp. 508–9. See also Leonard P. Curry, "Urbanization and Urbanism in the Old South: A Comparative View," *Journal of Southern History* 40 (February 1974), 43–60.

information, the possession of which could often determine success or failure in commodities trading. Well-regarded merchants could rely not only on their city contacts but also on their clients in the countryside for important insights, such as the size and condition of impending crops. For those placed lower on the commercial ladder, like Ellis, the city's coffee-houses were always rife with rumor, and the 1854 municipal census also indicated that at least a half-dozen "intelligence offices" in New Orleans sold market information to help guide traders in crucial decisions about whether to hold out for better prices or bail out before a general decline. In either case, the exchange-oriented nature of merchant capital made its fortunes vitally dependent on reliable market information, more so than the profits generated largely internally by industrial production. Of course, all such information could be subject to shrewd manipulation or simply mistaken. One observer complained in 1852 about widespread injuries to profits caused by such "false reports," arguing that everyone would benefit "if greater steadiness could be given to [cotton] prices" through better information. The advent of telegraphic connections between New Orleans and New York in the early 1850s did little to solve informational uncertainties about future crop supplies, although on the demand side, it helped dampen national spot-market price fluctuations considerably. However, information from critical overseas markets, especially those in Liverpool, was still greatly delayed: regular transatlantic telegraphic service was not established until after the Civil War. Furthermore, merchants were slow to fully embrace the still-developing new communications technology. Among other problems, cost prohibitions usually made telegraphic correspondence too brief to allow for the fully detailed reports on market conditions that merchants preferred, and the nature of their mediation by poorly paid (that

is, eminently corruptible) agent-operators also caused these messages to be widely distrusted by many businessmen.³⁶

Resistance to communications improvements was just one more aspect of the seemingly willful isolation of Crescent City merchant capitalists from national trends. The best chance of breaking down the self-constructed barriers that inhibited industrial development in the southern metropolis, in James Robb's view, came from railroads, which would promote interregional transfers of people, ideas, and capital. "When they multiplied railroads," he declared, "they multiplied industry." Others agreed, seeing railroads as a necessary catalyst for modernizing New Orleans's stagnant economic structure. After regional railroad projects are "consummated," wrote one local editor, then the city would undoubtedly find that "manufactories [are] established, and steamship lines multiplied." Robb, however, especially emphasized the importance of reconnecting the South with the West. The railroad would certainly help the city to "reclaim our fugitive trade" with that region, but he also promised wider economic benefits to facilitating the longitudinal flow of population between the upper Mississippi and Ohio Valleys and New Orleans. Not only would "the teeming valleys of the West . . . seek here the articles of necessity and luxury that they require," but he believed that the ease of railroad travel would create "strong inducements which do not now exist to locate here permanently, and our population will acquire a stable character."³⁷

³⁶ Milne, *Trade and Traders in Mid-Victorian Liverpool*, 129–30; Richard B. DuBoff, "The Telegraph and the Structure of Markets in the United States, 1845–1890," in *Commercial and Financial Services*, ed. R. W. Michie (Oxford, Eng., 1994), 254–58; "The Telegraph, Part 2," *De Bow's Review* 16 (February 1854), 168; C. F. McCay, "The Cotton Trade of the South" (1852), repr. in *Cotton and the Growth of the American Economy, 1790–1860: Sources and Readings*, ed. Stuart Bruchey (New York and other cities, 1967), 200 (quotation); New Orleans Census of Merchants, 1854.

³⁷ Robb, "Condition of Things in New Orleans," 79; *New Orleans News-Letter and General Weekly Review*, September 14, 1850.

In order to prove whether Robb's sanguine contentions about the power of the railroad to transform and improve the local and regional economies were correct, however, the project currently under consideration first had to be successfully funded and constructed. This in itself would constitute a decisive test of the willingness of Crescent City and Louisiana wealthholders to make the necessary financial sacrifices and patiently shepherd the New Orleans, Jackson, & Great Northern Railroad through to completion. Perhaps not surprisingly, this was a test that they failed. This failure was not the fault of James Robb, who worked tirelessly for the next several years on behalf of the project. He enjoyed some early successes with regard to political reforms that he considered crucial to the railroad's completion. After getting himself elected to the state legislature in late 1851, Robb began his term the following January by overseeing the rapid passage of bills amending statutory limits on corporate capitalization and repealing the 1836 division of New Orleans's government into three municipalities. A new city charter drawn up by Robb was approved by voters later that year, as was a municipal real estate tax of 3 percent for the purposes of funding New Orleans's share of the proposed railroad. In the summer of 1852, despite resurgent accusations of self-interestedness, he also managed the sale in New York of a \$2 million bond issue by the newly consolidated city to refinance old municipal debts. With his political goals thus quickly achieved, Robb resigned his seat in the legislature well before the completion of his term in order to concentrate his efforts on the railroad.³⁸

Things did not go smoothly thereafter. For one thing, it proved an uphill battle to secure parish-by-parish approval of similar real estate taxes to fund the railroad. As

³⁸ Evans, "James Robb," 186-89, 194-95, 227.

expected, many rural landowners accustomed to using the river proved skeptical of expensive and "socialistic" legislation that seemed mainly to benefit New Orleans-based interests. Also complicating matters were numerous difficulties in obtaining the promised funds from the municipal real estate tax. Not only had approval of the tax been secured by staggering its collection incrementally over several years, but the sudden local enthusiasm for railroads had actually diluted the capital pool further by directing that the same tax be used to fund the simultaneous construction of an east-west line running through the sugar parishes and ultimately into the booming Texas market. Robb diplomatically offered his public support for this project, which was spearheaded by the powerful New Orleans factor and sugar planter Maunsel White, but he surely saw it as unwise overextension of available resources. In any case, the railroad's problems were just beginning, as would be reflected in Robb's frequent public comments over the coming years. Logistical problems in constructing the railroad over the swampy, unforgiving terrain slowed construction and caused frequent cost overruns, which gave ammunition to the project's critics and dampened the enthusiasm of its earlier supporters. As a result, a variety of political difficulties also gradually began to hinder the railroad's momentum. Legislatures in Mississippi and Tennessee had to be prodded to offer financial support for the line running through their territory. In New Orleans, political opponents of the project did not find it either difficult or unpopular to contrive various ways to postpone collection of the municipal real estate tax. Beginning in 1854, Robb also encountered increasing challenges to his authority from hostile shareholder factions. These internal disputes first led him to resign the presidency of the railroad, then later to withdraw from its board of directors. Robb was finally persuaded to return in 1856, but

by then the project, as he admitted, "was in a condition of supineness," its directors having made "many and serious mistakes." The writing was clearly on the wall.³⁹

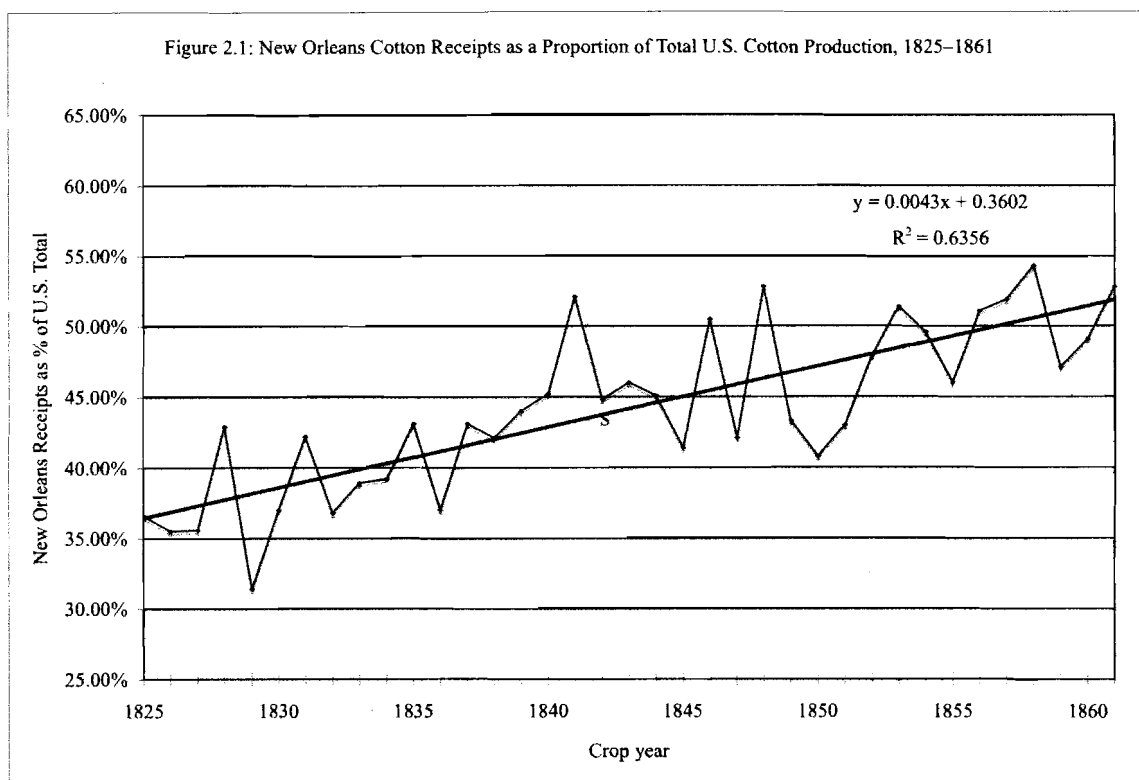
Seven long years after the project's inception in 1851, the railroad finally reached its initial terminus at Jackson, only about 150 miles from New Orleans. It did not make it out of Mississippi before the Civil War. Robb himself, disgusted with the outcome of his efforts and his private banking fortune largely broken up by the Panic of 1857, decamped for Chicago in 1858. By 1860 the project had consumed over \$6 million, more than three times its originally estimated capitalization. Less than a fifth of that capital came from the subscriptions of private shareholders, with government funds making up nearly all of the difference. In the end, Robb's compelling vision of restoring close ties with the rapidly developing West and thereby refashioning the Crescent City's commercial economy came to naught. In retrospect, a minor incident in 1854 seemed to encapsulate the railroad's doomed fortunes. A short publicity excursion organized for a trainload of railroad officials and public dignitaries, including Robb and Louisiana governor Paul O. Hebert, was left embarrassingly stranded out in the city's swampy hinterlands when the locomotive jumped off the tracks after hitting a cow. The collision between agriculture and industry in the Deep South had produced a pyrrhic victory for the former. Only if their train had been derailed instead by a cotton bale dropped from a slave-driven wagon could the symbolism have been more apt.⁴⁰

³⁹ James Robb, "Railroad System of the Southwest," *De Bow's Review* 21 (August 1856), 121-25 (quotations on pp. 121, 124). This article was a reprint of a letter from Robb to Louisiana governor Robert C. Wickliffe. See also Robb, "Condition and Prospects of New Orleans, and What She Must Do for Railroads," *De Bow's Review* 12 (May 1852), 543-51. Reed, *New Orleans and the Railroads*, 95-107; Evans, "James Robb," 227-28, 231-43.

⁴⁰ *New Orleans Daily Delta*, December 14, 1854; Reed, *New Orleans and the Railroads*, 106; Evans, "James Robb," 248-50.

Hoist on the petard of their own contradictions with an increasingly isolated slave society that encouraged an odd combination of conservative and opportunistic strategies for capital accumulation and deployment, most of the hopes of men like Robb for vigorous industrial development, infrastructural improvements, and institutional reforms had clearly faded well before the advent of the Civil War. In New Orleans such will-o'-the-wisps were largely dispersed within the complacent, self-congratulatory atmosphere of prosperity during the 1850s, which was when the Crescent City truly enjoyed its own "Great Barbecue," to borrow Vernon Louis Parrington's description of the nation's later Gilded Age. Cotton prices stabilized and remained at over ten cents per pound throughout the decade. These relatively high prices also proved remarkably inelastic in light of the continued rapid growth of southern cotton production. Total annual crop output never fell below two million bales during the 1850s, and it hovered at or over three million bales throughout most of these years. Moreover, despite all the well-publicized complaints against the port and its merchants, New Orleans nevertheless still remained the chief southern market and export point for cotton, as it had for the entire antebellum period. The city's annual receipts of cotton averaged over half of all regional production throughout the decade, and furthermore, these receipts represented a proportion of total production that had exhibited a steady growth trend since the 1820s (Figure 2.1).⁴¹

⁴¹ Cotton price and production data are drawn from E. J. Donnell, *Chronological and Statistical History of Cotton* (1872; repr., Wilmington, Del., 1973).



SOURCE: E. J. Donnell, *Chronological and Statistical History of Cotton* (1872; repr., Wilmington, Del., 1973). The author gratefully acknowledges the help of Donald Parker of Randolph, Mass., with this graphic, particularly the least-squares correlation method on which the trendline is based.

Given the general level of cotton-fueled prosperity in New Orleans during the 1850s, the reluctance of the city's merchant capitalists to tamper with what did not seem broken is perhaps slightly more understandable. However, it has proven too easy for many historians to confuse the armchair exhortations of editors like J. D. B. De Bow, or the determined efforts of a handful of visionary merchant capitalists like James Robb, with the meager results that such men were actually able to obtain. Historian Jonathan D. Wells, for example, has recently relied heavily on Whiggish public rhetoric to argue that a commercial and professional "middle class" in New Orleans and other cities was on the brink of achieving a thoroughgoing reform of southern society that aped the manners, morals, and capitalist strategies of free-labor society in the North. But as historian Larry Schweikart has recognized, "spokesmen for industrialism . . . such as James Robb, were

peculiar to the overall intellectual climate” of the Old South. While it is true that propaganda favoring railroads and other improvements was fairly common in New Orleans and the South during the 1850s, even if such verbiage had been worth its weight in gold, it remains doubtful whether merchant capitalists (or planters) would have rushed to invest their surplus bounty in the preferred manner. Certainly, the statistics on southern industrial development during the antebellum era do not reflect any such trend (despite Wells’ misleading attempts to portray them as such), and it would have been uncharacteristic of the historical investment patterns of merchant capital had they done so. Instead, merchants put their wealth back into commodity speculations, or conspicuous consumption, slaves, and real estate—but not into manufacturing, nor into railroads.⁴²

Mercantile satisfaction with the economic status quo was also reflected in their lackluster participation in antebellum politics. In his classic study of nineteenth-century Louisiana, Roger W. Shugg contended that Crescent City gentleman merchants, allied with large planters, usually dominated state and local governments, especially before the Civil War. But in fact, historian John M. Sacher has recently shown that merchants never constituted more than 5 percent of state legislators from the 1820s through the secession crisis of 1860. Even the most reform-minded of them shied away from sustained political commitments, generally preferring to assume the kingmaker role from the comfort of their social clubs. James Robb himself attained public offices on several occasions during his career in Louisiana, typically keeping them just long enough to achieve his

⁴² Larry Schweikart, *Banking in the American South from the Age of Jackson to Reconstruction* (Baton Rouge, 1987), 251 (quotation); Wells, *Origins of the Southern Middle Class*, 14–15 and *passim*. To support his contention that industrialization and urbanization were rapidly transforming the antebellum South, Wells employs the old economists’ illusion of showing high growth rates based on expansion from a very low base figure; *ibid.*, 164–70. For criticism of this approach see Peter A. Coclanis and Scott Marler, “The Economics of Reconstruction,” in *A Companion to the Civil War and Reconstruction*, ed. Lacy K. Ford (Malden, Mass., 2005), 346; and for a more sustained critique of Wells’ book, see Scott P. Marler, “Stuck in the Middle (Class) with You,” *Historical Methods* 39 (Fall 2006), 154–58.

momentary policy goals before resigning. After the passage of the pro-business state constitution of 1852, Robb was one of several prominent Whig businessmen who declined to stand for office, leading one New Orleans newspaper to complain that it was difficult to find “capable gentlemen willing . . . to surrender their business avocations in the behests of party.” Their withdrawal left the field open for the further consolidation of political power in New Orleans and Louisiana in the hands of “machine” bosses like Democratic Party kingpin John Slidell (with whom Robb had a cozy relationship). Although city merchants would carp incessantly about the factionalism, corruption, and “mob rule” that characterized the often-violent political scene in New Orleans during the 1850s, they had helped create the conditions that made it possible. Furthermore, despite their increasingly anachronistic attachment to activist state commercial policies as typified by the fast-collapsing Whig Party, New Orleans merchants provided lukewarm support at best toward the sorts of taxes, particularly on property, that were necessary for capital-intensive public improvement projects.⁴³

It is important, however, to note one arena in which New Orleans merchants were quite politically active during the antebellum era: their frequent sympathy and deep entanglement with a wide variety of overseas adventures, especially in Latin America and the Caribbean, but also on the Pacific rim. Prominent New Orleans Whigs and Democrats alike provided crucial support for several expeditions to Cuba, Mexico, and Central America during these years. Indeed, the propriety of such interventionism was one of the

⁴³ Reinders, *End of an Era*, 58–59; Leon Cyprian Soulé, *The Know Nothing Party in New Orleans: A Reappraisal* (Baton Rouge, 1961), 40–48, 94–102. *New Orleans Bee*, November 26, 1852, quoted in John M. Sacher, *A Perfect War of Politics: Parties, Politicians, and Democracy in Louisiana, 1824–1861* (Baton Rouge, 2003), 226; *ibid.*, 211–12, 225, 230; see also Tregle, *Louisiana in the Age of Jackson*, 73. Roger W. Shugg, *Origins of Class Struggle in Louisiana: A Social History of White Farmers and Laborers during Slavery and After* (1939; rpt., Baton Rouge, 1968), chap. 5, esp. 138–41.

few matters on which the city's oft-divided Creole and American merchants could agree. Although their support made little economic sense to outsiders, the proposed U.S. annexation of Cuba was heavily favored among Louisiana sugar planters and the Creole merchants closely allied to them. The Boston Club, home to the city's Anglo-American commercial elite, proudly trumpeted its members' financial efforts on behalf of the Walker filibuster to Nicaragua in 1857. Even "progressives" like J. D. B. De Bow jumped on the imperialist bandwagon, lured by the expected riches from yet another ill-fated railroad project to be controlled by New Orleans interests, this one across the isthmus of Tehuantepec in Mexico. As historian Robert E. May has pointed out, there was a decided "entrepreneurial aspect" to these efforts, and others have described similar links between merchant capitalism and colonial expansion in British imperial policies. But New Orleans merchants' hyperaggressive support for southern expansionism probably also reflected their peculiar standing in the antebellum southern political economy. Like the similarly belligerent and delusional "King Cotton" perspective that arose in the mid-1850s, the Crescent City's strident cheerleading for imperialist ventures was at least in part an ideological means of compensating for its merchants' widespread unpopularity in the countryside and alleviating the increasing suspicion with which their northern ties were regarded by other southerners.⁴⁴

Such self-indulgent imperialist fantasies also showed that the city's merchants had not yet relinquished their habitual geopolitical ambitions for New Orleans to play a

⁴⁴ Robert F. May, *The Southern Dream of a Caribbean Empire, 1854-1861* (Baton Rouge, 1973), 138-39, 195-99 (quotation on p. 195); "The Central American Question," *De Bow's Review* 21 (August 1856), 125-31; Landry, *History of the Boston Club*, 47-48, 55-56. England's Lord Palmerston famously declared that "it is the business of government to open and secure roads for the merchant"; as quoted and discussed in Cain and Hopkins, "Gentlemanly Capitalism and British Expansion Overseas, [Part] I," 523. Two examples of contemporary bemusement at Louisiana's support for Cuban annexation are Olmsted, *Cotton Kingdom*, 331-32; and John E. Cairnes, *The Slave Power: Its Character, Career, and Probable Designs* (1862; rpt., Columbia, S.C., 2003), 294-95.

dominant role on the national and global stage. One visitor thus commented in 1858 that the city's outspoken advocacy for Cuban annexation seemed but an outward extension of its elites' long-standing belief in the natural advantages afforded by their gatekeeper role at the base of the Mississippi River system. Yet there was an aura of desperation to merchants' outspoken support of overseas adventurism that belied the ever-shrinking horizons of the city's actual economic influence. Here it helps again to emphasize how important New Orleans's failure to retain an adequate proportion of the western trade was for its long-term role in the urban system of the United States. One of the most serious alterations to the structure of the remaining western trade at New Orleans by the 1850s was that hardly any of the city's grain receipts were now forwarded to Atlantic markets via the coastal trade; most was now retained for local and regional consumption, often simply turned around and shipped back upriver to customers in the plantation districts. Moreover, even in terms of provisioning "their" southern markets, New Orleans merchants now faced intense competition from other cities trying to secure a larger share of interior commerce for themselves. This was true not only of western lake cities like Chicago and Milwaukee; it applied to cities on the border between North and South, like Louisville, Cincinnati, and especially St. Louis. In addition, southern cities like Memphis, Mobile, Galveston, and even Charleston were also aggressively seeking to tap into New Orleans's plantation markets. The gradual shrinking of New Orleans's hinterlands showed the dangers of relying too heavily on the cotton trade to define its commercial territory, especially for a city that still harbored grand pretensions of its role in the world economy.⁴⁵

⁴⁵ On the urban system of nineteenth-century America see Pred, *Urban Growth and City-Systems in the United States*; and William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York, 1991),

Lest too much blame seem to be laid upon merchant capitalists for New Orleans's long-term problems, it should be pointed out that such successful external seizures of the city's previous competitive advantages resulted from factors that were often beyond their control. Similarly, merchants were not responsible for the regional economic milieu in which they were immersed. The foundation of southern wealth on staple-crop agriculture—and thus also on land and slaves—was not so much a situation they created as much as it was one that they inherited and exploited. As James Robb seemed to recognize, the failure of New Orleans merchants to diversify their local economy, particularly through industrialization, reflected a wider socioeconomic context that devalued and discouraged such efforts. Again, older historiography that has fallen somewhat out of fashion would have endorsed Robb's view. Scholars like Eugene D. Genovese, for example, argued convincingly that the scarcity of factory-style production in the Old South reflected a variety of deeply rooted and interwoven influences. In addition to the reasons already discussed in this chapter, there were others, such as elite whites' fears of slave rebellions and racist beliefs in blacks' incompetence, on the one hand, and their distrust of immigrant free labor and its social consequences, on the other.⁴⁶

Lately, however, many historians have seemed more reflexively inclined to find evidence of an amorphous national "market revolution" lurking behind every instance of

esp. chap. 6. Albert Fishlow analyzed the changing composition of New Orleans's antebellum grain trade and its consequences in *American Railroads and the Transformation of the Ante-Bellum Economy* (Cambridge, Mass., 1965), 269–97; see also John G. Clark, *The Grain Trade of the Old Northwest* (Urbana, Ill., 1965), 163–71, 231–36. William Kingsford, *Impressions of the West and South during a Six Weeks' Holiday* (Toronto, 1858), 53.

⁴⁶ Genovese, *Political Economy of Slavery*, esp. chaps. 7–9. For an economic historian's acknowledgment that the institution of slavery suppressed southern industrial development, see Gavin Wright, *The Political Economy of the Cotton South: Households, Markets, and Wealth in the Nineteenth Century* (New York, 1978), 107–20.

careful book-keeping and attention to profits in the Old South; or, as one otherwise excellent recent study of elite slaveholders proclaimed, “Capitalists All!” But such a standpoint is unable to explain either the nagging fact of antebellum southern industrial underdevelopment, or the closely associated apparent reluctance of most regional businessmen to invest a significant portion of their abundant resources in lucrative manufacturing ventures, despite public concessions by well-respected men like James Robb that such enterprises were both desirable and represented the cutting edge of contemporary economic growth. The market revolution thesis and its many popular offshoots tend to gloss over the profound qualitative differences in the composition of northern and southern capital to which Robb had pointed in his 1851 speech, and thus also between the men who deployed this wealth. It seems unusual that scholars who readily acknowledge the many obvious distinctions between types of labor—not only between free and slave labor, but *among* these laborers as well—seem so inclined to lump “capitalists” together in one homogeneous mass. Contemporary political economists, from Adam Smith to Karl Marx, certainly recognized the important distinctions appropriate to what the latter called “the division of labor between capitals.” But by obscuring such differences, the market revolution thesis too often allows a convenient label to take the place of careful analysis, and it thereby threatens to undermine even the most tenuous understanding of the contribution of economic factors to the rapidly approaching Civil War.⁴⁷

⁴⁷ Karl Marx, *Capital*, Vol. III, trans. David Fernbach (New York, 1981), 392–93; Smith, *Wealth of Nations*, Book III, chap. 5, “On the Different Employment of Capitals” (pp. 459–75). In his *Masters of the Big House: Elite Slaveholders of the Mid-Nineteenth Century South* (Baton Rouge, 2003), William Kauffman Scarborough titles his chapter on the non-plantation economic interests of 300-plus largest southern slaveholders “Capitalists All!” He might have more accurately called it “Capitalists Few,” since by his own admission, he could identify such outside interests among only one-fifth of the slaveholders in

Merchants in antebellum New Orleans operated in a shared but isolated business culture that generated enormous wealth despite its manifest shortcomings. The benefits of their monopolistic position in the regional cotton trade masked the changes afoot that threatened their continued prosperity. In the context of the slave society in which they were deeply imbricated, this peculiar market culture discouraged the investment patterns necessary for the city to modernize its economic base, whether through diversifying into industrial enterprises or through buttressing and expanding their trade territory by means of transportation improvements like railroads. The atomized nature of the marketplace over which they presided also mitigated against class cohesion, which prevented merchants from collectively sponsoring other institutional innovations, such as a cotton exchange, that would have improved the city's long-term prospects. Instead, New Orleans merchants continued to rely on their own abilities to profit from short-term market gains within a closed social milieu organized in many ways more by caste than by class.

The persistence of this personalist commercial culture and the highly inefficient markets that resulted from it indicates the depth of New Orleans merchants' conservatism and their commitment to increasingly outmoded forms of business practice. In a market where price swings of only a penny per pound could bring fortune or ruin, it is not hard to see how cotton speculation in New Orleans, with its secrecy and dependence on keen but largely instinctual judgments, resembled the city's notoriously popular culture of gambling writ large. As one visitor noted in 1852, "People [in New Orleans] make bets

his highly intensive study, and even many of these were conservative forms of investment like banking and real estate; see pp. 218–19. Charles Sellers, *The Market Revolution: Jacksonian America, 1815–1846* (New York, 1991). Two influential studies that anticipated Sellers' thesis with regard to the Old South include James Oakes, *Slavery and Freedom: An Interpretation of the Old South* (New York, 1990); and Harry L. Watson, *Liberty and Power: The Politics of Jacksonian America* (New York, 1990).

about the probable rise and fall in the price of cotton, and book them in the same way as a man does his bets on the 'Derby.'" But the Crescent City's merchant capitalist community headed into the Civil War years with this economic deck stacked increasingly against them. The predication of regional wealth on land and slaves, which would soon prove disastrous for New Orleans and the South, also required city merchants to play this game with an avid audience looking closely over their shoulders. This audience consisted not only of the planter clients upon whose agricultural wealth their profits depended, but it also included a growing number of merchants permanently located out in the countryside alongside the plantations. These rural and small-town storeowners were soon to assume great importance in Louisiana's agricultural and commercial economy, and it is to their relationships with city factors and the planters of the antebellum Louisiana countryside that we now turn our attention.⁴⁸

⁴⁸ Sullivan, *Rambles and Scrambles* (1852), quoted in Woodman, *King Cotton*, 27. On the widespread popularity of gambling in antebellum New Orleans see Tregle, *Louisiana in the Age of Jackson*, 21-22.

Chapter 3

Merchant Capitalism in the Antebellum Louisiana Countryside

In the summer of 1860 Dr. Joseph Slemmons Copes, a New Orleans commission merchant and cotton factor, used his hiatus from the city's notorious fever season as an opportunity to attend to his firm's commercial interests scattered throughout the thriving cotton regions of the Red River Valley. Copes's business partner and son-in-law, Harlow J. Phelps, had a brother in Shreveport, Louisiana, who managed a large store and cotton-forwarding business closely allied with their New Orleans house. Shreveport, located along the Red River near the borders with Arkansas and Texas, had earned an increasing reputation as a boomtown for the trade in plantation supplies. As a roving newspaper correspondent for the New Orleans *Crescent*, J. W. Dorr, reported from Shreveport that same year, "the place has gone business mad. . . . There seem to be more stores than residences." The conditions that Copes found among the hundreds of merchants in the valley's interior were just barely less competitive than in Shreveport. Copes, who was also the agent for a northern insurance company, reported with scarcely concealed satisfaction that he had convinced one rural merchant outside Alexandria in central Louisiana to switch from a rival and represent his firm's policies instead. The merchant, Copes noted, was also the area postmaster, a position that put him in regular contact with many potential customers. The marketplace usually rewarded businessmen like Copes who paid such close attention to detail. Earlier in the year, for example, another newly established customer of Copes & Phelps, an enterprising village store owner in Mississippi, had written them to order a few barrels of apples from the produce markets

of New Orleans. Although the young shopkeeper admitted that “there is little or nothing to be made” from selling the fruit, he explained that a strategically placed barrel “draws customers” and therefore “one is enabled sometimes to sell some other articles.” The self-described “novice to the business” had shrewdly intuited the concept of what modern retail management theory would call a “loss leader.”¹

Besides the burgeoning trade of the Red River Valley, Copes & Phelps transacted considerable business in other states. Earlier that year Copes had traveled to Natchez, Mississippi, where he had settled on a new agent to represent their interests in that area’s plantation district. In a letter carried back to New Orleans by his friend, the Presbyterian minister Benjamin M. Palmer, Copes reported that “as I expected, I have to allow a larger commission for receiving and selling stock” in the crowded Natchez market. Still, he wrote, E. B. Baker “does a leading business with planters and is just the man we want.” Of special importance was Baker’s willingness to serve as a conduit for sales of “Speer’s Iron Hoops” for baling cotton. Although Copes & Phelps dealt in iron products among the other goods they distributed to the interior from New Orleans, they were the exclusive southern agents for this particular brand of clasp. Despite their involvement in ongoing patent litigation faced by its Pennsylvania inventor, sales of the clasp to planters in the Red River Valley through their allied Shreveport house had been quite lucrative, and Copes now hoped to tap the potential of the even-wealthier Natchez district.²

¹ N. B. Kelsey (Brookhaven, Mississippi), to Copes & Phelps, January, 11, 18, 1860, in Joseph Slemmons Copes Papers, Box 6 (MSS 733; Howard-Tilton Memorial Library, Tulane University, New Orleans, La.; hereinafter cited as Copes Papers, HTML-Tulane); Copes to Harlow J. Phelps, June 28, 1860, in *ibid.*; J. W. Dorr, “A Tourist’s Description of Louisiana in 1860,” ed. Walter Prichard, *Louisiana Historical Quarterly* 21 (October 1938), 1176 (quotation).

² Harlow J. Phelps to Copes, April 28, 30, 1860; Copes to Harlow J. Phelps, May 5, 1860 (quotations), Box 6, Copes Papers. On small-town merchants in antebellum Mississippi, see John Hebron Moore, *The Emergence of the Cotton Kingdom in the Old Southwest: Mississippi, 1770–1860* (Baton Rouge, 1988), 238–42.

Joseph Slemmons Copes's various activities during that busy summer shows him to be a good example of an older type of American merchant capitalist: the "all-purpose" merchant who dealt in a wide range of goods, from local truck-farm crops to manufactured products from distant markets. Although the rapid growth of industrial production had caused an increasing degree of functional specialization that was making such merchants obsolete in the antebellum North, different conditions still obtained in the preindustrial South. Besides selling goods to his plantation clients in the land-locked interior, Copes also marketed their staple crops and furnished them with seasonal credit. The various services that Copes provided to his rural clientele as their "factor" (a term that originated in the late Middle Ages)—along with his agency for a New York-based insurance company, Speer's northern-made iron hoops, and his network of formal and informal agents of his own—all embodied the range of entrepreneurial practices that business historian N. S. B. Gras called "the most distinctive feature of mercantile capitalism."³

Since businessmen like Copes usually operated out of coastal entrepôts such as New Orleans, they have also frequently been called "sedentary" merchants, even though his travels that summer seem to belie that adjective. In fact, Copes's activities in the interior reaches of New Orleans's commercial hinterlands during the summer of 1860 were exceptionally aggressive. Copes was an ambitious mid-level commission merchant (another term largely interchangeable with *factor*), and increasingly competitive

³ N. S. B. Gras, *Business and Capitalism: An Introduction to Business History* (New York, 1939), 117 (quotation); see also Harold D. Woodman, *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800-1925* (Lexington, Ky., 1968), 6-14. On the "all-purpose" merchants of the northeastern seaboard see Bernard Bailyn, *The New England Merchants in the Seventeenth Century* (1955; repr., New York, 1964); and on their declining importance see Glenn Porter and Harold C. Livesay, *Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing* (1971; repr., Chicago, 1989), 15-22.

conditions in Crescent City commodities markets prompted him to actively seek out new customers in the southern countryside. (Copes also speculated heavily in real estate, especially in eastern Texas.) Furthermore, businessmen in other regional cities like Memphis, Mobile, and Galveston were also establishing new relationships with planters in the fast-growing cotton regions of the Southwest, which the convenience of Mississippi River transport had long made tributary to New Orleans markets. Joseph Copes's assertive efforts to cultivate commercial relationships in the Red River Valley and the Natchez district during the summer of 1860 reflected in part the steady encroachment of these other mercantile communities on a southern trade to which, as one observer had put it in 1852, "the merchants of New Orleans formerly supposed they had a prescriptive right."⁴

Nevertheless, some aspects of New Orleans's dominance of the regional plantation trade still appeared secure, especially with regard to provisioning goods on credit. Many large plantation owners in the lower South had foresworn self-sufficiency during the boom years of the 1850s to concentrate on increasing their cotton production, a choice that left them dependent on their city factors for many supplies. New Orleans merchant J. B. Gribble noted the consequences of this trend in an article in *De Bow's Review*. "The great crop of 1859-60 was made too much at the expense of corn, etc.," he wrote, "the scarcity of which has had so important a share in bringing about the large indebtedness of our planting community" to city merchants. Some planters sought to reduce their costs for such goods by making semi-annual shopping expeditions to New Orleans, as did one Arkansas planter in the spring of 1853. Such journeys were arduous

⁴ [Israel D. Andrews], *Report of Israel D. Andrews on the Trade and Commerce of the British North American Colonies, and Upon the Trade of the Great Lakes and Rivers*, Senate Executive Document No. 112 (32 Cong., 1st Sess.) (Washington, D.C., 1853), 343 (quotation).

and time-consuming, however, and most large interior planters therefore continued to find it more efficient to rely mainly on the credit and provisions available to them through the city factors who oversaw the marketing of their crops.⁵

For their part, Crescent City factors did their best to maintain such reciprocal relations of economic dependence by taking great pains to attend to the needs of their established plantation customers, many of whom could often be demanding and difficult. The prominent city merchant Glendy Burke, though himself probably a millionaire, personally reviewed even the most minor requests from his firm's clients in the interior. One wrote to him in 1857 politely asking that Burke provide his son with 120 dollars "to enable him to enter the Law School in your city," and the tone of other appeals from his planter-clients were sometimes more peremptory if no less trifling. But Burke also received letters from the interior in which his clients made no attempt to conceal the fact that they were making at least some of their purchases from other sources. Writing from northern Louisiana in 1851, planter Abraham Kelly breathlessly informed Burke that one of his local creditors was "very anxious" to be repaid, and thus he hoped that the

⁵ Horace Adams, ed., "Arkansas Traveler, 1852-1853: The Diary of John W. Brown," *Journal of Southern History* 4 (August 1938), 381-83. J. B. Gribble, "The Cotton Interest, and Its Relation to the Present Crisis," *De Bow's Review* 32 (March/April 1862), 282 (quotation). Some economic historians, such as Robert E. Gallman and Gavin Wright, have questioned the conventional wisdom that large southern plantations became steadily less self-sufficient during the late antebellum era. Besides the overwhelming weight of anecdotal and other evidence that runs counter to their econometrically-derived views, however, several objections to their arguments suggest themselves. For one thing, their studies focus entirely on self-sufficiency in foodstuffs, which leaves open to question the wide range of other important necessities that could have been artisanally produced on plantations, such as soap or candles, but increasingly were not, since such items had become readily available at low cost through factors and local merchants, thus making it more economically feasible to devote slave-labor resources to cash-crop production. But even with regard to foodstuffs, their arguments are subject to dispute. Dependence on outside sources for food varied widely within the South, but generally speaking, southwestern plantations with ready access to Mississippi River-supplied markets—most notably in New Orleans—frequently found it more cost-efficient to rely on purchased supplies than to shift labor into food production. Even Gallman's own evidence seems to bear out these significant intraregional differences, as he found that "unsuccessful" corn-producing plantations in Louisiana outnumbered self-sufficient ones by a 2:1 ratio in 1860. Gallman, "Self-Sufficiency in the Cotton Economy of the Antebellum South," *Agricultural History* 44 (January 1970), 5-23, esp. Table 7; Gavin Wright, *The Political Economy of the Cotton South: Households, Markets, and Wealth in the Nineteenth Century* (New York, 1978), 57-74.

proceeds from the recent sale of his cotton crop would be "forward[ed] as soon as possible" to him by his New Orleans factors.⁶

Kelly's letter, like the 1860 travels of J. W. Dorr and Joseph Copes, revealed another source of competition for the interior trade that had long been dominated by New Orleans merchants: the hundreds of small-town and rural stores that increasingly dotted the Louisiana countryside. As early as 1840 there were already nearly six hundred stores in the state outside of New Orleans, and their numbers grew further during the decades before the Civil War. These "country stores" often competed with New Orleans firms by offering a wide range of merchandise for local inspection and sale, but more worrisomely, many of these stores were not satisfied to serve as mere retail outlets. Instead, the merchants who owned them sought with growing success to make inroads on the other two long-standing prerogatives of Crescent City commercial houses: credit provisioning and crop marketing. One such store located in the far north-central portion of the state, Bond & Rogers, sent an unsolicited letter to Burke in 1857 that frankly expressed these intentions. "We wish you to lend us fifteen hundred dollars for the purpose of advancing on cotton," W. H. Rogers stated bluntly. Though he warned Burke that "strong efforts are being made to control cotton at this point—now, by merchants of your city," Rogers felt that his store's "prospects are bright, if we can get and keep means." But despite his application for a portion of Burke's abundant capital, the storekeeper's attitude was scarcely deferential toward the near-legendary Crescent City

⁶ Abraham Kelly to G. Burke & Co., February 16, 1851, in Cotton Trade Series, No. 1 (G. Burke & Co.), (Special Collections, Howard-Tilton Memorial Library, Tulane University, New Orleans, La.; hereinafter cited as HTML-Tulane). John Burrus, a planter near Shreveport, had also written to Burke the same month as Abraham Kelly asking his factor to promptly forward the funds from his cotton sales, because "I am in much need of the proceeds to settle up my little accounts . . ." Burrus to G. Burke & Co., February 11, 1851, in *ibid.* See also E. Archinand to G. Burke & Co., October 20, 1857; and C. G. Dahlgren to G. Burke & Co., November 3, 1851, both in *ibid.* On Glendy Burke see "Gallery of Industry and Enterprise: Glendy Burke, of New-Orleans, Merchant," *De Bow's Review* 11 (August 1851), 218–20.

gentleman-merchant. "We do not think you should charge us the [2.5] per cent for advancing the money," Rogers insisted, "but of course we are willing to pay the usual interest. . . . Please attend to us immediately." Burke's scrawled notation for the benefit of his clerks to this rather haughty request was terse but compliant: "Accepted."⁷

The important role played by the rural furnishing merchant in the post-Civil War South has long been appreciated by historians, but during the antebellum period, the tendency has been to downplay southern country stores as either primitive trading posts or mere "appendages" of the city-based factorage system. It is true that such stores increased in both numbers and socioeconomic significance after the war, and it is also the case that some antebellum stores served as rural representatives for particular New Orleans firms, as in the relationship of Copes & Phelps with the store in Shreveport. But as Bond & Rogers' letter to Glendy Burke seems to indicate, even when interior store owners solicited financial support from New Orleans houses, they often entered into such agreements with a keen eye on their own bottom lines. Moreover, most stores in the Louisiana countryside were not agents for city merchants at all but were operated instead as independent entrepreneurial ventures. To the extent that their owners entered into marketing arrangements with favored New Orleans firms (say, forwarding all the cotton they accumulated to a given Crescent City commission house for resale), they typically did so without any cession of control over their daily operations, such as inventory maintenance, much less any formal division of or direct access to their profits. Such antebellum country store owners' relationships with city merchants were freely

⁷ Bond & Rogers (Trenton, La.) to G. Burke & Co., October 27, 1857, in Cotton Trade Series, No. 1 (HTML-Tulane). The 1840 national census enumerated the number of stores in the United States, but unfortunately, this effort was not repeated in subsequent censuses; *Sixth Census of the United States*, Vol. 3 (Washington, D.C., 1841), 241 (Louisiana data). See also the discussion in Lewis E. Atherton, *The Southern Country Store, 1800-1860* (Baton Rouge, 1949), 41-42.

contracted and nonsubordinate, and thus more akin to those between planters and factors than those between employee and employer.⁸

This chapter will examine some of the ways that antebellum merchants in rural and small-town Louisiana acted independently of New Orleans commercial interests and thereby paved a path for their increased importance after emancipation and the postwar breakup of the plantation system. These antebellum stores made a wide range of merchandise locally available to planters and their families. More importantly, the merchants who owned them often acted as the "small farmers' factor" by providing goods, credit, and marketing services for yeomen households whose crop production was too small to merit the attention of powerful New Orleans commission firms, but whose collective output represented a lucrative and growing share of southern agriculture. Just as after the war, these stores played a pivotal social role in their communities, perhaps second only to churches as gathering places for the thinly populated countryside, and the degree to which they were operated as kin- and ethnoculturally based ventures also prefigured postbellum trends. Country merchants experienced a fairly high degree of social mobility before the war as well. Although store owners were often distrusted for their "sharp" business practices, they nevertheless frequently became prominent figures in local society and politics, in part simply by virtue of their high community profiles. Many were also able to accumulate impressive wealth, and they usually deployed it in a

⁸ The only monographic treatment of rural merchants in the antebellum South is Atherton, *Southern Country Store*, a fine study published in 1949 that has long been out of print. Harold D. Woodman paid little attention to prewar stores in his *King Cotton and His Retainers* (see esp. chap. 13 and pp. 190-92), which led Ronald L. F. Davis to comment that "Woodman and Atherton seem to disagree on the extent to which the [antebellum] store served as an appendage of the factorage system"; Davis, "The Southern Merchant: A Perennial Source of Discontent," in *The Southern Enigma: Essays on Race, Class, and Folk Culture*, eds. Walter J. Fraser Jr. and Winfred B. Moore Jr. (Westport, Conn., 1983), 140 n.15. Woodman does admit, however, that the postbellum "furnishing merchant system was heavily freighted with remnants of the antebellum South . . ."; Woodman, *King Cotton*, 296.

manner redolent of the conservative investment patterns of their larger mercantile brethren in the city, placing much of their capital in land and slaves. However, mobility was a double-edged sword: as with most family-based small businesses, failures were common and sometimes sudden. Finally, stores in the antebellum Louisiana countryside were not as few in numbers as most previous historiography would lead one to expect. In fact, as will be at greater length in Chapter 9, quite a few antebellum stores were able to make it across the war intact, and some of these stores even flourished spectacularly during and after Reconstruction.

On the eve of the Civil War, merchant Samuel Henarie owned and operated one of the most successful general stores in Alexandria, Louisiana, a bustling frontier town of about 1,300 people on the Red River. A traveling correspondent for the New Orleans *Crescent* identified Henarie as one of the “principal dealers of the town” in 1860, and his judgment seems confirmed by the frequency and number of Henarie’s advertisements in the local press. These ads also show that Henarie’s store was replete with an abundance of merchandise. In addition to offering for sale a wide range of groceries and dry goods, his store stocked everything from carpeting and cradles to saddles and scythes. But much of Henarie’s business seems to have been geared to supplying the immediate workaday needs of farmers and planters in the surrounding area. His stock of “Plantation Goods” included “bagging, rope, and twine” for baling cotton to low-grade “Linseys and Kerseys,” fabrics for making clothing for slaves, as well as “a fine lot of Negro shoes at \$18 per dozen.” A significant portion of Henarie’s retail trade was thus tailored to the needs of the expanding cotton economy in Rapides Parish.⁹

⁹ Dorr, “Tourist’s Description of Louisiana in 1860,” 1156; [Alexandria] *Louisiana Democrat*, July 13, 1859. On the history of antebellum Rapides Parish see Sue Eakin, *Rapides Parish: An Illustrated History*

Henarie attempted to make himself a player in the regional cotton trade in other ways. He offered to buy cotton from local producers "at the New Orleans quotations, one cent per pound off," a flat rate which probably represented a return of approximately 8 to 15 percent upon resale (market prices for cotton during the period hovered in the range of ten cents per pound), depending on how shrewdly Henarie could withhold his consignments to coastal factors in expectation of the optimally highest market prices for the staple. Not only was Henarie willing to buy cotton on site at current market prices, but he also advertised his eagerness to make "Cash advance[s] for Cotton." However, Henarie's advertisements, usually brimming with information about sundry aspects of his store and its policies, were conspicuously silent as to the rate of interest he charged for either credit sales or cash advances. Historian Lewis Atherton maintained that "farmers were not compelled to pay interest on accounts which were settled within the year" at antebellum southern country stores. Yet even given the assumption that many "cash" loans may have been made in the form of in-house credits, Atherton admitted that farmers' accounts still "reflected whatever interest charges storekeepers had to meet in wholesale centers," which were usually about 6 to 8 percent on invoices over six months. Furthermore, this surcharge would have been tacked on to the "extremely high" markups already built into retail prices, which were often in the range of 100 percent or more.¹⁰

Yet it seems reasonable to assume that Henarie would have expected to see some return on his offer of cash credit, especially in light of the risk entailed in making such

(Northridge, Ca., 1987). A report in the August 24, 1859, issue of the *Louisiana Democrat* broke down Alexandria's population as follows: 756 whites, 410 slaves, and 110 free blacks. Portions of this chapter have been revised from my previously published article "Merchants in the Transition to a New South: Central Louisiana, 1840-1880," *Louisiana History* 42 (Spring 2001), 165-92.

¹⁰ Atherton, *Southern Country Store*, 120, 170-71, esp. n.56; [Alexandria] *Louisiana Democrat*, July 13, 1859. On retail price markups during the antebellum period see Theodore F. Marburg, "Income Originating in Trade, 1799-1869," in National Bureau of Economic Research, *Trends in the American Economy in the Nineteenth Century* (Princeton, N.J., 1960), 320-21, esp. n.16.

loans in a precarious agricultural economy, as well as the generally high price of money in the specie-starved South. His customers for these advances on future crop sales were probably mostly small planters and farmers, ones whose operations did not earn much attention from agents of the New Orleans-based commission houses that served as middlemen in the bulk transfer of cotton from larger plantations to distant manufacturing centers. The interest rate for cash advances from Crescent City factors to their preferred plantation customers in Louisiana during the late antebellum period tended to be in the range of 8 to 10 percent, and sometimes higher. By acting as the "farmer's factor," storekeepers like Henarie managed to consolidate enough cotton under their proxy to draw favorable attention from New Orleans commission houses, yet by doing so they too became subject to the factor's commission and shipping charges. The sensible business practice would then be for Henarie to pass these charges along to his customers. Given his penny-per-pound charge on cash purchases of cotton as a benchmark of what he considered a reasonable rate of return on his services (a rate which represented about three to four times the standard 2.5 percent commission charged by factors), a conservative estimate would be that Henarie profited from his cash advances to small farmers and planters for future consignments of cotton by deducting 10 to 25 percent from the eventual sale of the crop as a form of interest.¹¹

¹¹ Woodman, *King Cotton and His Retainers*, 52, 76–83; see also Richard H. Kilbourne Jr., *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish, Louisiana, 1825–1885* (Tuscaloosa and London, 1995), 107–9. Woodman notes that the web of usury laws in antebellum Louisiana limited the maximum allowable interest rate to 10 per cent. But these laws seem to have been applied mostly to banks and the larger commission merchants in New Orleans. Small storekeepers like Henarie probably slipped under the net of these laws with little attention or minor adjustments. In part, this may have been due to the fact that most of these loans to small farmers were probably informally collateralized. The lack of formal security, especially in the case of nonslaveholders, certainly increased Henarie's exposure to the risk of default, but it also allowed him the leeway to boost his interest rates well past the legally allowable maximum; see Woodman, *King Cotton*, 52–54; and Kilbourne, *Debt, Investment, Slaves*, 19–21.

In any case, Samuel Henarie's involvement in gathering and marketing the crop production of small farms in central Louisiana was a common practice among rural merchants in the antebellum South. Even itinerant peddlers often bartered their wares to yeoman households in return for impending crops, which they then would sell in town. Furthermore, Henarie advertised his willingness to sell goods on credit terms to "punctual customers." Although it was a riskier business practice, his devotion to credit sales was typical of many other antebellum country merchants in central Louisiana. Several decades worth of confidential reports filed by local agents for the Mercantile Agency, a New York-based credit reporting firm known after 1859 as R. G. Dun & Co., reflect the ubiquity of credit extension by rural stores before the Civil War, even though the formidable problems of debt collection in a fickle agricultural economy proved to be the financial undoing of many a merchant, both before and after the war. For example, Hugh Keenan of Catahoula Parish co-owned a successful country store twenty miles from the parish seat of Harrisonburg. In 1846 the local Dun agent noted that Keenan and his partner "have a large amount due them, but from the partial failure of the cotton crop they can't collect sufficient to meet their engagements." Although Keenan continued to struggle with his credit collections, he managed to stay afloat through the mid-1850s. Isaac Fleishman was a Jewish merchant of the same parish who, after "peddling for several years," finally accumulated enough money to open a store in Harrisonburg. The agent was initially impressed with Fleishman's small, safe trade, reporting in 1853 that he "sells principally for cash & [I] believe him to be honest as the rest of the tribe." Yet the agent changed his mind about Fleishman after he took on a partner the following year. "They are too anxious to sell," the reporter wrote, and in June 1855 he advised the agency

that “both Jews do a good business, but it is too much on a credit [basis]. . . .” Yet their store remained in business through the outbreak of the war, even as they continued to sell on credit to their rural clientele (on “accomodating terms,” according to one 1857 advertisement). Just as the state was seceding from the Union in January 1861, the agent reported that Fleishman & Conn were still “solvent but hard-pressed & will be so, as they will not be able to collect their debts.” Three months later the local newspaper published notice of an impending sheriff’s sale of land and slaves to satisfy debts held by the firm.¹²

Catahoula Parish was part of the fast-expanding cotton frontier in northern and central Louisiana during the antebellum decades. Bisected on a northwest/southeast axis by the Red River, the rich alluvial lands of the area were relative latecomers to plantation development. The “Great Raft,” a mass of floating debris some seventy miles in length, had long impeded river traffic and slowed regional agricultural development until its removal by engineers under Captain Henry M. Shreve during the Jackson and Van Buren administrations. Although the complex systems of rivers, bayous, and lakes that punctuated the landscape (“an American kind of Netherlands,” as Roger Shugg called it) aided commercial intercourse among the state’s interior regions to some degree, these same natural transportation routes probably helped impede railroad development.

Louisiana would rank last in the South in track mileage in 1860, and the central portion

¹² Harrisonburg *Independent*, April 3, 1861 and September 23, 1857; R. G. Dun & Company Collection, Louisiana, Vol. IV, 1–2 (Baker Library, Harvard Graduate School of Business Administration, Cambridge, Mass.). It is clear from local newspapers that Dun & Co. misspelled Fleishman’s name as “Flashman.” Also, the handwritten transcriptions of field reports in the Dun ledgers rely heavily on standardized abbreviations, which are spelled out without brackets when quoted herein. The Dun ledgers are described at greater length in Appendix A herein; see also James H. Madison, “The Credit Reports of R. G. Dun & Co. as Historical Sources,” *Historical Methods Newsletter* (September 1975), 128–31; and on the history of the Mercantile Agency see Ray A. Foulke, *The Sinews of American Commerce* (New York, 1941); and James D. Norris, *R. G. Dun & Co. 1841–1900: The Development of Credit-Reporting in the Nineteenth Century* (Westport, Conn., and London, 1978). Atherton, *Southern Country Store*, 46–48; [Alexandria] *Louisiana Democrat*, July 13, 1859.

of the state was especially backward in terms of modern transportation infrastructure, despite the fact that it sat squarely on the great "migration highway" that brought a steady flow of settlers westward to Texas.¹³

Louisiana's social structure displayed great disparities of wealth in the antebellum period, which was most immediately apparent in the large concentrations of slaves in the eastern parishes bordering the Mississippi River, as well as in the sugar-producing region in the southern part of the state. Median slaveholding in the state was 49.3 in 1860, which was over double the southern average of 23, yet well over two-thirds of the state's free whites were non-slaveholders. These patterns of concentrated wealth were duplicated in the interior parishes. In Rapides Parish, for example, there were over 15,000 slaves to about 10,000 free whites, according to the 1860 census. Yet of nearly 1,800 free families, less than a third were slaveholders, and of these, just over a hundred owned fifty slaves or more. As J. W. Dorr noted in his 1860 journey, "wealthy planters" were clustered along the Red River and its larger tributaries, but as one moved back from the river, the land became hilly, covered by pine woods, and with soil of lesser quality. These pine uplands were mainly occupied by yeomen farmers, some of whom were small slaveholders. In other central Louisiana parishes, plantation agriculture was even less developed. In Catahoula Parish, for example, less than a third of the land was improved by 1860, and small farms (defined as 100 acres or less) outnumbered plantations by a 4:1 ratio. There were only 327 slaveholders among the 5,538 whites of the parish, and 188 of these owned less than ten slaves. Nevertheless, cotton production had increased dramatically

¹³ Roger W. Shugg, *Origins of Class Struggle in Louisiana* (1939; repr., Baton Rouge, 1968), 3, 43-44, 107-9; John F. Stover, *The Railroads of the South: A Study in Finance and Control* (Chapel Hill, 1955), 25; Joel M. Sipress, "The Triumph of Reaction: Political Change in a New South Community [Grant Parish, La.], 1865-1898" (Ph.D. diss., University of North Carolina at Chapel Hill, 1993), 123; J. Fair Hardin, *Northwestern Louisiana: A History* (3 vols.; Louisville, Ky. and Shreveport, La., 1937), I, 251-82.

even in these mixed-farming parishes during the 1850s, and storekeepers like Samuel Henarie and Isaac Fleishman predicated their extension of credit to yeoman households largely on their output of staple crops.¹⁴

Rural and small-town stores in plantation-dominated regions of the state also commonly sold goods on credit during the antebellum era. In the well-developed “sugar bowl” of southern Louisiana, for example, Ascension Parish was already home to several dozen stores by 1840, most of them located in and around the parish seat of Donaldsonville. Although the parish was situated less than a hundred miles upriver from New Orleans, many of these stores thrived by catering to the planters’ trade, as well as to the surprising number of small farming households still intermingled among the large plantations that abutted the river. According to the local *Dun* reporter, Jemplet & Richard, whose store had been in business since the early 1840s, were reportedly “very good collectors” who sometimes profited further from their extension of credit by allowing debts to “lie in the hands of their customers and charging them 15 percent for it.” By contrast, Victor Pugos’s even-older “planters’ store” in the same parish ran into trouble with collections during the mid-1850s and became “considerably embarrassed” as a result. In Iberia Parish, another, more isolated sugar-producing parish located further to the southwest, one sample of a Jeanerette store’s account ledgers in 1852–53 showed over four times more credit than cash sales.¹⁵

¹⁴ *Eighth Census of the United States (1860)*, Vol. I: *Population and Other Statistics* (Washington, D.C., 1864), 194; Vol. II, 230, 344; Dorr, “A Tourist’s Description of Louisiana in 1860,” 1160; Lewis C. Gray, *History of Agriculture in the Southern United States to 1860* (2 vols., Washington, D.C., 1933), I, 530; Shugg, *Origins of Class Struggle*, 16–33, 329.

¹⁵ Jeanerette, La., store accounts as tabulated in Atherton, *Southern Country Store*, 53 (Table III); R. G. Dun & Co. Collection, Louisiana, I, 1 (Victor Pugos and Jemplet & Richard); Sidney A. Marchand, ed., *The Flight of a Century (1800–1900) in Ascension Parish, Louisiana* (Donaldsonville, La., 1936), 111. This book consists of excerpts compiled from various nineteenth-century newspapers and almanacs.

In the cotton parishes farther upriver, the situation was much the same. For example, Peter Lebret was a French immigrant who had established his store in Bayou Sara, Louisiana, during the late 1830s. Located on the river about thirty-five miles north of Baton Rouge, Lebret's store initially did a "large business, chiefly [in] cash" by selling goods to the well-established planters of West Feliciana Parish, where landholdings were larger and concentrated among fewer families. By the 1850s, however, Lebret (who took on a partner, William Hearsey, in 1851) was making the majority of his sales by extending credit to his customers. The store's carefully maintained account books indicate that nearly three-fourths of Lebret & Hearsey's sales in 1853 and 1854 were made on credit (Figure 3.1):

FIGURE 3.1: *Cash and Credit Sales, 1853–54, Lebret & Hearsey's Store, Bayou Sara, West Feliciana Parish, Louisiana*

1853 MONTH	CASH SALES	CREDIT SALES	1854 MONTH	CASH SALES	CREDIT SALES
Jan	1,172.85	2,588.99	Jan	905.48	2,078.96
Feb	630.15	1,848.16	Feb	625.82	1,666.39
Mar	1,009.40	2,858.49	Mar	732.64	2,711.22
Apr	913.40	2,623.70	Apr	774.87	5,105.24
May	698.75	2,549.49	May	512.13	1,244.05
June	1,061.35	2,460.83	June	540.72	1,274.77
July	737.90	1,729.70	July	454.45	1,062.39
Aug	606.35	1,747.87	Aug	393.40	1,004.24
Sept	140.45	358.47	Sept	363.84	1,186.75
Oct	68.20	336.50	Oct	296.85	1,666.12
Nov	755.94	3,418.71	Nov	608.14	1,858.56
Dec	1,006.05	3,094.72	Dec	179.36	1,305.20
TOTALS 1853	\$8,800.79	\$25,615.63	TOTALS 1854	\$6,387.70	\$22,163.89

1853 TOTAL SALES: \$34,416.42
(Cash: 25.6%; Credit: 74.4%)

1854 TOTAL SALES: \$28,551.59
(Cash: 28.8%; Credit: 71.2%)

SOURCE: Journal, 1853–1854, Volume 9, Lebret & Hearsey Record Books, 1838–1875 (Mss 216, Louisiana and Lower Mississippi Valley Collection, Hill Memorial Library, Louisiana State University, Baton Rouge, Louisiana).

At first they enjoyed considerable success with this new strategy: in 1853 the local Dun agent was still able to report that they are “the best firm here, no doubt about it.” But relying so heavily on credit sales left Lebret & Hearsey vulnerable, and by 1855 the Dun reporter noted that “there is a large amount due them, and their embarrassments [have] been caused by the difficulty of making collections.”¹⁶

Despite such problems, Lebret’s store remained a fixture in the parish through Reconstruction. But although stores like Lebret’s could clearly boost their sales significantly by offering their merchandise on credit, other rural merchants still adhered to a “cash only” policy, especially when first establishing themselves. Julius Freyhan initially opened his Bayou Sara store in the late 1850s by doing a “small business in the cash system.” Although the Dun reporter warned in January 1860 that he “will not do much,” Freyhan would defy those expectations by becoming the largest merchant in West Feliciana Parish during the late nineteenth century. In Catahoula Parish, Schlenker & Doshier’s “Cash Store,” which had “just opened” in the summer of 1856, advertised that they offered “the lowest cash prices” in Harrisonburg, “which will enable them to sell as low as . . . can possibly be afforded.”¹⁷

In Alexandria, Louisiana, Samuel Henarie’s Front Street store on the Red River continued to thrive, but his devotion to credit extension often seemed to threaten its stability. In June 1849 the local reporter for the Mercantile Agency noted the paradox: “Sales larger and collections smaller this season than usual. . . . All traders here complain

¹⁶ R. G. Dun & Co. Collection, Louisiana, XXII, 240. On his 1857 trip through Bayou Sara and its twin town just uphill from the river, St. Francisville, Frederick Law Olmsted noted that West Feliciana residences gave evidence of “rapidly accumulating wealth” and “luxury,” and that “fewer than fifty negroes are seldom found on a plantation”; Olmsted, *The Cotton Kingdom: A Traveller’s Observations on Cotton and Slavery in the American Slave States*, ed. Arthur M. Schlesinger (New York, 1953), 406–9 (quotations on pp. 406 and 408).

¹⁷ Harrisonburg *Independent*, June 25, 1856; R. G. Dun & Co. Collection, Louisiana, XXII, 258.

of small collections owing to [the] small price of cotton." Still, Henarie's business increased significantly during the boom years of the 1850s, and by 1854 the agent estimated that he "sells about \$50m [thousand] yearly," an impressive figure for a small-town store during the period. But by this time, the Dun ledgers also reflect what is apparent in the pages of the *Louisiana Democrat*: Henarie had begun to face considerable competition from new retail merchants in the area. The stores of Winehill & Brother, R. C. Hetherwick, Jacob Walker, and others all now vied for advertising space with Henarie, and each predicated their superiority on the basis of lower and fairer prices. Winehill's store announced in 1860 that "we have adopted the One Price System. . . . You will save 50 per cent by purchasing of us." Jacob Walker made a lengthier and seemingly pointed declaration along the same lines in an advertisement that ran weekly during 1859:

'Prompt customers & low percentage' is the motto. Goods might be sold much lower in Alexandria, if merchants were not compelled to tack on extra percentage to cover the losses from bad sales; I have determined to abandon that system, and hereafter sell only for CASH or SHORT GOOD PAPER, by which plan I shall be able to sell LOWER and make more money than those who follow a different practice.

Walker clearly thought that his form of business practice was not only safer and more profitable, but he also implied that it was somehow more honest as well. According to the 1859 estimate of the local Dun correspondent, although Walker's sales were less than half those of Henarie's store, he was still "an upright man" as creditworthy as Samuel Henarie.¹⁸

Regardless of whether they sold on cash or credit, antebellum merchants and their stores usually played an prominent role in the social lives of their rural and small-town

¹⁸ [Alexandria] *Louisiana Democrat*, March 27, 1860, and July 13, 1859; R. G. Dun & Co. Collection, Louisiana, XIX, 10 (Walker), 7 (Henarie).

Louisiana communities. Country stores served as gathering places for a population typically widely dispersed throughout the countryside, a place where news, gossip, and opinions about local affairs could be exchanged on their front porches in the summer or inside around their hot stoves during the winter. Some stores (though by no means all) sold liquor, which doubtlessly helped facilitate the wagging of tongues and encouraged loafing; those stores were probably more prone to becoming gendered spaces considered unfit for women. Because of their stores' centrality to community life, rural merchants also frequently served as the local postmaster. This position was much sought after, as it ensured a steady incoming flow of potential customers (rural free delivery still being some decades away). The New Orleans factor Joseph Copes acknowledged the advantages of this extra public exposure in 1860 when he persuaded a Rapides Parish merchant who also served as the local postmaster to promote the policies of an insurance company that Copes represented. In small villages with several merchants, the competition to serve as postmaster could be intense, and the position was often a sinecure dependent on political party affiliations. But farther out in the countryside, stores were more isolated and sometimes the only logical choice for mail to be delivered, even if their owners did not officially perform a postmaster's duties (or draw his salary). For example, even though there were reportedly "no postal facilities" serving the small farms scattered through the interior of Ascension Parish in 1851, "all mail for the settlers is brought to the store of H. V. 'To-To' Lamare, a short distance up New River."¹⁹

¹⁹ Marchand, ed., *Flight of a Century*, 140 (quotations); J. S. Copes to Harlow J. Phelps, June 28, 1860, in Box 6, Copes Papers; Atherton, *Southern Country Store*, 192. Historian Thomas D. Clark's descriptions of the social importance of postbellum southern country stores are in many ways just as apt for the prewar decades; see Clark, *Pills, Petticoats, and Plows: The Southern Country Store* (1944; repr., Norman, Ok., 1989), esp. x-xi, 15. On nineteenth-century southern stores as "gendered spaces," see Ted Ownby, *American Dreams in Mississippi: Consumers, Poverty, and Culture, 1830-1998* (Chapel Hill, 1999), 11-

Although Emile Collin, another Ascension Parish storekeeper since 1853, managed to become an officially designated postmaster during early Reconstruction, his position did not translate into personal esteem for the cantankerous old Frenchman. He “is unpopular on account of his disagreeable manner,” advised the Dun correspondent, later adding that, in spite his postal appointment, Collin “makes many enemies and gains few customers.” Collin’s example shows how rural merchants’ high public profiles often caused their characters to be called into question. This seemed especially the case among the clannish and fiercely independent Creole residents of southern Louisiana, whom the prim Yankee Frederick Law Olmsted castigated as “generally dissolute,” “apathetic, sleepy, and stupid,” yet also “habitually gay and careless, as well as kind-hearted.” In mixed-farming Avoyelles Parish, a large number of these poor but self-sufficient Creoles of French descent existed, often uncomfortably, among the growing number of slave plantations that abutted the lower Red River. Olmsted also claimed that Creole men were often “inveterate gamblers,” a typical generalization from Olmsted, but one that nevertheless seemed borne out by the description of one such merchant, F. Villamarette, by the local Dun reporter. Villamarette took advantage of the hunting and trapping culture popular among his Creole brethren by operating a tannery along with his small country store first established by a different owner in the early 1840s. The Dun agent wrote in 1856 that Villamarette was “honest but addicted to cards,” and a series of later reports advised that the merchant’s gambling habits were causing his business interests to suffer. His credit-rating declined steadily along with them.²⁰

13; and Lu Ann Jones, “Gender, Race, and Itinerant Commerce in the Rural New South,” *Journal of Southern History* 66 (May 2000), 297–320.

²⁰ R. G. Dun & Co. Collection, Louisiana, II, 146 (Villamarette); *ibid.*, I, 15, 30, 34 (Collin); Olmsted, *Cotton Kingdom*, 327–28 (quotations); see also *ibid.*, 316–17. Interestingly, Olmsted’s overall account of

Another Avoyelles Parish merchant of questionable character was Auguste Voinchi, a general storekeeper of Marksville, who merited one of the lengthiest and most detailed entries in the Dun ledgers from central Louisiana. The first entry on Voinchi was in 1848, in which he was described as a 35-year-old married Frenchman who had been in business about a decade. Voinchi's sales were then estimated at \$20,000–\$25,000 annually—a considerable figure even for what J. W. Dorr later called a “thriving and busy” village of well under a thousand inhabitants, especially considering that Voinchi's store was one among four “principal mercantile business[es]” there. (The others were also owned by men with French surnames.) Voinchi, according to the local Dun agent, was “doing the largest business in the place,” and his estimated worth more than doubled during the 1850s. There was little reason to deny credit to such a “substantial merchant,” as an 1850 report grudgingly acknowledged: “In prosperous circumstances, and so far as resources are concerned [he] is entitled to credit.”²¹

Still, the local agent was wary of Voinchi despite his ever-increasing wealth, and this distrust was constantly reflected in his reports. In the 1848 dispatch, for example, Voinchi was damned with this faint praise: “Habits good,” the agent began hopefully, “save for his propensity to cheat.” Although he “pays promptly and is in good credit,” Voinchi “overreaches and tricks” and is “not honest.” Six months later the same reporter repeated gossip about Voinchi's past in an attempt to justify his judgment of the Frenchman's character. “[Voinchi] is said to have commenced as a pedlar in Bordeaux, France, changed his name from ‘Duke’ to that which he now [has] and fled to this country with his goods,” and thus “no confidence is had in his integrity.” By the mid-

Louisiana Creoles shows him to be fairly well-disposed toward them, and they do not come across as the ‘degraded’ poor whites he notoriously described elsewhere throughout his southern travel narratives.

²¹ R. G. Dun & Co. Collection, Louisiana, II, 142; Dorr, “A Tourist's Description of Louisiana,” 1147–48.

1850s a different agent, also aware of Voinchi's "smart and cunning" practices, reported that the storekeeper had begun to diversify into real estate, slaves, and less well-regarded forms of profiteering, and by 1860 the reporter estimated that "the old man is . . . worth fully \$50m [thousand] clear and perhaps a good deal more." The last prewar report on Voinchi was in April 1861, and the agent was blunt. "Cannot be trusted—he will take all the advantages that the law will permit and more if possible—a Damn rascal."²²

The small-town storekeeper Auguste Voinchi is only one particularly colorful example of the dozens of reports about devious, debt-avoiding, hard-drinking Louisiana merchants in the antebellum Dun & Co. ledgers. Historian Lewis Atherton, who spent much of his distinguished career attempting to rehabilitate the rather shabby reputations of pioneer store owners in the South and West, concluded that "the overwhelming bulk of contemporary evidence indicates that the [Old] South . . . respected the occupation," and he also claimed that there was a "complete absence in . . . business records of any testimony" showing that southern storekeepers were poorly regarded by their fellow countrymen. But the Dun ledgers, which were unavailable to Atherton despite his familiarity with the Mercantile Agency, provide copious evidence against his overly sanguine estimate of public opinion about merchants in the antebellum South. It is also important to remember that the Dun reports on merchants like Voinchi were furnished not by traveling agents from outside the region, but were instead typically solicited from local correspondents, most often attorneys who were keenly attuned to their communities, both in terms of subjective opinions and objective conditions.²³

²² R. G. Dun & Co. Collection, Louisiana, II, 142, 156.

²³ James H. Madison, "The Evolution of Commercial Credit Reporting Agencies in Nineteenth-Century America," *Business History Review* 48 (Summer 1974), 167–76; Atherton, *Southern Country Store*, 204–5 (quotations). The Dun & Co. ledgers were not donated to Harvard Business School until 1962, over a

Other contemporary accounts also reflected the shaky esteem with which rural merchants were usually regarded by their fellow southerners, even if sometimes unfairly. During his 1857 trip through Louisiana, Olmsted noted that credit-providing storekeepers were a prime target of local opprobrium. When crop markets were stagnant, farmers “would whine and complain, as if the merchants were to blame for it, and would insist that no one could be expected to pay his debts when prices were so low, and that it would be dangerous to press such an unjust claim.” Two other famous antebellum accounts showed that popular attitudes toward country merchants in the Old South were ambivalent at best. Hinton Rowan Helper’s native antislavery diatribe, *The Impending Crisis of the South* (1857), directed numerous attacks toward southern store owners, especially those who owned slaves, for undermining regional economic development by buying their inventories from northern suppliers. “Merchants of the South, slaveholders!” he cried. “You are the avaricious assassins of your country! . . . You are constantly enfeebling our resources and rendering us more and more tributary to distant parts of the nation.” Daniel R. Hundley, an Alabama native who fought for the Confederacy during the Civil War, offered a more balanced if still controversial account of *Social Relations in Our Southern States* in 1860. Hundley also questioned the ethics of most southern storekeepers, even as he admitted that some of them were hard-working and industrious members of their communities. Presaging postwar complaints against “carpetbagging” merchants, Hundley condemned the characters of “the larger and less honest class of storekeepers” that he called “Southern Yankees.” Such merchants, he wrote:

decade after Atherton published his 1949 study; see Julie Flaherty, “A Good Credit History, Indeed: Opening the Books on American Business, 1841–1891,” *New York Times*, August 21, 1999, p. B1. On his familiarity with the Mercantile Agency, however, see Lewis E. Atherton, “The Problem of Credit-Rating in the Antebellum South,” *Journal of Southern History* 12 (November 1946), 534–56.

appear to find it almost impossible to acquire that easy, unaffected simplicity of manners, which is the charming characteristic of all classes in the South, the slaves not excepted. Without intending it, they yet appear either too pert and consequential, or else too fawning and sycophantic. They are too frequently patronizingly good-fellowish with the bluff yeomanry, and at the same time most torturingly polite to the wealthy planter. They manage, however, to fleece most of those who deal with them; or else become bankrupt and run away from their creditors

Quite apart from the question of their particular regional nativities, Hundley thus characterized most southern merchants—and the marketplace culture that their country stores represented—as somehow foreign to the texture of everyday life in the agricultural and stubbornly preindustrial slave South.²⁴

Such popular prejudices against rural merchants as outsiders to their communities (and to southern society more generally) were reinforced by other common factors during the antebellum period. As was also the case among New Orleans mercantile firms before the war, many rural stores were operated by owners of shared ethnocultural origins. But more so than in the multinational Crescent City, differences of ethnic and national background often appeared stark in the more homogeneous Louisiana countryside, where there was already a widely acknowledged demographic division between the Creole-Catholics who clustered in the southern portions of the state and the Anglo-Protestants of the northern and western parishes. In both sections, Jewish merchants in particular tended to stand out among the dominant regional 'white' cultures, and all the more so because Jewish farmers were fairly rare during the antebellum period. The role of the Jewish storekeeper in the South has been often discussed by historians, but attention has usually

²⁴ Daniel R. Hundley, *Social Relations in Our Southern States* (New York, 1860), 100–17 (quotations on p. 105); Hinton Rowan Helper, *The Impending Crisis of the South: How to Meet It*, ed. George M. Fredrickson (1857; repr., Cambridge, Mass., 1968), 21–22, 334–35, 356–59 (quotation on p. 334); Olmsted, *Cotton Kingdom*, 330–31 (quotation on p. 331).

focused on the decades after the Civil War. Thomas D. Clark, for example, admired the Jewish merchant as an unsung hero of the postwar southern economy, from the itinerant peddler (“circuit riders for market culture,” he called them) through the established small-town retailer. Similarly, even though economic historians Roger L. Ransom and Richard Sutch argued that “Jews apparently constituted only a small minority of the merchants” in the Reconstruction-era South that they studied, they admitted that an exceptional number of them seemed to be concentrated in the lower Mississippi Valley, which confirms the observations of travelers to the area after the Civil War such as Robert Somers and Edward King.²⁵

The large concentration of Jewish merchants in Louisiana, however, had its origins in the antebellum period, when hundreds of surnames of apparent Hebraic origin are listed among the state’s rural store owners. Correspondents for the Mercantile Agency rarely failed to mention the ethnicity of their Jewish subjects, and their reports reflect the ambivalence of public opinion about these merchants. While it is too much to say that they were entirely “free of feelings of anti-Semitism,” as one historian would have it, reporters nevertheless did often seem to display grudging respect for the business acumen of local Jewish storekeepers. For example, referring to one of the Bernstein brothers, who had established stores in Winn and Natchitoches Parishes during the mid-1850s, the reporter called him “as reliable as any Jew . . . clever and popular.” An 1850 report on recently established store owner David Marks of Harrisonburg claimed that the “Dutch Jew . . . will undoubtedly do a safe business,” which was obviously an endearing trait

²⁵ Robert Somers, *The Southern States Since the War, 1870–1* (New York, 1871), 151; Edward King, *The Great South; A Journey through Louisiana, . . .* (Hartford, Conn, 1875), 274; Roger L. Ransom and Richard Sutch, *One Kind of Freedom: The Economic Consequences of Emancipation* (2nd ed.; New York, 2001), 342–43 n.34; Thomas D. Clark, “The Post-Civil War Economy in the South,” in *Jews in the South*, eds. Leonard Dinnerstein and Mary Dale Passon (Baton Rouge, 1973), 159–69 (quotation on p. 163).

from the standpoint of potential creditors. Isaac Levy and his brother Jacob, who bought the Alexandria store of Samuel Henarie's former partner in 1856, were German Jews who owned "several small stores" throughout Rapides Parish. "The children of Israel worth altogether 30m," deadpanned the agent about them in an 1857 report.²⁶

In 1860 the Levy brothers sold this store and instituted successful court proceedings against the farmers who still owed debts to it. Such property seizures by merchants often provoked hostility among local freeholders, which was further exacerbated by anti-foreign sentiments in the case of Jewish store owners. Nevertheless, Jewish merchants seemed to encounter few problems attaining stations indicative of elite status in their communities. Isaac Levy would be appointed to a term on the Alexandria city council soon after the war by the conservative governor James Madison Wells, a former slaveholding planter of Rapides Parish. The Bernsteins of Winn Parish were also respected members of their antebellum community. Morris Bernstein was prominent in the parish Democratic Party before the war, and he later served in the Confederate Army. Interestingly, Bernstein, like other Jewish merchants, was also a member of his local Masonic lodge. Although Freemasonry is sometimes mistakenly associated only with Protestantism (largely as a result of its anti-Catholic stances), the presence of prominent Jews like Bernstein serves to demonstrate that such fraternal societies served less as arbiters of spiritual doctrine than as exclusionary institutional spaces that often sought to include men of commerce among their ranks.²⁷

²⁶ R. G. Dun & Co. Collection, Louisiana, XIX, 11 (Levys); *ibid.*, IV, 3 (Marks); *ibid.*, XXII, 287 (Bernstein); Clark, "Post-Civil War Economy in the South," 166 (quotation).

²⁷ *Biographical and Historical Memoirs of Northwestern Louisiana* (Nashville and Chicago, 1890), 495 (Bernstein), 539 (Levy); [Alexandria] *Louisiana Democrat*, February 1 and 8, 1860. On Freemasonry and antebellum political culture see Steven C. Bullock, *Revolutionary Brotherhood: Freemasonry and the Transformation of the American Social Order, 1730-1840* (Chapel Hill and London, 1996).

Indeed, whether they were Jewish or not, store owners in the antebellum Louisiana interior were often leading members of their communities, despite popular anti-mercantile sentiments. Although he had a temperament that one contemporary described as “tolerably explosive at times,” Samuel Henarie was nonetheless able to parlay his position as one of Alexandria’s largest merchants into membership in the Rapides Parish elite. In 1859 he served alongside future southern scourge William Tecumseh Sherman on the founding board of supervisors of the seminary that would later become Louisiana State University. That same year, Henarie’s competitor Jacob Walker was appointed as a parish delegate to the state Democratic convention, as was Walker’s partner, Henry Klotz. Antebellum merchants were sometimes successful local political office-seekers as well. P. Arthur Hatkinson, a town merchant, was elected mayor of Donaldsonville in 1849, and Bayou Sara storekeeper Felix V. Leake became sheriff of West Feliciana Parish in 1857. Farther out in the countryside, stores typically served as precinct polling stations, which gave their owners a prominent role in the often-heated elections conducted under their isolated auspices. Such political entanglements could also take a slightly more sinister form. During the mid-1850s, for example, Ezra Bennett’s country store in southern Rapides Parish apparently served as a supply depot and staging ground for paramilitary units in training for a Latin American filibuster expedition financed by the Mississippi planter and ex-governor John A. Quitman.²⁸

Country merchants’ admission to elite status among their communities was in part a byproduct of the considerable wealth that many managed to accumulate. Again,

²⁸ D. Clayton James, “The Tribulations of a Bayou Boeuf Store Owner, 1836–1857,” *Louisiana History* 4 (Summer 1963), 255; R. G. Dun & Co. Collection, Louisiana, XXII, 245 (Leake); Marchand, ed., *Flight of a Century*, 127, 136–37; [Alexandria] *Louisiana Democrat*, March 27, 1860 (quotation), August 3, 10, and 24, 1859; see also Hardin, *Northwestern Louisiana*, I, 452.

historians' attention has usually focused on the postbellum period, but rural and small-town stores in Louisiana frequently tallied impressive sales totals during the years before the Civil War as well. One study of the Bennett store account ledgers claimed to find over \$600,000 in sales receipts during the 1854–55 harvest season. If correct, that was an exceptionally high figure, but sources show that some stores commonly had annual sales in the range of \$20,000–\$50,000. Samuel Henarie, who had opened his Alexandria store in about 1841 in partnership with Duncan C. Goodwin, was estimated to be selling about \$30,000 annually by 1845, and that figure had nearly doubled a decade later. Victor Pugos's planters' store in sugar-producing Ascension Parish reportedly did over \$50,000 in sales in 1848. That same year, the local *Dun* correspondent claimed that Peter Lebret's store in West Feliciana Parish was enjoying sales in the range of \$30,000–\$40,000 a year, and Lebret's account ledgers for 1853 and 1854, when the store sold over \$34,000 and \$28,000, respectively, confirm the relative accuracy and stability of this estimate.²⁹

By gleaning information that was publicly available in parish tax rolls, *Dun* reporters were often able to ascertain merchants' wealthholdings more accurately than they could estimate stores' annual sales. The results of their examinations indicated that, just like their merchant capitalist brethren in New Orleans, rural store owners tended to invest their accumulated wealth in the twin pillars of the antebellum southern economy: land and slaves. Sometimes these investments were limited to town properties and a few slaves probably used for domestic or commercial purposes, as were those of Jewish merchants Isaac Fleishman of Catahoula Parish and Solomon Weinschenck of Ascension

²⁹ *Journal*, 1853–54, Volume 9, Lebret & Hearsey Record Books, 1838–1875 (Mss 216, Louisiana and Lower Mississippi Valley Collection, Hill Memorial Library, Louisiana State University, Baton Rouge, Louisiana; hereinafter cited as LLMVC); R. G. Dun & Co. Collection, Louisiana, XXII, 240 (Lebret); *ibid.*, II, 1 (Pugos); *ibid.*, XIX, 7 (Henarie); James, "Tribulations of a Bayou Boeuf Store Owner," 254–55.

Parish. Although John Whiteman of West Feliciana Parish had only \$5,000 in stock in his Bayou Sara store in 1859, he owned \$2,600 in real estate and slaves valued at \$5,600. His fellow parish store owner and sheriff Felix V. Leake had declared but \$1,200 worth of stock-in-trade in 1857, but he also owned \$3,000 in real estate and \$1,700 in slaves. Such relatively small levels of capital invested in stores should not be mistaken for poor management, however. To the contrary, retailing was considered to be an attractive form of business in part because of the relatively low levels of capital that it required. Furthermore, then as now, most successful store owners sought to keep their ratio of annual sales as close as possible to their stock-in-trade by emphasizing the rapid turnover of their inventories, although those who bought and sold on credit usually found this goal more difficult to achieve.³⁰

Some rural merchants took their investments in real estate and slaves a step further by diversifying their interests into planting. Historian Lewis Atherton argued that “more storekeepers shifted to planting than to any other occupation” and found such interests among 30 percent of the antebellum merchants that he sampled. Daniel Hundley believed that storekeepers who thus aspired were motivated mainly by a desire to capture a measure of the high status attendant to planting that had eluded them as mere merchants. Perhaps, but it is just as likely that many saw an opportunity for even greater profits in planting and sought to capitalize accordingly. In antebellum Louisiana, Ezra

³⁰ R. G. Dun & Co. Collection, Louisiana, XXII, 243 (Whiteman), 245 (Leake); *ibid.*, I, 2 (Weinschenck); *ibid.*, I, IV, 4 (Fleishman). It is sometimes maintained that Jewish merchants shied away from slaveholding, but the Dun ledgers show them to be equally likely to own slaves as other storekeepers. Contemporary double-entry bookkeeping manuals often emphasized the importance of inventory management to mercantile profits; see, for example, James Bennet, *The American System of Practical Book-Keeping . . .* (21st ed., 1842; repr., New York, 1976), 15–18, 36. For a condemnation of the effects of credit merchandising on stock turnover, see J. A. Dacus, *A Guide to Success, with Forms for Business and Society* (St. Louis, 1880), 32–33. Stores could still be successful with low amounts of capital in trade; indeed, the national average of capital invested per retail store in 1840 was only \$4,300; see Marburg, “Income Originating in Trade, 1799–1869,” 318; and Atherton, *Southern Country Store*, 71–74.

Bennett combined his mercantile interests with cotton and sugar cultivation beginning in the 1840s, and he eventually became one of Rapides Parish's leading planters. In so doing, he laid the basis for his integrated store-centered operations to enjoy even greater success under his son's management after the Civil War. Other merchants also established themselves as slaveowning planters while retaining their retail furnishing trade, thus prefiguring the "plantation stores" that would become common in the postbellum period. Like Bennett, Jacob Lemann of Ascension Parish began laying the groundwork for integrated sugar plantation and store interests in the 1840s, and these would thrive even further upon his return to the sugar region from New York after the Civil War. In the same parish, John Dominique was "considered the greatest monied man in the Parish" in 1851. His total worth was estimated at \$300,000, and although he still maintained "a large country store" that had been in business for many years, the "old Italian" was said to make most of his money "by loaning and sugar planting."³¹

Some rural merchants were less successful at juggling both commercial and agricultural interests. After more than a decade of profitable storekeeping, for example, Peter Lebret began buying up land and slaves in West Feliciana Parish during the mid-1840s. In the 1850 census Lebret listed his occupation as merchant, but by 1851 the Dun agent reported that he owned twenty-nine slaves and was "mak[ing] 75 to 100 bales of cotton every year." At first his store operations continued to do well; in June 1853 Lebret & Harsey's store was still referred to as "the best firm here, no doubt about it." But over

³¹ R. G. Dun & Co. Collection, Louisiana, II, 4 (Dominique), 1, 21, 35, 58 (Lemann); see also Leslie A. Lovett, "From Merchant to Sugar Planter: The Rise and Success of Jacob Lemann and Son" (unpub. honors thesis, Tulane University, 1990), 14–18; and Elliott Ashkenazi, *The Business of Jews in Louisiana, 1840–1875* (Tuscaloosa and London, 1988), chap. 2. James, "Tribulations of a Bayou Boeuf Store Owner," 243–51; Eakin, *Rapides Parish*, 24–25; Hundley, *Social Relations in Our Southern States*, 115; Atherton, *Southern Country Store*, 203.

the next few years, Lebret's attention increasingly focused on his plantation to the detriment of his commercial interests, and after an 1855 fire destroyed many of Bayou Sara's tightly clustered riverfront stores, including his own, Lebret spent the next few years focused exclusively on planting. Although he reopened a small store and woodyard prior to the war, Lebret gave his occupation as planter in the 1860 census, in which he reported owning fifty-six slaves and a plantation of 1,000 improved acres valued at \$20,000. Similarly, another West Feliciana Parish merchant, Felix W. Haile, found his planting operations sufficiently profitable that he opted to sell his well-established Bayou Sara drugstore in 1859.³²

Another non-retail interest even more common than planting among antebellum Louisiana storekeepers was providing primitive banking services, particularly those related to exchange. There were no state-chartered banks located in the Louisiana countryside; all of them were clustered in New Orleans. But the interior economy was unable to run solely on barter, and rural merchants were better placed than anyone else to offer financial services to small farmers and even the occasional large planter. Most important was their willingness to accept and disburse banknotes and other privately issued forms of money that originated from non-local sources, usually at discounts or premiums from their stated face values—a somewhat disreputable practice known as “shaving paper.” During the period of tight money that accompanied the financial panic of 1837, Mississippi merchant John McKowen journeyed to Bayou Sara, where he did business with newly established storekeeper Peter Lebret. “I took some specie with me,”

³² R. G. Dun & Co. Collection, Louisiana, XXII, 254 (Haile), 240 (Lebret). 1860 manuscript census data on Lebret as compiled in Joseph Karl Menn, *The Large Slaveholders of Louisiana, 1860* (New Orleans, 1964), 228–29; for his listing in 1850 see U.S. Manuscript Census, 1850, Schedule I, Free Inhabitants, Town of Bayou Sara, West Feliciana Parish, Louisiana.

he wrote, "and shaved Mississippi paper with it at a discount of 40 percent." Jacob Lemann of Ascension Parish reportedly "makes a good deal by shaving notes," the Dun correspondent reported in 1851, as did the "shrewd and calculating" Auguste Voinchi of Avoyelles Parish. Like John Dominique of the same parish, Lemann also made his capital available at interest to local planters, and defaults on these loans eventually helped him to begin accumulating mortgaged plantation properties in the region. Similarly, store owner William H. Dawson of West Feliciana Parish was reported in 1854 to have "money loaned at interest" and had recently profited "by dealing in paper" as well.³³

Such ancillary financial operations were more closely related to merchants' traditional functions than was an occupational shift into planting. Interestingly, though, few antebellum storekeepers seemed interested in deploying their wealth in fixed capital investments like manufacturing. The Dun ledgers indicate that merchants like F. Ricord of Avoyelles Parish, who operated a sawmill and leather tannery in combination with his store, were exceptional before the Civil War. In part, the dearth of rural manufacturing in the state reflected the higher expenses involved in the more complex forms of industrial power generation necessary in Louisiana. As one observer noted later in the century, unlike in the northeastern states or even on the lower Atlantic seaboard, "the low topography [of Louisiana] furnishes no water power for the wheels of manufactories." Furthermore, it was difficult to find skilled mechanics capable of maintaining and repairing steam-powered engines like that at Ricord's sawmill. But the lack of industrial enterprise held true even for basic agricultural processing facilities like cotton pressing

³³ R. G. Dun & Co. Collection, Louisiana, XXII, 252 (Dawson); *ibid.*, II, 146 (Voinchi); *ibid.*, II, 4 (Dominique), 1 (Lemann); Lovett, "From Merchant to Sugar Planter," 34-37; John McKowen to Seth Beers, July 28, 1837, in John McKowen Papers (Ms 1353, LLMVC). On the lack of banking facilities in the antebellum Louisiana interior, see George D. Green, *Finance and Economic Development in the Old South: Louisiana Banking, 1804-1861* (Stanford, Calif., 1972), 28-32.

and baling, most of which continued to be handled in major market centers like New Orleans. The ingrained aversion to manufacturing investments that characterized the wealthy merchant capitalists of the Crescent City was thus duplicated on a smaller scale among antebellum store owners in the state's interior regions. Not until after the war, when rural merchants played a far more prominent role in crop marketing under the decentralized production conditions that then came to prevail, did such processing facilities become typical adjuncts to the operations of larger stores located in the Louisiana countryside.³⁴

When successful rural and small-town merchants opted to expand their operations before the Civil War, they usually chose to stay with the game they knew best. Some would invest their capital in improvements to their existing stores. (The construction of a brick building was a frequent indicator that a storekeeper had made it and intended to stay put in the area for the foreseeable future.) Many others, however, sought to increase the geographic scope of their profit-making operations by buying out nearby stores or establishing new ones. The ownership of multiple stores was fairly common among rural Louisiana merchants before the Civil War and could be found in all regions of the state—cotton, sugar, and mixed-farming parishes alike. Lewis Mayer, a slave-owning Jewish merchant of Catahoula Parish whose credit-providing store had sales estimated at \$30,000 in 1851, also co-owned a firm in Livingston, a distant town in the Florida parishes north of New Orleans, which specialized in marketing tobacco crops produced by small farmers of that region. Usually, though, multiple stores held under single or pooled ownership were more regionally clustered. Brothers Isaac and Jacob Levy owned

³⁴ R. G. Dun & Co. Collection, Louisiana, II, 146 (Ricord); William Carter Stubbs, *Handbook of Louisiana, Giving Geographical and Agricultural Features . . .* (New Orleans, 1895), 5.

“several small stores” throughout Rapides Parish during the 1850s. In Winn Parish, the three Bernstein brothers of Winnfield were not only reportedly “connected with a house in Alexandria” to the south, but they also operated a branch store in the nearby town of Montgomery. In the cotton plantation parishes of the Felicianas, the Levy family had complicated interlocking interests among several stores located in Bayou Sara, Jackson, and Clinton, and also in neighboring Pointe Coupee Parish.³⁵

The dispersal of their capital among multiple locations provides further evidence of the wealth that many storekeepers had at their disposal, but it also reflected the independence that such wealth nurtured and secured among rural merchants in antebellum Louisiana. Like other occupational classes in nineteenth-century America, most southern merchants practiced their vocations in order to achieve a measure of independence for themselves and their families. Yet although the ideal of self-reliance was deeply ingrained in the republican experience, the particular forms by which independence was pursued and maintained often occurred in a decidedly associational context, as was especially obvious in the informal networks of mutual aid commonly found among immigrant communities. In the case of the antebellum Louisiana interior, such forms of mutuality also found expression in the widespread reliance on kin and ethnocultural solidarity to help merchants establish their stores and flourish. Writing about the interrelationships between Jewish merchants like the Levys in mid-nineteenth-century Louisiana, historian Elliott Ashkenazi found that “business connections among family members and in-laws were frequent. . . . [O]wners looked to familial and ethnic

³⁵ On the Feliciana Levys see Ashkenazi, *Business of Jews in Louisiana*, chap. 3; Kilbourne, *Debt, Investment, Slaves*, 27; and R. G. Dun & Co. Collection, Louisiana, XXII, 240–41, 260. *Ibid.*, XXII, 287 (Bernsteins); *ibid.*, XIX, 11 (Isaac and Jacob Levy); *ibid.*, IV, 1 (Mayer).

contacts in commercial transactions to protect themselves" from an often-hostile and fickle marketplace.³⁶

Stories are legion of newly arrived immigrants to the state starting out with help provided by established kinfolk and later becoming esteemed storekeepers in their communities. Isaac Fleishman and Herman Black, for instance, both began as itinerant peddlers in the 1840s before accumulating sufficient capital to settle down and open their own stores in Catahoula Parish. Two of the most exceptionally successful examples of this common career trajectory, however, were Leon Godchaux and Jacob Lemann, both of whom first arrived in New Orleans in the late 1830s with little more than the shirts on their backs. Soon their backs were also encumbered with packs full of goods staked by city merchants that they peddled around the Louisiana countryside, and within a few years, both men were able to establish themselves as prominent storekeepers in the sugar parishes. By the 1850s Lemann was summering in New York and Newport, Rhode Island, and after leaving the region for several years just before and during the Civil War, he and his family would return during Reconstruction to resume their interconnected mercantile and planting interests. Leon Godchaux enjoyed even greater fortune, both as a wholesale and retail dry goods merchant in antebellum New Orleans and later, as a sugar planter. From his humble beginnings as a peddler, Godchaux would die a millionaire in 1899, and the chain of department stores that bore his family's name were still spread throughout Louisiana until the late twentieth century.³⁷

³⁶ Ashkenazi, *Business of Jews in Louisiana*, 105. See also Rowena Olegario, "'That Mysterious People': Jewish Merchants, Transparency, and Community in Mid-Nineteenth-Century America," *Business History Review* 73 (Summer 1999), 161–89.

³⁷ Bennett H. Wall, "Leon Godchaux and the Godchaux Business Enterprises," *American Jewish Historical Quarterly* 66 (September 1976), 50–66; Lovett, "From Merchant to Sugar Planter"; R. G. Dun & Co. Collection, Louisiana, II, 1, 21 (Lemann); *ibid.*, IV, 1 (Black), 2 (Fleishman).

The peddler-to-store owner career path exemplified the social mobility that often eventuated in financial success for rural storekeepers in Louisiana before the Civil War. Ethnocultural solidarity was not limited to Jewish merchants, though: the Bordelons, a prolific French Creole family of Avoyelles Parish, displayed a similar mutualist mercantile bent that began in the mid-nineteenth century and continued after the war. But shared commercial interests among groups of relatives like the Bernsteins, Levys, and Bordelons also serve to highlight another common feature of antebellum merchants' pursuit of independence: the degree to which country stores were typically run as "family affairs," often including wives, children, and extended networks of blood relations. Historians have been surprisingly slow to recognize the importance of kinship as a category for understanding how social structures were created and maintained among the widely dispersed rural population of the nineteenth-century South, but the popular animus against merchants was probably diluted in part by their families' interrelationships with others throughout their communities.³⁸

Merchants' households were frequently closely involved in the running of stores, many of which were attached to the family residence. Furthermore, although business decisions and capital maximization strategies are often assumed to be the exclusive province of men in the public sphere, the Dun records indicate that wives in particular were integral to the operation of many rural Louisiana stores. In Ascension Parish, for example, Solomon Weinschenck's wife "helps him along wonderfully in the business," reported the agency's correspondent in 1851, and John Dominique's wife, "a close,

³⁸ On the Bordelon family of Avoyelles Parish, see the references scattered throughout the R. G. Dun & Co. Collection, Louisiana, II, 147–96. For an important recent attempt to assert the importance of kinship to southern social structure before the Civil War, see Carolyn Earle Billingsley, *Communities of Kinship: Antebellum Families and the Settlement of the Cotton Frontier* (Athens, Ga., 2004).

industrious woman,” continued to run their store after her husband’s death in 1854. In West Feliciana Parish, as Peter Lebret’s attention increasingly focused on his burgeoning plantation interests, the Dun agent reported that “his ‘wife is the businessman’ and attends the store.” The Lebrets’ unfolding story during the 1850s, however, shows how property disputes involving mercantile family relationships could be especially bitter. Lebret’s partner, William Hearsey, had married one of Lebret’s daughters in the mid-1850s, and after the family’s various business interests took a turn for the worse later in the decade, Lebret and his wife Elise were forced to take out mortgages on some of their slave- and landholdings to satisfy debts to their creditors, including \$35,000 owed to the New Orleans commission firm of Bellocq, Noblom & Co. Entries in an 1858–61 Lebret family diary indicates how closely Elise Lebret was involved in “putting the thousands of bills, letters, [and] accounts in order” for these settlements. The diary also reflects the deep “emotional upset” that Elise felt when her daughter, Hearsey’s wife, sued the family to recover \$20,000 worth of debts for which she and her husband had been held partially responsible.³⁹

Under the terms of the state’s unique French-derived civil code, wives frequently became parties to property litigation involving stores in nineteenth-century Louisiana. Indeed, one common strategy among storekeepers for protecting their property from seizure by creditors was to assign it to their wives. *Hunt’s Merchant’s Magazine* had warned its northern commercial readers of the practice, apparently just barely legal under the Louisiana civil code, as early as 1847. Frustrated correspondents for the Dun agency,

³⁹ 1858 diary entries, in Lebret Diary, 1858–61 (Mss 3504, LLMVC). The author is grateful to Melissa A. Bailar of Rice University for translating portions of this diary, which was kept in French. Mortgage of Peter and Elise Lebret, February 16, 1859, in Mortgage Records, Vol. 9 (1855–1860), 378–81, West Feliciana Parish Courthouse, St. Francisville, La.; R. G. Dun & Co. Collection, Louisiana, XXII, 240, 254 (Lebret); *ibid.*, II, 4 (Dominique), 2 (Weinschenck).

who were often attorneys, filed many irate reports about a legal device that they considered a "swindle." For example, Jacob Ringold, a storekeeper of modest means in Alexandria, tried to "cover up his property" from New York-based creditors "by his wife getting judgment for her portion" in 1852. As this report indicates, these strategies often took the unusual form of having the wife sue her husband for her rightful portion of their property. Such circumstances probably lay behind an 1859 sheriff's sale at the Rapides Parish courthouse of a "lot of Dry Goods, 300 yards of various Calico Domestic, and a lot of Groceries," which was intended to satisfy the terms of a recent court decision in favor of one Hester Nathan against her husband Norris.⁴⁰

Cases like these demonstrate that the well-worn path of social mobility traveled by rural and small-town storekeepers in antebellum Louisiana ran two ways, downhill as well as up. Still, either direction on this path seemed to be paved with credit, an issue that had a lengthy and contentious pedigree in American political economy. Credit-providing merchants were frequent targets of criticism because of the dependence that debt fostered among their customers, but less acknowledged were the problems that the culture of credit occasioned among merchants themselves. The Dun ledgers are filled with examples of storekeepers whose credit purchases left them "embarrassed" when unable to meet their obligations. Antebellum commercial journals issued regular warnings about mercantile insolvencies and how to avoid them, and their advice usually centered around some variant of the Shakespearean injunction "Neither a borrower nor a lender be." Despite his criticisms of southern merchants, Daniel Hundley nevertheless sympathized with the "unutterable grief that lies behind that smiling mask" of the "Honest

⁴⁰ [Alexandria] *Louisiana Democrat*, July 13, 1859; R. G. Dun & Co. Collection, Louisiana, XIX, 10 (Ringold); Francis H. Upton, "Law of Debtor and Creditor in Louisiana, Part IV," *Hunt's Merchants' Magazine*, XVI (February 1847), 165-71.

Storekeeper” who struggled to make collections and pay off his creditors. “No wonder his head is prematurely gray,” he declared. “Wait until we have been similarly tried!”⁴¹

Antebellum merchants’ widespread reliance on credit—whether for purchases, sales, or both—thus often threatened to undermine the independence that most of them sought to achieve. One alternative that rural storekeepers in Louisiana had to dangerous commitments to credit was to substitute another form of dependence instead: serving as agents for better financed outside backers from cities like New Orleans or New York. Such alliances could take several forms, which were characterized by varying degrees of external control over their stores’ operations. At one end of the spectrum, a store could essentially be owned by one or more partners in a mercantile firm located elsewhere, which left the on-site storekeeper as either a profit-sharing partner at best or little more than a clerk for distant owner/managers otherwise. Phelps & Rogers, a planters’ store in the “business mad” town of Shreveport, was closely allied in this manner with the New Orleans commission house of Copes & Phelps. James E. Phelps, who managed the Shreveport store, was the brother of Harlow J. Phelps, son-in-law of Joseph Slemmons Copes and the junior partner in his Crescent City firm. Both New Orleans partners made frequent trips to the northwestern corner of the state to meet with planter-clients in that burgeoning tri-state cotton region and coordinate the store’s affairs, from inventory maintenance to the locally produced cotton that the store received and forwarded to Copes & Phelps in New Orleans. It is not clear how James Phelps and his partner were

⁴¹ Hundley, *Social Relations in Our Southern States*, 115–16. For discussions of mercantile insolvency see “Relation of Debtor in Louisiana Toward His Creditors,” *De Bow’s Review* 4 (September 1847), 106–8; “Insolvency among Merchants,” *De Bow’s Review* 16 (March 1854), 311–19; and “Mercantile Character and Successes,” *De Bow’s Review* 25 (September 1858), 356–58; see also Edward J. Balleisen, *Navigating Failure: Bankruptcy and Commercial Society in Antebellum America* (Chapel Hill, N.C., 2001). A fine discussion of the twin issues of credit and dependence in the South is in T. H. Breen, *Tobacco Culture: The Mentality of the Great Tidewater Planters on the Eve of Revolution* (Princeton, N.J., 1985), 133–41.

compensated for their efforts, but correspondence between the two firms clearly indicates the rural store's subordination to its Crescent City patrons.⁴²

Other Louisiana storekeepers, however, managed to limit or equalize their dependence on relationships with New Orleans houses. Solomon Weinschenck's store in Ascension Parish was sustained in part by his simultaneous partnership in a Crescent City commission firm controlled by his father-in-law. Some store owners managed their sales and inventories 'on their own hooks,' but they also advertised their standing as agents for particular New Orleans firms in the buying and marketing of local crops, as did A. C. Phillips of Rapides Parish. Still other Louisiana stores were connected to more distant firms, especially ones based in New York City. The interlocking interests of the Levy and Meyer stores in the Feliciana parishes were linked to New Orleans commercial houses that were themselves closely allied with L. Bach & Co. of New York. Another large general store in Bayou Sara, Myer, Hoffman & Co., was reported to have a "senior partner [who] resides in New York worth \$150,000" in 1860. Among the many northern-based houses that had established relationships with both urban and rural merchants in the antebellum South, two of the most aggressive were Charles P. Leverich & Co. and Jackson & Co. Leverich's branch office in New Orleans was run by two of his relatives and enjoyed many contacts with store owners and planters throughout the lower Mississippi Valley interior. Jackson & Co. also had branches (sometimes with slightly different named partners) in New Orleans, Charleston, and other southern cities, as well as in Liverpool, England. In 1851 a Dun reporter thus advised that the hardware sold by

⁴² Copes Papers (HTML-Tulane), esp. Boxes 5 and 6 and Correspondence, Vols. 3-6; Dorr, "Tourist's Description of Louisiana in 1860," 1176 ("business mad").

Victor Pugos's planters' store in Donaldsonville "comes from an English house in New York (Jackson & Co., I think)."⁴³

Historian Harold D. Woodman has left the distinct impression that such connections made antebellum southern store owners little more than appendages to the urban-based factorage system. But although rural merchants necessarily relied on outside sources for their inventories, as well as marketing support (for those who bought and sold crops), antebellum stores that were owned by or served as official agents for city interests seem to have been relatively few in number. The majority of stores in the Louisiana interior before the Civil War were small firms, locally owned and managed, and as such, their proprietors were busily laying the groundwork for the enormous expansion of their influence during and after Reconstruction. When rural and small-town store owners had to deal with New Orleans mercantile houses, they often displayed a decidedly independent attitude toward their city brethren, as was apparent in the 1857 letter quoted earlier in this chapter from Bond & Rogers of Trenton, Louisiana, to the powerful factor Glendy Burke. Store owner Ezra Bennett of Rapides Parish distributed his business among multiple firms in New Orleans and often sought to play them off against each other to his advantage. In 1843 Bennett grumbled that the insurance rates he had been charged by commission merchant C. Toledano for recent crop shipments to the Crescent City were twice those of another city house for cotton forwarded "from the Same Place." The previous year he had pestered another New Orleans firm to buy flour for him. "I know it

⁴³ R. G. Dun & Co. Collection, Louisiana, II, 1 (Pugos); 2 (Weinschenck); *ibid.*, XXII, 254 (Myer, Hoffman & Co.), 240–41 (Levys/Bach). Advertisement for A. C. Phillips in [Alexandria, La.] *Red River Whig*, April 25, 1840. On Jackson & Co. see Woodman, *King Cotton and His Retainers*, 17–18; and Jackson, Riddle & Company Papers (Mss 368, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill). On Leverich & Co. see Charles P. Leverich Papers, 1833–1851 (Mss 222, Woodson Research Center, Rice University, Houston, Texas); and Jonathan Daniel Wells, *The Origins of the Southern Middle Class, 1800–1861* (Chapel Hill, 2004), 64.

is out of your line of business," he admitted, "but you can accomodate a customer."

Bennett also did not hesitate to complain loudly about bookkeeping errors or the high prices of goods.⁴⁴

The widely noted tendency of country merchants to purchase their inventories from northern and other markets was another means by which storekeepers in antebellum Louisiana asserted their independence from the New Orleans-based factorage system. Indeed, partly because of the widespread animus in the countryside against the high prices, poor service, and general arrogance of Crescent City merchants, store owners often bragged about making their purchases elsewhere; in 1836, for example, one Catahoula Parish store advertised that it was "constantly receiving [dry goods] from New York." In the same parish, the Dun agent noted in 1849 that store owner Lewis Mayer's "principal debts are in New York," and a decade later, Harrisonburg merchant David Marks was reported to have "gone to New York to buy winter stock." Many country merchants like Marks made semi-annual buying expeditions to wholesalers and auction houses located on the upper Atlantic seaboard, which led one New Orleans newspaper to complain in 1852 that "our country friends send their produce to us, but they do not buy of us." In neighboring Rapides Parish, Jacob Ringold faced "problems with Ross & Leitch [of] New York" in 1853. Perhaps he had been enticed into buying goods on "long credit" by one of the "drummers" (traveling salesmen) for northern houses who increasingly blanketed the area, according to one local newspaper. In West Feliciana Parish, located less than two hundred miles upriver from New Orleans, storekeepers like

⁴⁴ Bennett to C. Toledano, March 1, 1843; and Bennett to Hall & Blake, January 28, 1842, both quoted in James, "Tribulations of a Bayou Boeuf Store Owner," 251, 253; Bond & Rogers to G. Burke & Co., October 27, 1857 (HTML-Tulane); Woodman, *King Cotton and His Retainers*, chap. 13; cf. Davis, "Southern Merchant," 140 n.15.

George W. Leet and John Whiteman nevertheless found it advantageous to “purchase principally” from dealers in St. Louis and Cincinnati, as Peter Leuret often did as well.⁴⁵

As tensions between the sections mounted during the antebellum decades, southerners' resentment toward northern dominance of the trade in plantation goods grew as well, and it became somewhat touchier for interior storekeepers like Lott & Ives to trumpet their purchases from New York. Hinton Rowan Helper articulated a version of this animosity when he wrote, “The North is the Mecca of our merchants, and to it they must and do make two pilgrimages per annum Instead of keeping our money in circulation at home, . . . we send it all away to the North, and there it remains; it never falls into our hands again.” Country merchants thus found themselves pinned on the horns of a dilemma, since bypassing the expensive middlemen of New Orleans clearly resulted in lower prices for their customers and more business for their stores. To the chagrin of critics like Helper, most of them opted to attend to their own bottom lines. In this respect, the comments of General William T. Sherman in 1859 probably echoed the sentiments of many country merchants. Condemning the “double profits and commission[s]” of New Orleans merchants while he was furnishing the new Louisiana State Seminary, Sherman insisted that “New York is the great commercial center of America, and it would be in my judgment extreme squeamishness to pay more for a worse article elsewhere.”⁴⁶

⁴⁵ R. G. Dun & Co. Collection, Louisiana, XXII, 240 (Leuret), 243 (Whiteman), 244 (Leet); *ibid.*, XIX, 10 (Ringold); *ibid.*, IV, 1 (Mayer), 3 (Marks); see also Atherton, *Southern Country Store*, 32, 58, 114–15, 124. “Northern Agents,” *Alexandria Louisiana Democrat*, January 25, 1860; see also “The Long Credit of Northern Cities,” *Hunt's Merchants' Magazine* 33 (August 1855), 263–64. “Banking Capital in New Orleans,” *New Orleans Commercial Bulletin*, undated 1852 article, repr. in *Bankers' Magazine* 7 (December 1852), 469 (quotation); [Alexandria, La.] *Planters' Intelligencer*, May 25, 1836 (Lott & Ives).

⁴⁶ W. T. Sherman to G. Mason Graham, December 25, 1859, in *General W. T. Sherman as College President . . . 1859–1861*, ed. Walter L. Fleming (Cleveland, Ohio, 1912), 92–93; Helper, *Impending Crisis of the South*, 22.

When an 1855 southern commercial convention held at New Orleans passed a resolution exhorting regional planters to “patronize exclusively our home merchants,” the assembled delegates, who mainly represented urban-based mercantile interests, probably had themselves in mind as the beneficiaries of this appeal. However, many planters apparently took such advice to buy at “home” more literally. Rural storekeepers were not alone in their disdain for Crescent City merchants. In 1851, for example, one planter of southern Louisiana publicly censured New Orleans businessmen for the greed and “overweening confidence” that caused them to “drive commerce from [their] doors.” But although most of them remained wedded to the convenient seasonal credit extended by their city factors on the strength of coming crops, many planters and their families helped store owners maintain their independence by spending some of their considerable wealth in their own communities. Isaac Franklin’s plantation records reflect his estate’s reliance on dozens of firms in New Orleans, Louisville, and Cincinnati, but they also show numerous purchases from small businessmen in West Feliciana Parish, including Peter Lebret. Rapides Parish planter and future Louisiana governor Thomas Overton Moore was well-served by his New Orleans factor Aristide Miltenberger, but Moore bought liberally from area merchants as well; for example, he spent over a thousand dollars at a store owned by James McCloskey in 1856.⁴⁷

Country newspapers earned a steady and much-needed revenue stream from storekeepers’ advertisements, and they compensated in part by regularly publishing

⁴⁷ Moore’s purchases are discussed in Atherton, *Southern Country Store*, 76. Wendell H. Stephenson, *Isaac Franklin: Slave Trader and Planter of the Old South, with Plantation Records* (Baton Rouge, 1938), Part III; for an 1847 payment to “P. Letret” of Bayou Sara, see p. 301. “Why New Orleans Does Not Advance,” *De Bow’s Review* 11 (October-November 1851), 387–88 (quotations); 1855 resolution as quoted in Olmsted, *Cotton Kingdom*, 331n.6. Irritation with the high cost of doing business at New Orleans even led some Louisiana sugar planters to deal instead with factorage firms in distant eastern seaports like Charleston and Baltimore; see Merl E. Reed, “Footnote to the Coastwise Trade: Some Teche Planters and Their Atlantic Factors,” *Louisiana History* 8 (Spring 1967), 191–97.

editorials and other “news” that encouraged readers to patronize local businesses. Tidbits that centered around the arrival of the latest fashions at a given store were clearly aimed at luring female shoppers, and during an era when travel to distant urban markets remained exceedingly difficult, they often responded accordingly. One antebellum account described how women from nearby sugar plantations were carried by boat to the small village of Thibodeaux on designated days to socialize and shop among its several stores. In Bayou Sara, purchases by women who belonged to wealthy plantation families like the Barrows and Richardsons seem to have comprised the majority of sales in one account ledger of Peter Lebret’s store between 1857 and 1862. The difficulties of wartime may have prompted some of them to spend more heavily than usual, as when Mrs. Jared Richardson charged nearly \$400 worth of goods on account during one period in 1861. Her bill would go unsettled until 1864, by which time Lebret had added eighty-one dollars of interest to the total. Such spending seems to indicate that at least some small-town merchants in antebellum Louisiana carefully attended to a female-centered trade that could be quite lucrative, and it thereby also calls into question the sweeping claim of one recent historian that nineteenth-century southern country stores were always highly gendered environments hostile to women shoppers.⁴⁸

⁴⁸ Ledger, 1857–62, Vol. 17, Lebret & Hearsey Record Books (LLMVC); for Mrs. Richardson’s 1861 account, see p. 290. My estimate that purchases by women constitute the majority of recorded sales in this ledger is admittedly informally derived; nevertheless, Lebret’s records clearly provide a marked contrast to historian Ted Ownby’s assertion that “throughout the nineteenth century, the tremendous majority of visitors and customers [to southern general stores] were men,” and that the “few ledgers that recorded precisely who visited the stores make clear that the stores were male institutions”; Ownby, *American Dreams in Mississippi*, 11. See also the description of store clerks waiting on wealthy female customers in Hundley, *Social Relations in Our Southern States*, 108–9. On women shoppers in antebellum Thibodeaux see J. H. Ingraham, *The Sunny South; or, The Southerner at Home . . .* (Philadelphia, 1860), 425–26; see also Raleigh A. Suarez, “Bargains, Bills, and Bankruptcies: Business Activity in Rural Antebellum Louisiana,” *Louisiana History* 7 (Summer 1966), 191. On newspaper editors’ alliances with local storekeepers see Atherton, *Southern Country Store*, 199–201.

Overall, then, merchants' stores in the Louisiana interior displayed evidence of considerable strength and independence during the antebellum period. In light of the wide dispersal of the rural population, they were also surprisingly numerous, and all the more so given the nearness of New Orleans, the Old South's only metropolis and home to its largest mercantile community. Several provisional explanations can be suggested for this seeming anomaly. For example, historian Roger W. Shugg has called attention to Louisiana's "unusual number of small villages for a planting state" before the Civil War. It is difficult to prove this was the case using census data, which only counted places as towns if they held over a thousand inhabitants, but if Shugg is correct, then it is possible that this proto-urban infrastructure helped provide a particularly conducive environment for the growth and stability of small businesses. Alternatively, from a chicken-or-egg perspective, perhaps the presence of such market outposts was itself largely responsible for the relatively large number of hamlets, and the stores themselves owed their success mainly to other factors (no pun intended). Although the handful of studies of the economic geography of retailing seem to favor the latter type of explanation, they also tend to rely on the central-place theory of markets, according to which the existence of a large metropolis typically fosters the growth of medium-to-small distribution dependencies on its periphery. However, except in plantation districts immediately adjacent to the Mississippi River, the economic influence of New Orleans on parishes of the Louisiana interior was often stoutly resisted. As we have seen, even in riverside plantation-district towns like Donaldsonville and Bayou Sara, merchants frequently turned to more distant cities such as Louisville, Cincinnati, and St. Louis for their wares. Compared to the mutually reinforcing cycle of urban-rural economic development then

underway in the Midwest, particularly that centered on Chicago, the relationship of antebellum New Orleans to its hinterlands was peculiarly weak.⁴⁹

Regardless of how one explains these conditions, it still seems that there were a large number of stores in rural Louisiana parishes during the antebellum period. As of 1840, when the national census-takers sought to enumerate stores for the first and only time that century, Louisiana's number of stores per thousand population (7.0) ranked second in the nation. This total was boosted, of course, by the inclusion of Orleans Parish, but even if it is subtracted, the resultant average of 2.3 stores per thousand population (which also includes slaves) placed the state second only to Georgia (2.5) in the deep South, without even adjusting the latter's figures downward to account for urban enclaves like Augusta and Savannah. But even though census data on them is unavailable for the subsequent two decades before the Civil War, the Dun & Co. records indicate that the number of stores in the Louisiana interior was similarly impressive in 1860, not only in plantation regions like Ascension Parish in the sugar bowl or cotton-producing West Feliciana Parish, but also in mixed-farming communities like Avoyelles Parish, where many yeoman households still remained on the margins of the staple-crop market economy (Figure 3.2).⁵⁰

⁴⁹ Shugg, *Origins of Class Struggle in Louisiana*, 43–44 (quotation). On the central-place theory of markets see Brian J. L. Berry, *Geography of Market Centers and Retail Distribution* (Englewood Cliffs, N.J., 1967); and James E. Vance Jr., *The Merchants' World: The Geography of Wholesaling* (Englewood Cliffs, N.J., 1970). On midwestern economic development centered on nineteenth-century Chicago, see William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York, 1991); for his discussion of central-place theory, see pp. 46–54.

⁵⁰ The 1840 census data on stores is analyzed in Fred Mitchell Jones, *Middlemen in the Domestic Trade of the United States, 1800–1860* (Urbana, Ill., 1937), 56–57; see also Atherton, *Southern Country Store*, 40–42. Both historians derive their figures showing the South well below the national average of 3.4 stores per thousand population in 1840 by including slaves. In Louisiana, if only the free population is counted and Orleans Parish is excluded, there were 5.9 stores per thousand inhabitants in 1840—well above the national average.

FIGURE 3.2: *Stores per Thousand Inhabitants (Free Population) in Selected Louisiana Parishes, 1860*

PARISH	FREE POPULATION	NUMBER OF STORES	STORES PER THOUSAND FREE INHABITANTS
Ascension	4,108	34	12.0
Avoyelles	5,982	31	5.3
West Feliciana	2,100	23	9.1

SOURCE: *Eighth Census of the United States (1860)*, Vol. I: *Population and Other Statistics* (Washington, D.C., 1864), 194; R. G. Dun & Company Collection, Louisiana, Vols. II and XXII (Baker Library, Harvard Graduate School of Business Administration, Cambridge, Mass.)

The strength of stores in the interior parishes of antebellum Louisiana was reflected not only in their numbers, but also in the fact that many of these stores managed to persist in operation across the divide of the Civil War, a subject that will be analyzed in detail in Chapter 9 below. This chapter has sought to demonstrate the strength of such antebellum stores by examining merchants' wealthholding patterns and social mobility. It has also discussed the significant institutional roles that these merchants and their stores played in the lives of their rural Louisiana communities during the decades prior to the war, as well as the independence that many of them achieved, especially in relation to the dominant plantation factorage system based in New Orleans. Particularly important in this latter regard were the pioneering efforts of many antebellum Louisiana store owners like Peter Lebret and Samuel Henarie to insinuate themselves into the burgeoning agricultural economy by providing credit and marketing staple crops for their customers. Together, all of these factors established an important foundation for the expansion of their socioeconomic influence in the tumultuous years that followed the Civil War.

This foundation has been insufficiently acknowledged by historians of the nineteenth-century South, who have grown increasingly accustomed in recent years to emphasizing the radical break (or, to use older terminology, "discontinuity") with the past

represented by slave emancipation after the North's victory in the war. Indeed, few would deny the epochal significance of the sudden destruction of a mode of production that had been entrenched in the South for nearly two centuries. Emancipation did bring about important transformations to the southern economy, yet in large part because of the foundations that they had laid during the prewar decades, rural merchants suddenly found themselves well-situated to reap the benefits. The breakup of the slave plantation system caused southern agricultural production after the war to become decentralized into small farming units. Even as white yeoman households were simultaneously drawn ever further into what Steven Hahn called "the vortex of the cotton economy," sharecropped or tenant-managed units operated by ex-slaves became the most common means of resuming staple-crop production in the post-Civil War South. The gentleman-merchants of New Orleans, who had previously provided credit and marketing support to the large plantation owners of the region, were ill-equipped to furnish similar support to the thousands of small farming units of the region after the war. Rural merchants, however, had cut their credit-provisioning teeth by dealing with the household-based crop production of the white yeomanry, who were too minor to merit the attention of most Crescent City firms before the war, and thus they found themselves better-prepared than anyone else to accommodate the small farms of freedpeople afterward.⁵¹

Admittedly, one should take care not to overstate the broader significance of these rural store owners to the antebellum southern economy and class structure. Planters were clearly the dominant class in the Old South, and many of them even undermined the

⁵¹ Steven Hahn, *The Roots of Southern Populism: Yeoman Farmers and the Transformation of the Georgia Upcountry, 1850-1890* (New York and Oxford, 1983), 133. Some of the historiography on the nineteenth-century southern economy is discussed in Appendix A herein, but see also my article "Fables of the Reconstruction: Reconstruction of the Fables," *Journal of The Historical Society* 4 (Winter 2004), 113-37.

efforts of country store owners to control the output of small farms by agreeing to bundle the crops of their yeoman neighbors with their own consignments to city factors. Furthermore, the relatively small size of most firms and their wide geographic dispersal tended to suppress any incipient class consciousness among rural store owners. Still, even prior to the war, critics deplored the increasing role played by credit-furnishing merchants in the southern countryside. The 1855 commercial convention at New Orleans condemned the "dangerous practice" of crop advances as tending to "establish the relations of master and slave between the merchant and planter"; and similarly, in 1860 *Hunt's Merchants' Magazine* denigrated the southern crop marketing system as having "no parallel except in a pawn-broker's shop." Both of these disparaging metaphors would later be commonly directed toward the furnishing merchants of the postbellum South. Their employment before the war, however, testifies to the effective groundwork already being laid down by rural store owners in states like Louisiana during the antebellum period.⁵²

⁵² "Banking at the South, with Reference to New York City," *Hunt's Merchants' Magazine* 42 (March 1860), 321; New Orleans commercial convention resolution as quoted in Olmsted, *Cotton Kingdom*, 331n.6. On planters' bundling of small farmers' staple crops with their own in antebellum Louisiana, see *ibid.*, 323–25; and Samuel C. Hyde Jr., *Pistols and Politics: The Dilemma of Democracy in Louisiana's Florida Parishes, 1810–1899* (Baton Rouge, 1996), 36. For an unconvincing exposition of class structure in the Old South that overstates the independence of the factorage system, see Susan Feiner, "Factors, Bankers, and Masters: Class Relations in the Antebellum South," *Journal of Economic History* 42 (March 1982), 61–67.

Chapter 4

Louisiana Merchants during Secession and War

In a remarkable memoir published in 1876, a Cuban-born emigre to New Orleans, Loretta Janeta Velazquez, recalled her adventures as a soldier, spy, and smuggler for the Confederacy during the Civil War. Among other exploits, Velazquez claimed to have disguised herself as “Lieutenant Harry T. Buford” and fought for the South in the battle of Shiloh. Still, her wide-ranging narrative, even if slightly fantastic at times, frequently provides keen insights into lesser-known aspects of the war. In a chapter about the lucrative contraband trade between the regions during the war, for example, Velazquez detailed the collusion of Confederate agents with northern mercantile firms, particularly ones based in New York, in buying and shipping goods intended for southern consumption. This trade, she insisted, was only the tip of an iceberg. “In fact,” Velazquez declared, “there is a secret history of the war, records of which have never been committed to paper, and which exists only in the memories of a limited number of people.” But since many wartime profiteers remained prominent in the business circles of both sections during late Reconstruction when she published her book, Velazquez concluded that the chances that “this secret history will ever be written out with any degree of fullness is scarcely possible.”¹

Despite her flair for the melodramatic, Velazquez’s comment contains the kernel of an important and durable truth. The Civil War was the watershed event in American

¹ Loretta Janeta Velazquez, *The Woman in Battle: A Narrative of the Exploits, Adventures, and Travels of Madame Loretta Janeta Velazquez . . .* (Hartford, Conn., 1876), chap. 39 (quotations on p. 459). Although some historians have questioned the veracity of Velazquez’s account, see the recent scholarly defense of her memoir in DeAnne Blanton and Lauren M. Cook, *They Fought Like Demons: Women Soldiers in the American Civil War* (Baton Rouge, 2002), 179–83.

history, and subsequent generations of historians have recounted its story in many ways. Undoubtedly the most popular historical perspective on the war has been the military approach: library shelves groan under the ever-increasing weight of the many thousands of volumes devoted to the tactical and strategic aspects of the war itself, from histories of particular units, battles, and campaigns, to biographies and reminiscences of individual officers and soldiers. The unfolding political narrative has also proved only slightly less essential than military events for many historians of the war, who have dealt with such important topics as the Lincoln administration's desperate machinations to keep the slaveholding border states in the Union; the young Republican Party's struggles both with internal factionalism and with the increasingly antiwar Democratic Party; and the beleaguered Confederate government's simultaneous attempts to build a new nation and manage a war against a foe superior in both resources and population. Most recently, social historians have made valuable contributions to our understanding of the Civil War's impact on the northern and southern homefronts, with a plethora of studies that examine how local communities, as well as groups such as women and slaves, shaped and responded to the harsh conditions of war.

However, if there can be said to be a lacuna in this most painstakingly examined event in the American experience, Velazquez was right: such a "secret history" still probably lies in the various neglected economic aspects of the Civil War. For although the busy hum of commerce may have been obscured beneath the noisy machinery of war, that hum never ceased, and furthermore, economic factors were crucially intertwined with the war's conduct and outcome at some of its most vital military, political, and social junctures. Perhaps the best illustration of this interwoven economic influence is the

Union naval blockade of the southern coast that began in late May 1861, only a month after the fall of Fort Sumter. The blockade is usually recognized as having been an essential component of the eventually successful Union military strategy. But the Union *cordon militaire* had serious economic repercussions, and in turn, those gave rise to some of the most hotly contested diplomatic issues that would engage the U.S. and Confederate governments during the war. Internationally, each government sought to manipulate the possibility that the maritime powers of Europe might intervene against the blockade to their best advantage. The U.S. State Department under William H. Seward had the marginally easier task of simply keeping Great Britain and France neutral. By contrast, the Confederate government had to somehow persuade these “Great Powers” to overcome their antislavery inclinations and offer their recognition, and perhaps active support, to the new southern nation. Many southerners were especially hopeful that northern-enforced interruptions to the transatlantic trade in “King Cotton” would provoke Britain or France to violate the blockade—an eventuality that never came to pass, but one that some historians believe might have turned the war’s outcome in the South’s favor.²

Issues such as the blockade, among others (for example, how each side financed their war efforts), reveal the importance of economic factors in the ways that the war was waged as well as their impact on its eventual outcome. Contrary to Mme. Velazquez, historians of the Civil War have not been blind to these factors by any stretch; a variety

² Most histories of the Confederacy attribute great significance to the Union blockade; for example, E. Merton Coulter declared, “Without a doubt the blockade was one of the outstanding causes of the strangulation and ultimate collapse of the Confederacy.” Coulter, *The Confederate States of America, 1861–1865* (Baton Rouge, 1950), 294. A more recent work that stresses the blockade’s importance to the Union victory is David G. Surdam, *Northern Naval Superiority and the Economics of the Civil War* (Columbia, S.C., 2001). On Confederate foreign relations the classic work is Frank L. Owsley, *King Cotton Diplomacy: Foreign Relations of the Confederate States of America* (Chicago, 1931); see also Charles M. Hubbard, *The Burden of Confederate Diplomacy* (Knoxville, Tenn, 1998); and Howard Jones, *Union in Peril: The Crisis over British Intervention in the Civil War* (Chapel Hill, 1992).

of studies over the years, some of them excellent, have examined topics like blockade running and government finance. However, such topical approaches to the commercial history of the war have been mostly piecemeal in nature, yielding discrete insights but rarely assembling them to make a case for the overall significance of economic factors in the war. More important, this scholarship has been overshadowed for generations by that produced by economic historians more broadly preoccupied with the conflict's origins in the momentous opposition of labor systems, slavery in the South and free labor in the North. This approach is most famously associated with the work of Charles and Mary Beard, who called the North's victory in the Civil War a "Second American Revolution" that represented the national ascendancy of industrial over agricultural interests. The interminable debates over this somewhat Olympian view of the war as a grand struggle between two socioeconomic systems inherently at odds with each other, however, have tended to obscure the significance of other, more quotidian commercial, industrial, and financial aspects of the Civil War itself.³

This chapter will attempt to relate some of what Velasquez termed the "secret history" of the war from the perspective of one state's experience during secession winter and the early years of the Civil War. Louisiana is particularly well suited to any effort to weave together the disparate, neglected strands of economic factors in the war. The sixth

³ Charles A. Beard and Mary R. Beard, *The Rise of American Civilization* (New York, 1927), esp. chap. 18. The Beards' thesis of the Civil War as the military and political consolidation of northern manufacturing interests first came under severe attack by the emergent school of "cliometrics" during the 1950s; see the articles collected in Ralph Andreano, ed., *The Economic Impact of the Civil War* (Cambridge, Mass., 1962). For a recent historiographical review of these debates and subsequent scholarship, see Peter A. Coclanis and Scott Marler, "The Economics of Reconstruction," in *A Companion to the Civil War and Reconstruction*, ed. Lacy K. Ford (Malden, Mass., and Oxford, Eng., 2004), 342–65. On blockade running see Stephen R. Wise, *Lifeline of the Confederacy: Blockade Running during the Civil War* (Columbia, S.C., 1988); on governmental war financing see Bray Hammond, *Sovereignty and an Empty Purse: Banks and Politics in the Civil War* (Princeton, N.J., 1970); Richard Cecil Todd, *Confederate Finance* (Athens, Ga., 1954); and Douglas B. Ball, *Financial Failure and Confederate Defeat* (Urbana and Chicago, 1991).

state to secede from the Union after Lincoln's election in November 1860, Louisiana was one of the chief producers of agricultural commodities in the South, especially cotton and sugar. Moreover, the economic fortunes of other states in the lower Mississippi Valley were linked to Louisiana through the vital regional entrepôt of New Orleans, which was the Old South's only true metropolis. As the locus of southern cotton production had shifted gradually westward during the antebellum decades, New Orleans had steadily gained importance as the premier financial and commercial center of the South.⁴

In light of its powerful economic standing in the South, it is not surprising that Louisiana provided the Confederate government with some of the most important statesmen who more or less cautiously sought to deploy "King Cotton" abroad as a weapon in the Confederate arsenal, most notably Judah P. Benjamin and John Slidell. However, due to their close prewar connections to northern and foreign capital, such representatives of the mercantile and banking elite of Louisiana were often regarded with deep suspicion by the rest of the South. (Indeed, in the case of Benjamin, this suspicion blended with anti-Semitism to make the Confederate secretary of war, and later secretary of state, one of the most publicly reviled figures in Jefferson Davis's administration.) The reactions toward secession and civil war displayed by New Orleans's merchant capitalist community provide telling insights into the attitudes and actions of the Old South's oft-neglected urban commercial elites—men such as Dr. Joseph Slemmons Copes, an all-purpose commission merchant; Walter Cox and Aristide Miltenberger, both of whom

⁴ The standard military history of the war in the state is John D. Winters, *The Civil War in Louisiana* (Baton Rouge, 1963). Wartime political developments in Louisiana are given fuller treatment in two older works: Willie Malvin Caskey, *Secession and Restoration of Louisiana* (Baton Rouge, 1938), and Jefferson Davis Bragg, *Louisiana in the Confederacy* (1941; repr., Baton Rouge, 1997). The war in New Orleans is covered by Gerald M. Capers, *Occupied City: New Orleans under the Federals, 1861–1865* (Lexington, Ky., 1965).

were prominent cotton factors and bank directors; and Edmond J. Forstall, a merchant and sugar planter but most of all, a banker who enjoyed close ties to European capital.

This chapter will focus on the role played by these and other Louisiana merchant capitalists from the fateful election of 1860 through most of the relatively short period that New Orleans remained a part of the Confederacy. (The fall of New Orleans in the late spring of 1862 and the initial Federal occupation of the city will be discussed in the two chapters that follow.) As the secession winter of 1860 began, Louisiana, and particularly New Orleans, was seemingly well positioned astride the global nexus of southern slave-based plantation agriculture and international merchant capitalism. Some critics during the 1850s, however, had claimed that this situation was tenuous in more ways than were readily apparent. Indeed, many of these weaknesses were soon ruthlessly exposed by the onslaught of war, during which the Crescent City and its hinterlands would prove to be an unsturdy fortress for "King Cotton and his retainers" (to borrow historian Harold D. Woodman's apt titular phrase). Understanding how this came to pass, by closely examining the political economy of secession and war as it was experienced by Louisiana's influential merchant capitalist community, may help lend more empirical heft to the interpretive conclusions of economic historians about the conflict's origins and outcome.

On the surface, all seemed like business-as-usual for New Orleans merchants in the months prior to the election of 1860. Joseph Slemmons Copes, a Crescent City commission merchant, traveled to the Midwest early in the year to solidify his firm's contacts among the wholesalers and manufacturers of that region. In Illinois and

Missouri, he had sought to establish credit with midwestern meat packers in order to fill “the vacuum in our New Orleans market” for pork and bacon. He also came to terms with merchants in Kentucky and Indiana for sales of Louisiana sugar and molasses. But most important to Copes were the contacts he made in Cincinnati, Ohio. There, he “got into the very best circles,” and he told his partner and son-in-law Harlow J. Phelps that he felt sure “we shall reap the benefits.” Copes & Phelps’s deep involvement with a brand of iron hoops for baling cotton extended to arranging for their manufacture, but since facilities for doing so were not available in New Orleans, Copes needed to solidify his firm’s reputation among Ohio manufacturers. A \$5,000 note to one such firm fell due soon, and Copes was anxious that his partner forward their specie payment promptly and on time. “If we can make these acceptances,” he advised Phelps, “our character is made in Cincinnati,” but he also warned that “any failure to meet them is simple ruin”⁵

Copes, himself a slaveowner, also sought to reassure his partner that in the Ohio business circles in which he had circulated, there were “scarcely any persons who are not sympathizers with the South and haters of abolitionists.” Ever since the antislavery zealot John Brown’s aborted raid the previous October on the federal arsenal at Harper’s Ferry, Virginia, political tensions in the nation had been stretched nearly to the breaking point. Whatever their individual feelings about the “peculiar institution,” most merchants, southern and northern, seemed instinctively repulsed by the antislavery agitation that now threatened national political—and thus, commercial—stability. The sympathies Copes

⁵ Copes to Harlow J. Phelps, January 24, 1860, in Joseph Slemmons Copes Papers, Box 6 (Mss 733; Howard-Tilton Memorial Library, Tulane University, New Orleans, La.; hereinafter cited as Copes Papers). Copes’s intermediary role between inventor and manufacturer in the iron baling clasp business typifies the continued centrality of merchant capitalists to most American manufacturing in the mid-nineteenth century, whereby men like Copes not only took responsibility for marketing value-added goods but also provided most of the financial capital for their production. See Glenn Porter and Harold C. Livesay, *Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing* (Baltimore, 1971), esp. chap. 3.

described in Cincinnati probably also prevailed throughout much of the “butternut” districts of southern Ohio, whose commercial farmers had long been closely linked to the slave-state markets immediately to their south. But Copes’s hopeful report was redolent of an increasing habit in the southern press: a heavy reliance on the presumably agnostic ties of intersectional commerce to moderate the emergent national political crisis. Just prior to Brown’s raid, the New Orleans *Delta*, in an article titled “Commerce as a Peace-Maker,” had asserted that the powerful New York City merchant community was “becoming, through the influence of commercial relations more and more intimate, essentially Southern in sympathies,” and as the crucial elections in the fall of 1860 approached, New Orleans merchants collectively addressed direct appeals to their New York brethren for their support in averting a constitutional crisis.⁶

Events had acquired a momentum of their own, however, and uncertainty over the future began to be adversely reflected in regional commodity and money markets. During the first half of 1860, Walter Cox, another New Orleans commission merchant with ties to the Red River cotton trade, had repeatedly advised an Arkansas planter-client of increasingly soft markets and “tight” money. In a gloomy letter that October, Cox summed up the situation just prior to the election of 1860:

There is a growing distrust in the commercial mind at the unsettled condition of domestic politics. . . . In the event of Mr. Lincoln’s election, trouble may ensue. Large depreciation in the value of Southern property would not be unlikely. These considerations are already lending weight to our moneyed transactions and rates are well up. We think that Southern planters and merchants cannot exercise too great a caution until after the deciding election of November.

⁶ New Orleans *Delta*, September 9, 1859, quoted in Philip S. Foner, *Business and Slavery: The New York Merchants and the Irrepressible Conflict* (Chapel Hill, N.C., 1941), 168 (quotation), 171–72; Joseph S. Copes to Harlow J. Phelps, January 24, 1860, in Box 6, Copes Papers. See also Michael Zakim, “The Dialectics of Merchant Capital: New York City Businessmen and the Secession Crisis of 1860–61,” *New York History* 87 (Winter 2006), 67–87.

Already, Cox concluded, the New Orleans cotton market “has suffered largely on the mere strength of such apprehensions.”⁷

Cox’s comment highlights how local markets tended to weaken when the wider web of exchange relations became less regularized and efficient within a political environment of generalized, endemic “apprehensions.” Even more so than production-oriented industrial capitalism, merchant capitalism depends on a stable business climate for the wheels of long-distance exchange to run smoothly; that is, for reasonable profits to be routinely extracted by common consent at various geographic waystations. Due to the absence of a uniform national currency, American merchant capitalists had long faced the problem of relatively volatile money markets as a standard condition of national and international commerce in the nineteenth century, and the vulnerability of the jerry-rigged financial system to periodic panics, as had occurred in 1837 and 1857, only exacerbated matters. To mitigate these financial difficulties, many New Orleans merchants relied heavily on their connections with the city’s banks—the strongest, best-capitalized, and most conservatively managed banks in the South, many of which were informally allied with institutions in New York City and London, or with locally-based agents of powerful foreign merchant banks like the Barings and the Browns. But widespread political instability threatened the interlocked structure of contingent promises inherent to exchange contracts, whose terms called for fulfillment over broad expanses of space and time. Growing fears of intersectional political gridlock—or worse—meant that a bank note issued in New York to cover the cost of a given quantity of goods to be shipped from the South might cost the northern merchant more because of a perceived increase in

⁷ W. Cox to W. E. Ashley, October 5, 1860 (quotations), June 6, May 3, April 10, 1860, all in W. Cox & Co. Letters, 1860–61 (MS-49; Manuscripts Division, New Orleans Public Library, New Orleans, Louisiana; hereinafter cited as Cox Papers, NOPL).

risk. Further down the line, the same note might suddenly only be redeemable for specie at a sharply increased discount in New Orleans' money markets. Increases in discrete transaction costs therefore had a ripple effect that affected profit margins all along the extended commodity chain.⁸

In the wake of Lincoln's election in early November, anxieties over the nation's political future became endemic among New Orleans merchants, with increasingly serious consequences. As local banks began cutting back sharply on new loans, the New Orleans *Price-Current*, the tri-weekly organ of the commercial establishment, reported in early December that conditions in the city's money markets were "grow[ing] more and more severe from day to day" because of fears over the possibilities of impending secession and war. Fulfilling Walter Cox's prophecy of October, land values also began to plummet, with some plantations in the Louisiana sugar districts selling in December at only a third of their previous value. Most disturbing of all were a rash of business suspensions by New Orleans factorage houses. Although some of these firms sought to reassure their customers—as well as northern creditors—that their suspensions were only temporary, one city merchant admitted that "the panic is infinitely [*sic*] worse than that of 1857 on account of the uncertainty over political matters."⁹

⁸ Larry Schweikart, *Banking in the American South from the Age of Jackson to Reconstruction* (Baton Rouge, 1987), 134–40, 211–12, 282; Erik Banks, *The Rise and Decline of the Merchant Banks* (London, 1999), 119–43; Lance E. Davis and Douglass C. North, *Institutional Change and American Economic Growth* (Cambridge, Eng., 1971), 20–25. For the notion of "commodity chains" in international commerce see Gary Gereffi and Miguel Korzeniewicz, eds., *Commodity Chains and Global Capitalism* (Westport, Conn., and London, 1993). Thomas L. Haskell stresses the increased importance of "promise-keeping" to the stability of contracts between capitalists from the eighteenth century forward in "Capitalism and the Origins of the Humanitarian Sensibility, Part 2," in *The Antislavery Debate: Capitalism and Abolitionism as a Problem in Historical Interpretation*, ed. Thomas Bender (Berkeley and Los Angeles, 1992), 143–46.

⁹ Rhorer & Zunts [New Orleans] to P. T. Hickman, December 5, 1860, as quoted in Harold D. Woodman, *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800–1925* (Lexington, Ky., 1968), 201 (quotation), 205–6; Charles P. Roland, *Louisiana Sugar Plantations during the*

The British consul at New Orleans, William Mure (who also did business as a cotton broker in the city) summed up the rapidly deteriorating local conditions in a lengthy mid-December letter to the Foreign Secretary in London. “[O]ver 30 Factorage houses have suspended within the last fortnight whose aggregate liabilities amount to over 30 Millions of Dollars,” he reported. Describing how “Commercial panic” had progressed among the various but closely interlocked portions of the city’s merchant community, Mure professed surprise that the mere fact of Lincoln’s election could so profoundly undermine the regular flow of commerce in and through New Orleans. “It did not seem probable,” he wrote, “that such vast interests would be imperiled without due and deliberate consideration.” “And yet,” Mure continued:

within three weeks after the election, and before any overt act of hostility could be committed by the President-elect, the agitation of the question of dissolution of the Union has been so widespread, as entirely to destroy confidence—[to] obstruct the usual channels of Trade and depreciate the value of property of all kinds to a ruinous extent. Importers and jobbers are unable to sell their stocks of goods, so that they cannot find the means of purchasing exchange to liquidate their Domestic and Foreign obligations. The Cotton Factors are unable to sell their produce, which the agents for the Liverpool houses and Manchester spinners are ready to purchase, but are deprived of facilities of negotiating their bills of exchange

Anticipating concerns that would preoccupy the British government over the next few years, Mure also feared the possible effects of a shortage of cotton on “the manufacturing interests of Great Britain” if interruptions to the transatlantic commerce centered on New Orleans continued unabated.¹⁰

American Civil War (Leiden, Netherlands, 1957), 27; New Orleans *Price-Current*, December 1, 1860, quoted in Bragg, *Louisiana in the Confederacy*, 67–68.

¹⁰ William Mure [New Orleans] to Lord John Russell [British Foreign Secretary], December 13, 1860, reprinted as “Financial and Economic Disturbance in New Orleans on the Eve of Secession,” ed. Milledge L. Bonham, *Louisiana Historical Quarterly* 13 (January 1930), 32–33. See also Mure’s listing under

Mure also reported that a delegation of “influential gentlemen connected with [Louisiana]” had recently visited him to explain southern intentions—and to test the waters as to possible diplomatic support from Her Majesty’s government as well. The delegation had assured Mure that they had no intentions of seeking to reopen the slave trade. They had also dangled the possibility of liberalized, direct commercial ties between Britain and a new southern nation, which was in keeping with complaints that southern merchant capitalists had voiced for years about the disadvantages to them that arose from the intermediary role played in the international cotton trade by firms in New York City and other northeastern ports—a standpoint summed up in the very title of a popular book published earlier that year: *Southern Wealth and Northern Profits*.¹¹

Other interests closer to home had to be placated by elite southerners as they pondered secession and the formation of a new nation. After the election, every steam packet arriving at New Orleans carried a new batch of anxious letters for the city’s merchants from northern businessmen. One Delaware correspondent of Joseph S. Copes, admitting that “[t]he news of Lincoln’s election has completely unstrung me,” asked for Copes’s opinion as to whether “a dissolution of the Union will be the result.” “If so,” he added, “what a tide of evils will follow!” James R. Speer, the Pennsylvania inventor of the cotton-bale clasps that Copes distributed for him, also eagerly solicited his merchant-patron’s “views on the dreadful political storm that is now sweeping over the South.” Customers in the southern interior also sought reassurance from their New Orleans

“Commission Merchants and Cotton Factors” in *Gardner’s New Orleans, Louisiana, City and Business Directory for 1861* (New Orleans, 1861), 474 (Howard-Tilton Memorial Library, Tulane University, New Orleans, Louisiana; hereinafter cited as HTML-Tulane).

¹¹ Thomas Prentice Kettell, *Southern Wealth and Northern Profits* (New York, 1860), esp. 73–75; cf. the northern reply of sorts in [Daniel Lord], *The Effect of Secession upon the Commercial Relations between the North and South, and upon Each Section* (New York, 1861). Mure to Lord Russell, December 13, 1860, in Bonham, ed., *op. cit.*, 35–36.

factors. A client in the Natchez district wrote of his fears that secession would end the general prosperity that the region had enjoyed for years, and Copes heard similar concerns from Arkansas and Texas. Nevertheless, the factor Walter Cox, who was also a director for the recently chartered Merchants' Bank, confidently assured an Arkansas planter-client that the New Orleans business community has "an abiding faith in cotton, and [we] feel assured that the troubles we are going thro' now will make the King more secure even on his throne."¹²

Also high on the South's list of immediate concerns was the reaction of the western states to a possible secession, the commercial effects of which hinged largely on the question of navigation rights on the Mississippi River. Over the preceding decades, this great artery of commerce, with its southern terminus at New Orleans, had fostered an enormous steamboat and barge trade that carried products from the burgeoning farm regions of the Midwest that abutted it, as well as from states along the many other rivers, like the Ohio and the Missouri, that flowed into it. Mercantile spokesmen like J. D. B. De Bow had long emphasized the importance of the river-based grain trade to the city's fortunes, as well as the consequences of the steady erosion of its market share via rail, lake, and canal routes that favored New York and other northeastern cities. Receipts of midwestern farm products intended for export had fallen even more precipitously at New Orleans over the previous five years: since 1856, flour exports from the city were down nearly 40 percent, and corn over 60 percent. But the city's loss of the export trade in midwestern grain had been obscured during the cotton boom of the 1850s, when the

¹² Cox to W. E. Ashley, January 4, 1861, Cox Papers, NOPL; for Cox's service to the Merchants' Bank (est. 1859), see *Gardner's City Directory, 1861*. R. Marshall (Natchez, Miss.) to Copes, December 29, 1860; James R. Speer (Pittsburgh, Pa.) to Copes, December 21, 1860; J. W. Morgan (Seaford, Del.) to Copes, November 8, 1860, all in Copes Papers, Box 6.

Crescent City had actually gained importance as a distribution point for western foodstuffs marketed to the southern plantation interior.¹³

As a result, the Mississippi River and its New Orleans terminus remained important to the economies of the western states in 1860, and many Louisiana merchants thought that these interregional ties might serve as the basis of a sectional political alliance against the alleged commercial predations of the Northeast. In December, Louisiana's powerful pro-secession senator, John Slidell, sought to cultivate such an alliance by publicly pledging to the citizens of every state "whose streams flow into the Mississippi, the free navigation of the river and the free interchange of all of the agricultural products of the valley of the Mississippi." The New Orleans *Delta* speculated that same month that free trade on the river would be the policy of a seceded South, and indeed, when the provisional Confederate Congress assembled in Montgomery, Alabama, in February 1861, its representatives quickly affirmed that any western products shipped downriver through New Orleans would not be subjected to any duties or otherwise impeded if intended for export.¹⁴

Such reassurances proved ineffectual, however, as any hopes for peaceful cooperation between a Confederate South and the West soon dissipated. Faced with the sudden prospect of having to ship their products by a river that ran through the territory

¹³ John G. Clark, "New Orleans and the River: A Study in Attitudes and Responses," *Louisiana History* 8 (Winter 1967), 132-34; Lawrence H. Larsen, "New Orleans and the River Trade: Reinterpreting the Role of the Business Community," *Wisconsin Magazine of History* 61 (Winter 1977-78), 115-19. Figures on the New Orleans grain trade are derived from Surdam, *Northern Naval Superiority*, 16; and on cotton receipts, *ibid.*, 164-65.

¹⁴ E. Merton Coulter, "The Effects of Secession Upon the Commerce of the Mississippi Valley," *Mississippi Valley Historical Review* 3 (December 1916), 280-81; *Congressional Globe*, December 19, 1860, p. 137, quoted in Louis Martin Sears, *John Slidell* (Durham, N.C., 1925), 175. On changing patterns in interregional commerce before the war, see Morton J. Rothstein, "Antebellum Wheat and Cotton Exports: A Contrast in Marketing Organization and Development," *Agricultural History* 40 (April 1966), 91-100; and William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York, 1991), chap. 6.

of a new slave-based nation, the free states of the Upper Mississippi Valley responded defensively to secession. In Lincoln's home state of Illinois, for example, the newly inaugurated governor, Richard Yates, claimed to speak for the entire region in his "unalterable determination . . . to permit no portion of [the Mississippi River] to be controlled by a foreign jurisdiction," and the governors of Ohio and Indiana soon expressed similar sentiments.¹⁵

The problems presented by a potentially transnational Mississippi River trade also prompted concerns about the political course of the South among some New Orleans merchants. Historian Lane C. Kendall later noted the difficult choices that were debated in the city during secession winter. "If [Louisiana] guaranteed free navigation to all states bordering upon the Mississippi, she would quite conceivably open herself to attack by Northern forces," he wrote. "On the other hand, [if] she denied the right of transit, she was bankrupting herself by cutting off an immensely valuable trade." Such problems led the New Orleans *Daily Picayune* to admit in mid-December that "people do not appreciate the consequences" of secession. The conservative paper speculated about the negative effects on the city's commerce that secession might provoke:

If today Louisiana was declared out of the Union, and consequently her custom-house closed, how is a bale of cotton to leave our port? Or how can . . . any of the millions of dollars worth of the fruits of the earth now in our storehouses be exported? Who will clear the vessels that will take them?

If a "new confederacy" were to be formed by the South, the paper warned that "conflicts of material interests . . . will be almost, if not absolutely, insurmountable."¹⁶

¹⁵ Coulter, "Effects of Secession," 278–79 (quotation on 278).

¹⁶ New Orleans *Daily Picayune*, December 12, 1860, quoted in Lane C. Kendall, "The Interregnum in Louisiana in 1861, Part I," *Louisiana Historical Quarterly* 16 (April 1933), 194–95; *ibid.*, 199 (first quotation).

The rash of business suspensions reported in the Crescent City that December probably confirmed that such fears about the commercial effects of secession were fairly widespread among New Orleans merchants, even if they were rarely publicly expressed. Further evidence of uncertainty about the probable impact of secession on trade was reflected in the quickened pace of exports from the port city that winter. Walter Cox observed in early January 1861 that, in spite of the suspensions, the city was nevertheless enjoying "an active and buoyant market" in cotton, which he attributed to concerns among New York houses about "future supplies" of the staple in the event of secession. Later that month, the New Orleans *True Delta* took note of the unusually rapid pace of cargo-laden ships leaving the port, reporting that "a very large fleet" was said to have "applied for and obtained clearances in anticipation of the abolishment or suspension of the functions of the [U.S.] custom-house" at New Orleans. These rushed clearances facilitated an increase in manufacturers' reserve stocks of cotton well beyond their usual levels, particularly in Great Britain, and as one historian has concluded, they also later "diluted the effectiveness" of the New Orleans-led cotton embargo in 1861-62, which will be discussed at length in Chapter 5.¹⁷

Evidence of merchants' uneasiness over the commercial implications of secession tends to support later characterizations of business opinion in New Orleans as politically moderate and even pro-Union during the crisis of 1860-61. The precincts of New Orleans had delivered nearly 80 percent of their presidential votes in November 1860 for one or the other of the moderate Union candidates, John Bell or Stephen A. Douglas. Yet such

¹⁷ Surdam, *Northern Naval Superiority*, 112 (quotation); see also Eugene A. Brady, "A Reconsideration of the Lancashire 'Cotton Famine,'" *Agricultural History* 37 (October 1963), 156-62. New Orleans *Daily True Delta*, January 22, 1861, quoted in Lane C. Kendall, "The Interregnum in Louisiana in 1861, Part II," *Louisiana Historical Quarterly* 16 (July 1933), 384; W. Cox to W. E. Ashley, January 4, 1861, Cox Papers, NOPL.

political conservatism in favor of a stable status quo was to be expected from southern merchant capitalists, for whom the slightest threat of disruptions to the routinized patterns of long-distance trade were anathema. From such a narrowly self-interested standpoint, southern secession would introduce, at a minimum, an unwelcome degree of uncertainty as to how future commercial transactions between the regions would be conducted—and where uncertainty intruded, risks increased and profits declined. But it is important to distinguish the real intention behind the support of many New Orleans businessmen for John Bell's Constitutional Union Party. For most merchants, a vote for Bell was not an expression of unconditional Unionism against southern extremism; instead, they hoped that a Bell administration might be able to negotiate a settlement to the political crisis, as had occurred in the famous Compromises of 1820 and 1850.¹⁸

Even this moderate pro-Union stance, however, proved to be contingent on a favorable outcome to the presidential election. As Gerald M. Capers has noted, the Republican Party's victory in November 1860 provoked an "immediate change in attitudes" among the citizens of New Orleans. The president-elect's public pledge to prevent any further extension of slavery in the territories, as well as the more radical antislavery intentions that he and his allies were believed to harbor, made Lincoln simply unacceptable to Louisiana's merchant-elites. Their steadfast support for the "peculiar institution" now assumed clear priority over their vague Whiggish preference for a stable national government and business-as-usual. During the weeks after Lincoln's election, the logic of secession grew steadily more irresistible in New Orleans. With few exceptions, the city's press rapidly closed ranks in favor of withdrawal from the Union.

¹⁸ Caskey, *Secession and Restoration*, 12–15; Capers, *Occupied City*, 20–22; Clement Eaton, *The Mind of the Old South* (rev. ed., Baton Rouge, 1967), 87–88. Most of Stephen Douglas's votes in New Orleans probably came from working-class Democrats aligned with former U.S. senator Pierre Soule.

De Bow's Review, the New Orleans-based southern commercial journal, was strongly pro-secession. A widely discussed Thanksgiving Day sermon in support of secession by the city's Presbyterian Reverend Benjamin M. Palmer (who was friend and pastor to the merchant Joseph Slemmons Copes) lent powerful moral authority to the emergent southern cause. Merchants agreed with Palmer that "the enriching commerce, which has built the splendid cities and marble palaces, of England as well as of America, has been largely established on the products of our soil." By December, public support for secession seemed practically unanimous. British consul William Mure admitted that he had not expected "to find the feeling in favour of Secession so strong or general as it is in this City and State." Alluding to the city's business community, Mure observed that "even the motives of interest have given place to antipathy and hostility to the Northern and Western States."¹⁹

The question of secession quickly became embroiled in the complex thickets of Louisiana politics. Soon after Lincoln's victory, Governor Thomas O. Moore scheduled a statewide election for early January that would choose delegates for a secession convention. Two factions quickly emerged to vie for voters' support in the few weeks before the election. In keeping with the theories of individual state sovereignty that had been developed by men like John C. Calhoun, "immediate secessionists" wanted the convention to consider and ratify Louisiana's withdrawal from the Union without reference to the actions of the rest of the southern states, most of which were nevertheless expected to follow suit. (In fact, five states had already seceded before Louisiana's

¹⁹ Mure to Lord Russell, December 13, 1860, in Bonham, ed., *op. cit.*, 32; Kendall, "Interregnum in Louisiana, Part I," 183-90; Eaton, *Mind of the Old South*, 87; Capers, *Occupied City*, 21-22 (quotation on p. 21). Palmer's sermon is reprinted in Jon L. Wakelyn, ed., *Southern Pamphlets on Secession, November 1860-April 1861* (Chapel Hill, 1996), 63-77 (quotation on p. 70). On Joseph S. Copes and Palmer, see Rev. J. H. McIlvain to J. S. Copes, December 20, 1860, Box 6, Copes Papers.

convention assembled in late January, with South Carolina leading the way on December 20.) This faction, which enjoyed the backing of Senator John Slidell and his political machine, were opposed by the "Cooperationists," whose position essentially turned on the procedural exception they took to secession as it was unfolding on a state-by-state basis rather than through a concerted single action by the South as a whole, which the Cooperationists thought more prudent. The Cooperationist stance owed little to states' rights philosophy; instead, it was derived more from a Whiggish appreciation of the benefits of a strong, fairly active central government. The Cooperationists polled a strong minority of the vote in the January 7 election, but at the secession convention later in the month, the handful of moderate proposals their delegates put forth were easily voted down by the majority.²⁰

As with misunderstandings of the vote for Bell and Douglas in the presidential election of 1860, the showing of the Cooperationist faction in January 1861 led many contemporaries to mischaracterize and overstate the strength of Unionist sentiment in New Orleans and Louisiana. Newspapers in New York, particularly Horace Greeley's *Tribune*, harped on alleged voting irregularities in the January 7 election to assert the existence of a conspiracy that had managed to drag a "Unionist" majority in Louisiana into secession. But although they did counsel moderation in the face of the national crisis, there was little evidence among the Louisiana Cooperationists of unconditional pro-Union, much less anti-secession, sentiments (despite being called "Submissionists" by

²⁰ Caskey, *Secession and Restoration*, 24–27, 29–33; Roger W. Shugg, *Origins of Class Struggle in Louisiana: A Social History of White Farmers and Laborers during Slavery and After* (1939; repr., Baton Rouge, 1968), 161–66. The British journalist William Howard Russell called John Slidell "one of the most determined disunionists in the Confederacy," and said of his influence that Slidell "is to the South something greater than Mr. Thurlow Weed has been to the North." Russell, *My Diary North and South* (Boston, 1863), 237.

their opponents). The mistaken conflation of moderate but pro-secession Cooperationism with unconditional Unionism had later policy consequences, leading the Lincoln administration to greatly underestimate pro-Confederate feeling in New Orleans during the process of “reconstruction” that began after the city’s occupation in 1862. The short-lived Cooperationist movement was probably less an expression of businessmen’s Unionist loyalties or doubts about the South’s political course than it was an issue-based extension of long-standing political factionalism in the state and city, especially the bitter opposition between the Slidell and Soule wings of the Louisiana Democratic Party.²¹

Even some of their fellow southrons, however, were not immune to skepticism about the direction of Crescent City loyalties. The New Orleans *Daily Crescent* expressed its regret after the January 7 election that “the Cooperation party here has caused the South to look upon New Orleans with doubt, and this doubt [is] very reasonable, considering the cosmopolitan character of the city.” The rural parishes of Louisiana had long been frustrated by what they perceived as the domination of state politics by Crescent City commercial interests, but hostility towards New Orleans’s mercantile elite extended to the wider plantation South as well. Complaints had been voiced for years about the inefficiency, high costs, and corruption associated with doing business at the port of New Orleans, which many planters blamed on the arrogant bankers and merchants who benefited from the city’s practical monopoly on the regional cotton trade. But as the South drew further into a defensive posture during and after secession winter, deeper suspicions based on New Orleans’ “cosmopolitan character” began to surface. For example, the city had long been regarded by outsiders as a den of moral turpitude, in part

²¹ John M. Sacher, *A Perfect War of Politics: Parties, Politicians, and Democracy in Louisiana, 1824–1861* (Baton Rouge, 2003), 290–97; Shugg, *Origins of Class Struggle in Louisiana*, 168–69; Caskey, *Secession and Restoration*, 14–15, 38–41.

because of its notorious racial intermingling, and among the South's many strict religionists, this reputation alone undermined any logical claims New Orleans might have to serve as the capital of a new southern nation.²²

More worrisome to many southerners, however, were the close connections that New Orleans merchants maintained with northern and foreign capitalist interests, which ran much deeper than just the routine ties of long-distance commerce. Many prominent Crescent City houses were considered little more than appendages of New York-based firms, which was not only true of merchants in the export trades but also of many wholesale and retail establishments, particularly in dry goods. Powerful firms of European origin, such as the Barings and the Browns, had played a prominent role in New Orleans commercial affairs since its colonial days, helping lend the city its reputation as a hotbed of meddlesome international intrigues. Indeed, many southerners still regarded the city's financial community as dangerously intertwined with northern and foreign capital. Even though its banks had been widely admired nationally for their impeccably conservative practices ever since the disastrous Panic of 1837, this only damned them all the more in the eyes of many regional planters, who resented New Orleans bankers not only for their excessive stinginess with credit, but also for their seemingly arrogant stance above the fray of southern political grievances.²³

²² Shugg, *Origins of Class Struggle in Louisiana*, 138–41; *New Orleans Daily Crescent*, January 8, 1861, quoted in Kendall, "Interregnum in Louisiana, Part I," 207. Clark, "New Orleans and the River," 129–33. For an example of New Orleans' widespread antebellum reputation for class, racial, and sexual intermingling, see Frederick Law Olmsted, *The Cotton Kingdom: A Traveller's Observations on Cotton and Slavery in the American Slave States*, ed. Arthur M. Schlesinger (New York, 1953), 233–40.

²³ Stephen A. Caldwell, *A Banking History of Louisiana* (Baton Rouge, 1935), 89; George D. Green, *Finance and Economic Development in the Old South: Louisiana Banking, 1804–1861* (Stanford, Calif., 1972), chap. 3; Ralph W. Hidy, *The House of Baring in American Trade and Finance: English Merchant Bankers at Work, 1763–1861* (Cambridge, Mass., 1949); Edwin J. Perkins, *Financing Anglo-American Trade: The House of Brown, 1800–1880* (Cambridge, Mass., and London, 1975), 156–67, 185–88; Harry A. Corbin, *The Men's Clothing Industry: Colonial through Modern Times* (New York, 1970), 32–37;

Perhaps most troubling to southerners outside Louisiana as secession approached was the fact that a large proportion of New Orleans merchant capitalists were northern-born, many of whom still retained familial and other links outside the South. J. D. B. De Bow had compiled statistics in the mid-1850s that showed that, nearly 10,000 of the roughly 40,000 American-born white New Orleans residents had been born in the North, considerably more than the number who had been born in slave states other than Louisiana. Two historians later confirmed De Bow's figures, estimating that "[i]f the Louisiana-born are included . . . nearly one-fourth of all free, white, native-born Americans in New Orleans were Yankees." Years before the term *carpetbagger* became an term of opprobrium throughout the South, New Orleans was widely viewed as home to a large community of opportunistic northern-born migrants who had established a foothold for Yankee business culture in the Deep South. Among such migrants were powerful lawyer-politicians like John Slidell, a native New Yorker who had made his fortune in Louisiana land speculation and whose niece was married to the New York banker August Belmont, himself an agent of the European house of Rothschild. But there were also many relatively anonymous merchants in the city, men like Joseph Slemmons Copes, a Delaware native who had moved to New Orleans in 1849. Like others, Copes continued to visit and correspond frequently with his northern friends and relatives long after his residence had been established at New Orleans. Whether the loyalties of such transplanted men could withstand the pressures of secession and possible war was a question pondered by many southerners during the winter of 1860-61.²⁴

Robert G. Albion, *The Rise of New York Port, 1815-1860* (1939; repr., Boston and New York, 1967), 95-97.

²⁴ J. D. B. De Bow, "Nativities and Inhabitants of the Leading Cities," *De Bow's Review* 19 (September 1855), 262; William W. Chenault and Robert C. Reinders, "The Northern-born Community of New

Businessmen also generally had to endure more suspicion than most other migrants to the South, since the lure of mammon was widely presumed to make men agnostic at best with regard to political affairs. In this instance, however, such fears were largely misplaced. "The term 'Unionist'," as one historian has pointed out, "is highly relative," not only with respect to the strength of the ideological commitment underlying it, but also as to precisely when such proclivities were displayed. Many citizens who backed the Confederacy during its early years later proved willing to hedge their bets in favor of the Federals when the tide of war turned against the South. As is also true of other southern states, there would eventually prove to be more than a handful of Union sympathizers in Louisiana. However, despite some exceptions, most of them concentrated among cautious city bankers and the state's federal tariff-dependent sugar planters, the overwhelming majority of the state's merchant capitalists, whether northern-born or not, actively and publicly supported the Confederacy during and after secession winter, often at great cost to themselves. One historian's recent cataloguing of the 172 most prominent Louisiana Unionists by occupation identified only 16 as merchants. The widespread support of New Orleans businessmen for the Confederacy is all the more striking in light of the many other differences between them, such as religious affiliation and ethnocultural ties. Indeed, business classes are too often regarded as monolithic, even though similar deep divisions were apparent in the commercial communities of other American cities, such as New York, before and during the Civil War.²⁵

Orleans in the 1850s," *Journal of American History* 51 (September 1964), 232-47 (quotation on p. 233); Sears, *John Slidell*, 5-11, 111-12. On Joseph S. Copes's northern ties see Copes Papers, *passim*.

²⁵ Ted Tunnell, *Crucible of Reconstruction: War, Radicalism, and Race in Louisiana, 1862-1877* (Baton Rouge and London, 1984), Appendix 1; Capers, *Occupied City*, 14, 24 (quotation). For an impassioned defense of businessmen's patriotism see "The Merchant—His Character, Position, Duties," *De Bow's Review* 3 (February 1847), 93-97. On the divisions that the war exposed between New York merchants and manufacturers, see Foner, *Business and Slavery*; and Sven Beckert, *The Monied Metropolis: New York City*

If anything, the alliance between southern merchant capitalists and slaveholding planters was founded on a more organic and stable basis than would have been possible in the more fragmented, hypercompetitive business climate prevalent elsewhere in the nation. Credit relationships alone between city factors and country planters were far more deeply imbricated in the southern social and political fabric than were the increasingly impersonal ties of finance in the North, and the widespread use of slave mortgages as collateral gave merchants a vital pecuniary stake in the peculiar institution. Also, even “sedentary” merchants like Copes (himself a former planter) traveled frequently to maintain face-to-face contact with their clients in the hinterlands; a great deal of intermarriage resulted from such personal visits, with the bonds of kinship further solidifying the ties between planters and their New Orleans factors.²⁶

Such deep-seated bonds made it less likely that Louisiana merchants would object very strenuously to the sundering of ties with the Union. Although New Orleans valued its role in the midwestern produce trade, when push came to shove, slave-produced commodities, especially cotton and sugar, were clearly the city’s lifeblood. Furthermore, the situation as it appeared in early 1861 also left Crescent City merchants plenty of room to believe that a new southern nation might ultimately prove to their advantage. After all, war had not yet been declared and was by no means certain: factor Walter Cox thus assured a client in March that “fears of a civil war are subsiding.” But even if war came to pass, conventional wisdom in the South during early 1861 held that any conflict would

and the Consolidation of the American Bourgeoisie, 1850–1896 (Cambridge, Eng., and New York, 2001), 4–5.

²⁶ Richard H. Kilbourne Jr., *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish, Louisiana, 1825–1885* (Tuscaloosa, Ala., and London, 1995), 73–74; Woodman, *King Cotton*, 34–42. For a suggestive analysis of the centrality of credit and debt relationships to southern planters’ outlook, see T. H. Breen, *Tobacco Culture: The Mentality of the Great Tidewater Planters on the Eve of Revolution* (Princeton, N.J., 1985), esp. chap. 3.

be both short in duration and certain to result in a Confederate victory. The London *Times* correspondent William Howard Russell visited New Orleans that spring and found a great deal of public confidence in the region's post-secession prospects, especially in the event of the pro-southern British intervention that most considered imminent. "There are some who maintain there will be no war after all," he reported, and even if there were, "the mercantile community hope the contest will be ended before the next season." Although such hopes were soon dashed, it was not unreasonable for many merchants to assume that the Crescent City's role as the central metropolis of an independent Confederacy might actually improve their economic fortunes. Independence would necessarily foster increased direct trade with Europe, allowing profits long siphoned off by northeastern ports to accrue instead to merchants and their plantation clients.²⁷

Observers outside the region worried that the millions of dollars in debts owed to northern firms provided an incentive for southern merchants to support the Confederacy. *De Bow's Review* reprinted a spring 1861 article from a northern trade journal that maintained that a recent rash of business suspensions in New York, mainly among firms involved in the wholesale dry goods trade with the South, confirmed their "worst fears." "In the States actually seceded repudiation has, to a large extent, been adopted," the author fretted, "and, where debtors are too honorable to directly repudiate, they yet refuse to remit until the close of the war." Although northern firms had begun restricting credit to their southern customers in anticipation of possible secession and war during the fall of 1860, which had caused southern purchases to fall to two-thirds their usual level that season, the combined debt of New Orleans houses alone to the North was still estimated

²⁷ W. Cox to W. E. Ashley, March 22, 1861, Cox Papers, NOPL; Russell, *My Diary North and South*, 231; Capers, *Occupied City*, 24.

at \$30 million in early 1861. Still, the British journalist Russell wrote in May that “repudiation is a word out of favor” among the Louisiana elites with whom he consorted on his visit. Even as the new Confederate Congress was seeking to curb regional specie drain by prohibiting the payment of debts to creditors in states that remained in the Union, Russell reported that “the great commercial community of New Orleans den[ies] that they intend to repudiate” their northern debts. These attitudes persisted after the city’s occupation: a British businessman visiting in October 1862 declared that “there can be no doubt that eventually every debt in New Orleans may be paid in full; and I could not hear of a solitary instance where the slightest disposition was manifested to repudiate, or even compromise[,] either a Northern or a foreign debt.”²⁸

Although a temporary suspension of payments due to considerations of national interest might be tolerated (indeed, the Confederate act of May 21 carefully provided for restitution of debts with interest after the cessation of hostilities), for most Louisiana merchants, the ingrained habits of intra-mercantile honor died hard. A businessman’s reputation for integrity demanded that obligations contracted in good faith be respected. After the war, middling merchant Joseph Copes jumped through hoops, so to speak, to reach a fair settlement of old debts demanded by the unforgiving Ohio manufacturer who had supplied his former profitable trade in iron cotton-bale clasps. Higher up the merchant-capitalist ladder, conservative New Orleans bankers would successfully deploy their political influence during Reconstruction and afterward to prevent the official cancellation of debts contracted before, during, and after the conflict, thereby shoring up

²⁸ W. C. Corsan, *Two Months in the Confederate States: An Englishman’s Travels Through the South*, ed. Benjamin H. Trask (1863; repr., Baton Rouge and London, 1996), 15; Russell, *My Diary North and South*, 250; John Christopher Schwab, *The Confederate States of America, 1861–1865: A Financial and Industrial History of the South during the Civil War* (New York and London, 1901), 110–11; “The Commercial Revulsion,” *New York Economist*, repr. in *De Bow’s Review* 31 (July 1861), 93–94 (quotations on p. 93).

tenuous state and municipal bond ratings in national and foreign markets, but at great and controversial taxpayer expense, and all during a time when other southern states like Virginia and Mississippi were indulging their own popular movements for repudiation. Due to their long-standing position at the southern nexus of the interlocked Atlantic trading network, the merchant capitalists of New Orleans were probably more inclined to regard the claims of outside creditors as legitimate, despite the interruptions of secession and war, than were most other southerners. More generally, however, while there is no evidence to support insinuations that merchants backed secession because they hoped to gain windfall profits from the cancellation of their outstanding debts to the North, it is true that market perceptions are often as important as reality. Many outside observers in early 1861 would have agreed with Benjamin F. Butler's later cynical insistence that "the certain confiscation of many millions of debts which the South owed to the North was a great inducement to the commercial classes of the South to go into the Rebellion."²⁹

The following year, Frederick Engels, who was reading voraciously about the conflict in both European and American periodicals, offered a conjecture similar in spirit to Butler's in a letter to his friend and colleague Karl Marx:

The fanaticism of the New Orleans merchants for the Confederacy is simply explained by the fact that the fellows have had to take a quantity of Confederate scrip for hard cash. . . . A good forced loan is a famous means of fettering the bourgeois to the revolution and diverting them from their class interests through their personal interests.

²⁹ Benjamin F. Butler, *Butler's Book: Autobiography and Personal Reminiscences of Major-General Benjamin F. Butler* (Boston, 1892), 321; Caldwell, *Banking History of Louisiana*, chap. 8; Joe Gray Taylor, *Louisiana Reconstructed, 1863–1877* (Baton Rouge, 1974), 260–64; Joy J. Jackson, *New Orleans in the Gilded Age: Politics and Urban Progress, 1880–1896* (2nd ed.; Lafayette, La., 1997), 34; William Colcord to J. S. Copes, August 14, 1865, and James R. Speer to Copes, September 7, 1865, both in Box 7, Copes Papers; Schwab, *Confederate States of America*, 113.

As had Butler, Engels here attributed mercantile support for secession and independence to ulterior and decidedly base motives. But although their financial support—not all of which was “forced”—certainly gave Crescent City businessmen a direct stake in the success of the new southern nation, it is not clear that this alone adequately explains “the fanaticism of the New Orleans merchants for the Confederacy.” In fact, Engels’ comment may betray his fundamental misunderstanding of the unique balance of class relations in the slave-based mode of production in the South, where urban merchant capitalists, rather than constituting an independent, wealth-creating, culturally influential bourgeoisie, instead played a decidedly subordinate role on a regional stage socially and politically dominated by slaveholding planters. The profits they skimmed by mediating the flow of plantation-produced commodities to distant markets left most merchants in a position of such economic dependency—a relationship some have described as “parasitic”—that they could scarcely imagine a set of class interests for themselves that were distinct from those of their rural patrons. Regardless, it is worth noting that both Engels’ and Butler’s comments took it for granted that, whatever their motives, most businessmen in the South quickly overcame whatever misgivings they may have harbored and loyally supported the new Confederate nation during secession winter and the difficult years ahead.³⁰

When Louisiana’s secession convention assembled at the end of January 1861, commercial considerations provided important addenda to their official ratification of withdrawal from the Union. In fact, the delegates’ first act after approving the ordinance of secession was to pass a resolution concerning the valuable Mississippi River trade:

³⁰ Frederick Engels to Karl Marx, May 23, 1862, in Marx and Engels, *The Civil War in the United States*, ed. Richard Enmale (2nd ed.; New York, 1940), 245. For a characterization of southern merchant capital as parasitic, see Elizabeth Fox-Genovese and Eugene D. Genovese, *Fruits of Merchant Capital: Slavery and Bourgeois Property in the Rise and Expansion of Capitalism* (Oxford, Eng., and other cities, 1983), chap. 1.

Resolved, That we, the people of the State of Louisiana recognize the right of free navigation of the Mississippi River and the tributaries by all friendly States bordering thereon. And we also recognize the right of egress and ingress of the mouths of the Mississippi by all friendly States and Powers and we do hereby declare our willingness to enter into any stipulations to guarantee the exercise of said right.

So crucial was this resolution that not only was it the delegates' first order of business after seceding, but they passed it unanimously before even pausing to sign the momentous ordinance of secession. But the particulars of the resolution were also noteworthy. Compared with the assurances that had been tendered by Senator Slidell in December, the promise of free navigation was now promised only to states that remained "friendly" to post-secession Louisiana. Not only was this language intended to help convince border states along the Mississippi River, particularly Kentucky and Missouri, that it would be in their best interest to support the Confederacy, but it also directed an implicit warning toward other states hostile to secession, like Illinois, that their access to the lower Mississippi and its ocean outlet below New Orleans might now be contingent on, at a minimum, their maintenance of neutrality toward Louisiana and the South. Just a few weeks later, when the first Confederate Congress convened at Montgomery, Alabama, the legislators backpedaled from Louisiana's implied threat the month before by simply declaring Mississippi River navigation to be free to all citizens of states that bordered upon it or its tributaries. By that point, the fledgling Confederacy had decided it was wiser to advance its bid for upriver support by purposely avoiding the predication of free navigation rights on conditions of "friendliness," since the border states might easily perceive any such provisos as aggressive ultimatums.³¹

³¹ Hubbard, *Burden of Confederate Diplomacy*, 8–9; Coulter, "Effects of Secession," 279–81; *Journal of the Proceedings of the Convention of the State of Louisiana* (New Orleans, 1861), quoted in Kendall, "Interregnum in Louisiana, Part II," 403–4.

It was also notable that the Louisiana resolution had extended the right of unimpeded ingress and egress at the "mouths of the Mississippi" to other "Powers." For all intents and purposes, this meant that the delegates envisioned New Orleans as an open international port, and it lent an official imprimatur to the promises that the delegation of "influential gentlemen" had dangled before the British consul at New Orleans in December. Furthermore, the resolution's expression of "willingness to enter into any stipulations to guarantee" those rights signaled the eagerness of Louisiana and the South to negotiate and ratify diplomatic treaties as soon as possible, especially with Great Britain and France, since doing so would necessarily entail *de facto*, and perhaps official, recognition of their new government. Any hopes that southern diplomatic goals could be achieved by such backdoor methods, however, were soon dashed, as the European powers proved extremely cautious about extending recognition, even by default.³²

When the Louisiana convention reassembled at New Orleans on January 29, delegates continued to be concerned with commercial questions prompted by secession. However, their debates were now conducted in secret session, the delegates having approved the motion to do so offered by Thomas J. Semmes, a powerful New Orleans attorney and Slidell ally, who was also chairman of the convention's Committee on Commerce and Navigation. The delegates apparently devoted considerable time to a resolution that would have definitively opposed reopening the African slave trade, finally choosing to defer any decision on that subject, which had considerable diplomatic import, to the Confederate Congress scheduled to meet in February. Of more direct commercial relevance was the delegates' approval of an ordinance that authorized Governor Moore to

³² Owsley, *King Cotton Diplomacy*, chap. 1; William Mure to Lord Russell, December 13, 1860, in Bonham, ed., *op. cit.*, 35. Louisiana's role in Confederate diplomacy is further discussed in Chapter 5.

oversee the collection of revenues at the port of New Orleans. Moore, who had directed state militia to seize various federal military properties in mid-January, now quickly used his new authority to move on U.S. Treasury Department facilities in Louisiana. On January 31 the federal Customs-house at New Orleans, as well as the Mint and Sub-treasury associated with it, "were quietly taken possession of by the State authorities." No resistance was reported to this occupation, probably because F. H. Hatch, the federal collector for the nation's second-largest port, had already been actively collaborating with Louisiana authorities during the preceding weeks. Hatch and several other U.S. Treasury Department officers at New Orleans now tendered their resignations to Washington, took oaths of allegiance to Louisiana, and resumed their old duties under a new flag—all with "no interruption of business," according to the New Orleans *Daily Crescent*. Over half a million dollars worth of bullion was confiscated from the federal facilities at New Orleans, which easily represented the single largest appropriation of federal property to result from secession. (Similar seizures by all the other seceded states combined netted less than \$75,000 in cash.) The specie soon proved to be a considerable boon for the perpetually cash-starved Confederate government, to which Louisiana transferred the majority of the confiscated funds in early March 1861.³³

For the most part, Louisiana's official withdrawal from the Union in late January 1861 was widely celebrated around the state, with special reference often made to the flexing of the state's economic muscles in so doing. The New Orleans *Daily Crescent*, for example, confidently declared on January 28 that the secession of "the State which

³³ Todd, *Confederate Finance*, 158–59; Schwab, *Confederate States of America*, 143–44; New Orleans *Daily Crescent*, February 4, 1861, quoted in Lane C. Kendall, "The Interregnum in Louisiana in 1861, Part III," *Louisiana Historical Quarterly* 16 (October 1933), 651 (quotation); *ibid.*, 642, 647–48; [Appleton's] *American Annual Cyclopaedia and Register of Important Events of the Year 1861* (New York, 1870), 429–30 (quotation on p. 429; cited hereinafter as *Appleton's Cyclopaedia for 1861*).

contains within its limits the leading commercial city of the Southwest . . . [and] which exports the great bulk of the king of commerce” (by which they meant, of course, cotton) “has given the finishing blow to the Union” Further evidence of secession’s popularity came on February 6, when the city of New Orleans officially celebrated withdrawal from the Union by “request[ing] all citizens to illuminate their residences, or places of business” that evening. Subsequent newspaper accounts of the night-time celebration emphasized that the most lavish efforts had been made in the city’s wealthy American quarter, singling out for special mention not only retailers like “Kettridge’s store” on St. Charles Avenue but also the extravagant displays mounted by the highly exclusive Boston, Pickwick, and Pelican Clubs. Indeed, the British journalist William Howard Russell was made an honorary member of the Boston Club when he visited the city a few months later, and he became acquainted with “a great number of planters and merchants” within its posh confines, among whom he reported finding “the most determined secessionists and the most devoted advocates of slavery I have yet met in the course of my travels.”³⁴

Despite such expressions of elite confidence in the South’s new political course, there were worrisome signs that secession might be having a deleterious effect on Louisiana’s commerce. With merchants’ books now nearly closed on the 1860 cotton harvest—especially after the panic-driven pace of outgoing shipments that had been reported in December and January—one of the few New Orleans newspapers still

³⁴ Russell, *My Diary North and South*, 237–38; see also Stuart O. Landry, *History of the Boston Club* (New Orleans, 1938), 61–70. *New Orleans Daily Crescent*, February 7, 1861; *New Orleans Bee*, February 7, 1861 (third quotation); *ibid.*, February 6, 1861 (second quotation), quoted in Kendall, “Interregnum in Louisiana, Part III,” 656–57; *New Orleans Daily Crescent*, January 28, 1861 (first quotation).

skeptical of the wisdom of secession published the following gloomy report on business conditions in the city on January 26:

Trade is at a standstill; the importation of merchandise has almost entirely ceased; . . . the banks are remorselessly curtailing their discounts; ordinary creditors are endeavoring by all means short of legal pressure to lessen the liabilities of their debtors; stores and manufactories, traders and mechanics are diminishing their expenses by the discharge of hands; and, save the office-holders, an influential, wealthy, and important body, electorally considered, everybody looks dubious and bewildered, not knowing what to expect or what may happen.

Two days later, the same newspaper printed a report from Washington, D.C. that claimed an unintended “effect of the secession movements” had been a sharp increase in cotton shipments to northeastern ports via overland routes. “New Orleans and Mobile can hardly have realized the practical effects of secession upon their trade and commerce,” wrote the paper’s correspondent, “or they would not have been so eager for separation.”³⁵

The rapid advent of economic hard times in New Orleans and its interior hinterlands in early 1861 reflected the tenuous foundations on which the antebellum southern commercial economy rested. It did not help that the timing of secession happened to coincide with the usual downturn of commerce after the clearance of the previous fall’s harvest. However, the most serious cause of difficulties was the lack of an adequate circulating currency—a problem commonly referred to as “tight money.” Merchant Joseph Copes received several complaints that spring from clients in the plantation interior about the sudden scarcity of money. One Arkansas planter insisted that Copes forward the proceeds of his cotton sales to him in gold, since “paper money does not go well around here”; another wrote that “nearly every farmer wishes to buy, but

³⁵ New Orleans *Daily True Delta*, January 30, 1861, quoted in Kendall, “Interregnum in Louisiana, Part III,” 646 (second quotation); New Orleans *Daily True Delta*, January 28, 1861, quoted in *Appleton’s Cyclopedia for 1861*, p. 429 (block quotation). The significance of the wartime increase in overland cotton shipments is discussed further in Chapters 7 and 8 herein.

there is [no] money in the country to buy with—at least what there is, is in the hands of a few.” New Orleans factor Walter J. Cox remained fairly confident through the end of March, when he assured an Arkansas client that “you can draw on us at sight for your taxes We intend to furnish to all of our friends who have stood by us in this crisis all their necessary supplies—money & provisions & c.” Early the next month, however, Cox was taken aback after receiving a draft that the customer had drawn on account. “We did not expect your taxes to reach the high figure of \$4,000,” he admitted; nevertheless, Cox still felt certain that after the next season’s crop came in, “we expect to be comfortably afloat.” But by the end of April, Cox was clearly beginning to panic. “The market is extremely torpid,” he advised the same planter on April 25. “The whole machinery of commerce is stopped.” A few weeks later, on May 8, Cox was forced to trim the client’s order for bagging and rope by half. By way of explanation, he wrote that “money is so scarce that it would be improvident” for him to buy more, and pleaded further that “we hope you will manage to do without further calls on us.” “It is extremely disagreeable to be forever prating of the stringency of financial affairs,” Cox continued, but “we must bear it with a stiff upper lip until the crop comes in” later in the year.³⁶

The inadequacies of the U.S. monetary system were already a burdensome fact of life for the interregional commerce carried on by the nation’s merchant capitalists before the Civil War, but several new developments lay behind the severe tightening of Louisiana money markets in 1861. For one thing, fewer commodities in circulation meant less money in circulation, a problem that would grow steadily worse under Union

³⁶ W[alter] Cox to W. E. Ashley, March 22, April 2, April 25, and May 8, 1861, all in Cox Papers, NOPL; W. S. Finch to Copes & Phelps, March 18, 1861 (second quotation); Robert Staton to Copes & Phelps, March 3, 1861 (first quotation); see also J. B. Caldwell to Copes & Phelps, March 30, 1861; and John B. Waite to Copes, April 2, 1861, all in Box 6, Copes Papers.

military pressure both from upriver and in the Gulf. Also, there was a great deal of uncertainty surrounding the value of previous currencies, especially those that had originated outside the South, and the new Confederate Treasury Secretary, Christopher G. Memminger, was slow to address monetary problems. Another factor was the sudden, poorly coordinated shift of the economy onto a war footing, since the massive diversion of funds to military purposes depleted scarce regional monetary resources. In Louisiana, whose government had never enjoyed a reputation for financial thrift, Governor Moore wasted no time appropriating funds to strengthen the state's preparedness for war, causing one newspaper to warn its readers about the "erection of a monstrous superstructure of debt." Many parish governments followed the governor's lead, levying new taxes and issuing bonds to support local military efforts, as did the oft-maligned municipal government of New Orleans.³⁷

Probably more than any other single factor, however, monetary stringency in Louisiana in 1861 resulted from contractionist policies pursued by the powerful New Orleans banks during secession winter and after. In 1861 there were a dozen state-chartered banking institutions in Louisiana, all headquartered in New Orleans. By every relevant measure, these dozen institutions easily controlled a larger share of the South's financial resources among themselves than those of any other state. Most notably, the \$13.6 million in specie reserves held in New Orleans vaults was greater than that in the rest of the eventual Confederate states combined. These enormous bullion reserves

³⁷ New Orleans *Daily True Delta*, January 28, 1861, quoted in *Appleton's Cyclopaedia for 1861*, p. 429; Bragg, *Louisiana in the Confederacy*, 48–61; Todd, *Confederate Finances*, 85–86; Ball, *Financial Failure and Confederate Defeat*, 28–31, 161–62. Clear and succinct descriptions of the antebellum U.S. financial system are difficult to come by; Bray Hammond's *Banks and Politics in America from the Revolution to the Civil War* (Princeton, N.J., 1957) remains the standard reference, but see also Howard Bodenhorn, *A History of Banking in Antebellum America* (New York, 2000).

(second nationally only to the \$26.4 million distributed among New York's 306 banks) epitomized the impeccably conservative practices of New Orleans bankers.³⁸

Most of the wide-ranging commerce on which New Orleans and its hinterlands thrived depended on the the city's banks for the notes, bills of exchange, and other promissory instruments they issued, all of which served as the closest thing that the region had besides scarce metallic coinage to a universally accepted, relatively non-depreciating currency (or, "good paper"). This broad reliance on New Orleans bank paper, however, left the regional economy vulnerable if the flow of that paper should be constricted, which is precisely what happened beginning in the fall of 1860. Even before the November election, New Orleans banks had begun shoring up their financial position in the face of future uncertainty. They decreased their liabilities by steadily retiring their various notes in circulation and sharply limiting the issuance of any new ones. By December, the city's banks had stopped issuing new loans entirely, and many factors suddenly could not even obtain the short-term bills of exchange that they routinely used to move the fall cotton harvest, which led some firms to suspend operations. The situation did not improve in the new year, as the city's banks hewed steadfastly to the policy of reducing their financial exposure. After the banks had sharply cut their notes in circulation by a third between September 1860 and the end of the year, New Orleans money markets enjoyed some minor improvement, only to tighten again in April after the fall of Fort Sumter. The banks' outstanding short-term paper, most of which consisted of

³⁸ The net capitalization of Louisiana's twelve banks stood at \$24.6 million in 1861, a total that was half again greater than that of their nearest competitors, Virginia (\$16.5 million) and South Carolina (\$14.9 million), both of which spread their resources more thinly among a greater number of banks (twenty-five and eighteen, respectively). The \$17 million worth of deposits in Louisiana banks represented nearly half of the region's total \$38.1 million in deposits. Banking statistics are derived from the "General Statement of the Condition of the Banks of the United States" in *Appleton's Cyclopedia for 1861*, p. 462.

the 90-day loans on which the export trade relied, fell more relentlessly between November and April, from \$24.4 million to \$14.1 million.³⁹

Faced with such stringency, it was no wonder that the beleaguered city merchant Walter Cox concluded in the same month as Russell's visit that "what the South chiefly needs [now] is money." "If we can only keep supplied with that 'sinew'," he averred, "we shall thrash the North easily enough." Certainly a case could be made that the New Orleans banks might have better served the public interest had they maintained the flow of currency that they issued without interruption that winter and spring, since a routinely functioning money supply probably would have helped to smooth the inevitable regional economic dislocations that attended secession and war. The banks were, after all, institutions whose very existence in Louisiana was predicated on the forbearance implied in their state-issued charters, which also allowed for a modicum of governmental oversight and regulation of their operations. However, the New Orleans banks were ultimately only quasi-public institutions—and very politically influential ones at that. Ironically, "hard-money" hill-country agrarian radicals had provided crucial political support for the Louisiana Bank Act of 1842, which codified the conservative practices (such as high reserve requirements) for which the New Orleans banks subsequently gained widespread renown, although these original Jacksonian impulses had mostly been forgotten by 1860.⁴⁰

³⁹ Financial data on New Orleans banks were published regularly in national commercial journals such as *Hunt's Merchants' Magazine*, as well as in the *New Orleans Price-Current*; the 1860–61 figures cited here are collated in Schwab, *Confederate States of America*, 124–25. Russell, *My Diary North and South*, 250; Bragg, *Louisiana in the Confederacy*, 69. William Mure to Lord Russell, December 13, 1860, in Bonham, ed., *op. cit.*, 32–33; Larry Schweikart, "Secession and Southern Banks," *Civil War History* 31 (June 1985), 118–19; *New Orleans Price-Current*, December 1, 1860.

⁴⁰ Shugg, *Origins of Class Struggle in Louisiana*, chap. 5, esp. 124–35; Caldwell, *Banking History of Louisiana*, 71–80; Green, *Finance and Economic Development in the Old South*, 118–35; W[alter] Cox to W. E. Ashley, May 8, 1861, Cox Papers, NOPL.

Antebellum Louisiana politics had remained notoriously fractious and personality-driven, but its theatrical nature only tended to obscure the fact that, regardless of the party in power, state government was always dominated by coalitions of interests whose commercial outlook was decidedly Whiggish, despite shifts of personnel. This general pro-business attitude disinclined most Louisiana politicians to challenge the powerful New Orleans banks, which were also often credited with helping bring stability and prosperity to the state after the disasters of the late 1830s. Besides, the financial logic behind the banks' policies in 1860–61 would have struck many would-be critics as based on impeccable precedent. The banks' surfeit of specie had helped New Orleans to withstand the Panic of 1857, and it was hard to argue with hard money safely ensconced in the vaults. In fact, the New Orleans banks' successful efforts to increase their already ample specie reserves was a crucial corollary to the contractionist policies that they pursued beginning in the fall of 1860. In anticipation of the secession crisis, the banks of New Orleans had begun augmenting their specie holdings, which had stood at \$9.9 million in September 1860 and were increased by nearly 50 percent before the end of the year. By April 1861 the banks had amassed over \$17 million in bullion reserves. These burgeoning stockpiles of hard money were all the more remarkable for having been accumulated without ever suspending specie payments—a step which many other state banks, from South Carolina to New York, had already taken by early 1861 in order to protect themselves against the possibility of panic-driven “runs” on their precious metallic reserves. Though Louisiana banks were prohibited by law from suspending specie payments, they probably could have obtained authorization to do so had they asked for it, and it may be a good measure of the public perception of their stability that

no financial panic—and thus no bank suspensions—occurred in New Orleans during the secession crisis. When the state board charged with bank oversight reported on the condition of the New Orleans banks in January 1861, it did not bemoan the contractionist monetary policies that were adversely affecting the regional economy; instead, the members praised the maintenance of specie payments as evidence of “the wisdom of our banking system.” Brushing aside concerns over the increasing lack of a circulating medium being expressed privately by merchants like Walter Cox, their report maintained that “our commercial community . . . [is] ready to submit to severe privations for the sake of preserving the integrity of our currency.”⁴¹

By the summer of 1861 the New Orleans banks were practically unique among southern financial institutions in their continued commitment to specie payments, but now their independence began to strike some observers less as admirable proof of their financial integrity than as a self-serving policy that privileged narrow institutional interests over those of the new Confederate nation. Although the Louisiana State Bank had contacted Governor Moore in January 1861 to offer an unsolicited \$100,000 loan to aid the state in its military preparations, similar evidence of the banks' loyalty to the southern cause had been notably lacking during the first half of 1861. The banks had clearly enjoyed success in avoiding significant specie drainage from their vaults, although their reserves had declined to \$14.1 million by September from their April peak. Not only had a run of damaging over-the-counter withdrawals failed to develop through the summer of 1861, but the banks had also managed to make minor adjustments short of

⁴¹ *Report of the Louisiana Board of Currency*, January 1861, quoted in Bragg, *Louisiana in the Confederacy*, 68; Schweikart, “Secession and Southern Banks,” 118–21; Schwab, *Confederate States of America*, 125; Kettell, *Southern Wealth and Northern Profits*, 96–97. For a skeptical view of the role played by New Orleans banks' specie reserves in weathering the Panic of 1857, see Green, *Finance and Economic Development in the Old South*, 162.

suspension to prevent a spate of extraregional specie transfers—a politically sensitive issue in the case of the midwestern states that still provisioned New Orleans and its hinterlands with foodstuffs.⁴²

By the late spring of 1861, however, the problem with the New Orleans banks' policy with regard to specie reserves was that it hampered the fiscal policies emerging haphazardly from the Confederate Treasury Department. As long as the financial epicenter of the South maintained its reserves exclusively in the form of precious metals, the ability of Secretary Memminger to secure widespread acceptance of newly issued Confederate Treasury notes was significantly hindered. At a southern banking convention held in July 1861 at Richmond, Virginia, the delegates endorsed Memminger's request to receive and pay out Confederate notes, which, in light of the suspension of specie payments most had already implemented, would make the new government's ersatz currency their monetary standard of value—and, it was hoped, induce the wider public to follow suit. However, only one New Orleans financial institution, the Crescent City Bank, was represented at the convention, and even its delegates quickly withdrew after it became clear that no other Louisiana banks would be in attendance. Bankers from elsewhere in the South privately warned Memminger that his notes would likely continue to circulate well below par value on the open market without the crucial cooperation of New Orleans bankers, who remained profoundly skeptical of "fiat currencies."⁴³

⁴² New Orleans *Daily Delta*, May 15, 1861; New Orleans *Price-Current*, September 21, 1861, cited in Bragg, *Louisiana in the Confederacy*, 69; William S. Pike to Governor Thomas O. Moore, January 11, 1861, rptd. in Kendall, "Interregnum in Louisiana, Part II," 381; Jeffrey Rogers Hummel, "Confederate Finance," in *Banking and Finance to 1913*, ed. Larry D. Schweikart (New York, 1990), 132–34.

⁴³ Schwab, *Confederate States of America*, 127–40; Gazaway B. Lamar [ed.], *Proceedings of the Bank Convention of the Confederate States Held at Richmond, Va., July 24th, 25th, and 26th, 1861* (Charleston, S.C., 1861), 11.

Despite these warnings, as well as his ongoing correspondence that year with James D. Denegre, the president of Citizens' Bank in New Orleans, Memminger delayed making any effort to enlist the New Orleans banks' voluntary support for his interlinked fiscal and monetary goals. On September 11, Memminger finally addressed a terse letter to the officers of the New Orleans banks.

The banks throughout the Confederate States, with the single exception of your city, have come forward and with one voice have determined that they will receive and pay [Confederate Treasury notes] out as currency, even to the injury and exclusion of their own circulation At New Orleans (the largest and most important city in the Confederacy) the necessity is most urgent that our Treasury notes should be made available. Impressed with this necessity, the President, with the concurrence of his entire cabinet, have directed me to ask your immediate adoption of the only measure which can secure the credit of the Government, namely, the temporary suspension of specie payment by the banks and the reception of Treasury notes as currency.

A similar letter was directed to Governor Moore, who was then desperately seeking increased Confederate military support for the defense of New Orleans. Moore complied immediately with Memminger's request by authorizing the state-chartered banks to suspend specie payments, which they did.⁴⁴

Even before Memminger's belated official request was received, at least some city bankers were growing wary of the perception that their policies might be obstructing the Confederate war effort. Alluding to the alarming shrinkage of specie reserves in the city since the onset of war in April, an official of the Southern Bank, Thomas Layton, argued in an article published in the New Orleans *Daily Crescent* on September 13 that "our leading banks may as well take the bull by the horns first as last, and not wait until

⁴⁴ Christopher G. Memminger to Governor Thomas O. Moore, September 11, 1861, in Raphael P. Thian, comp., *Reports of the Secretary of the Treasury of the Confederate States of America, 1861-65* (Washington, D.C., 1878), 45-46a. For Memminger's 1861 correspondence with the New Orleans banker Denegre, see the citations in Ball, *Financial Failure and Confederate Defeat*, 148n.6 and 149n.11.

they have lost all their coin,” urging them to “take steps for making the Government issue currency of the country [*sic*].” For several months, New Orleans bankers had maintained that their hands were tied by Louisiana’s prohibition against the suspension of specie payments by its chartered banks, and the Richmond banking convention of July had politely deplored this “constitutional barrier in the way of their immediate cooperation.”⁴⁵

In light of their considerable political influence in the state—as well as the widespread public backing for Confederate policies reflected in Governor Moore’s speedy response to Memminger’s request—the New Orleans banks’ official stance that they were restrained by law struck many as little more than a convenient refuge. Their conspicuous absence from the southern banking convention of July 1861 was probably a more accurate barometer of their determination to keep their operations independent from outside political pressures. Still, Memminger’s months-long delay in seeking the provision’s annulment cost the Confederacy millions of dollars in specie. Historian Douglas B. Ball has even argued that the secretary’s failure to compel the New Orleans banks’ acceptance of government notes sooner may have fatally contributed to the city’s inability to defend itself against Federal naval forces in the spring of 1862. A project to construct several ironclad ships for the city’s defense had gotten underway in the spring of 1861, only to grind to a halt in the late summer due to a lack of funds to pay workers, who went on strike rather than accept their wages in still-tenuous Confederate currency.⁴⁶

More broadly, the New Orleans banks’ stubbornly independent course of action during much of 1861 probably helped perpetuate the impression that the Crescent City’s

⁴⁵ Lamar [ed.], *Proceedings of the Bank Convention*, 9; *New Orleans Daily Crescent*, September 13, 1861, quoted in Ball, *Financial Failure and Confederate Defeat*, 166–67.

⁴⁶ Ball, *Financial Failure and Confederate Defeat*, 165–66. James M. Merrill, “Confederate Shipbuilding in New Orleans,” *Journal of Southern History* 28 (February 1962), 87–93, also assigns blame for these failures to inefficiency in the fledgling Confederate naval procurement system.

commercial community was less than united behind the new southern nation. This impression, in turn, may have made the city's defense a lower priority in the emergent Confederate military strategy and led to its nearly bloodless occupation barely a year after the war began. But although the banks of New Orleans were vital to the smooth operation of the city's exchange-oriented economy, their cloistered practices and global ties had nurtured other institutional priorities that set them apart from run-of-the-mill merchant capitalists such as wholesalers, commission merchants, and factorage houses. In any case, regardless of whether blame for the lack of a coordinated regional monetary policy during the crucial first year after Lincoln's election should reside with the New Orleans banks or with Memminger's procrastination in confronting them, it would not be the last time that the ideological preference of many southerners for laissez-faire economic policies would undermine the achievement of wider Confederate goals.⁴⁷

Since records of their internal deliberations are lacking, the actual reasoning behind the policies of the New Orleans banks during 1861 has remained largely a matter of informed but necessarily speculative deduction—a fine example of what Loretta Velazquez would later call the “secret history” of the Civil War. But again, for most Louisianans, the most visible manifestations of these policies were found in the adverse local effects of the currency contraction that the banks had spearheaded beginning in the fall of 1860. Merchants engaged in long-distance trade were not the only ones affected by the shortage of a circulating medium; indeed, after the bulk of the 1860 harvest had cleared the port of New Orleans by late spring, their complaints took a backseat to the

⁴⁷ Stanley Lebergott, “Why the South Lost: Commercial Purpose in the Confederacy, 1861–1865,” *Journal of American History* 70 (June 1983), 58–74; see also Lawrence N. Powell and Michael S. Wayne, “Self-Interest and the Decline of Confederate Nationalism,” in *The Old South in the Crucible of War*, eds. Harry P. Owens and James J. Cooke (Jackson, Miss., 1983), 29–45.

increasing clamor from ordinary citizens about tight money. Beginning in the summer of 1861, the acute shortage of reliable money for day-to-day transactions caused city streetcar tickets to be widely exchanged as fractional currency, and still other small change circulated in the form of minor notes, known as “shinplasters,” that were informally issued by private individuals, most notably by grocers and tavernkeepers. The novelist George Washington Cable later recalled the situation he had experienced as a clerk in New Orleans during the months prior to the Federal occupation in May 1862.

[T]here was first a famine of small change, and then a deluge of ‘shinplasters.’ Pah! What a mess it was! The boss butchers and the keepers of drinking-houses actually took the lead in issuing ‘money.’ . . . I did my first work as a cashier in those days, and I can remember the smell of my cash drawer yet. Instead of five-cent pieces we had car-tickets. How the grimy little things used to stick together! They would pass and pass until they were so soft and illegible with grocers’ and butchers’ handling that you could only tell by some faint show of their original color what company had issued them.

Further complicating the increasing monetary chaos, Cable remembered, were counterfeiters and other “rogues [who] did a lively business in ‘split tickets,’ literally cutting them in half and making one ticket serve for two.”⁴⁸

With the widespread advent of these makeshift currencies, New Orleans was now poised to witness the grim, unfolding logic of Gresham’s Law (“Bad money drives out good”). In fact, the mid-September suspension of specie payments and concurrent acceptance of Confederate Treasury notes by the New Orleans banks made matters even worse. Despite the banks’ assurances that their financial condition remained sound and specie suspension was only a temporary expedient to accommodate the Confederate government, citizens now panicked and hoarded what little metallic coinage remained.

⁴⁸ George W. Cable, “New Orleans Before the Capture,” in *Battles and Leaders of the Civil War*, eds. Robert U. Johnson and Clarence C. Buel (4 vols., 1887; repr., New York, 1956), II, 17; Winters, *Civil War in Louisiana*, 55.

“A perfect mania has seized the community,” noted one young city diarist on September 22. “People absolutely refuse to give specie for paper,” she wrote, and “those who possess [coinage] will not part with it.” Adding to the city’s woes was spiraling price inflation, as many goods became increasingly scarce because of the Federal naval blockade, which had begun in late May. A paradoxical situation (one that most economists would probably insist is impossible) arose by the fall of 1861, when “not merely was the price of food and raiment rising,” as Cable recalled, “but the value of the money was going down” as a result of the various debased currencies in circulation.⁴⁹

The notoriously inept city government proved helpless to assuage matters, since by the summer its profligate spending for military purposes had combined with declining tax revenues to make the city “so embarrassed, as a municipal corporation, as to be regarded as bankrupt.” As the local economy teetered on the edge of anarchy, the situation must have been especially galling to New Orleans’ proud merchants, who were accustomed to numbering their metropolis among the world’s most stable and sophisticated trade marts. With their own families now forced to suffer many of the unavoidable daily indignities occasioned by the city’s monetary crisis, New Orleans elites were all the more painfully aware of the profound dangers that primitive currencies were posing to the city’s routine commercial existence. Only two days after the banks had been authorized to suspend further specie payments, the *New Orleans Daily Picayune* published an anonymous letter from “one of our prominent business men” directed to Governor Moore. Although he applauded the governor’s action, the businessman worried

⁴⁹ Cable, “New Orleans Before the Capture,” 17; William E. Highsmith, “Louisiana Landholding during War and Reconstruction,” *Louisiana Historical Quarterly* 38 (January 1955), 42; Clara Solomon, *The Civil War Diary of Clara Solomon: Growing Up in New Orleans, 1861–1862*, ed. Elliott Ashkenazi (Baton Rouge, 1995), 131.

that suspension now would only exacerbate the city's economic difficulties, "unless some provision be made for supplying our community with small change for the petty dealings of daily life; and these evils will weigh most heavily on the poor and the laboring classes." His last point may well have derived from firsthand knowledge about the increasingly desperate conditions among the city's lower classes, since merchants had been instrumental in organizing a "free market" in mid-August to distribute supplies to those most afflicted by the economic situation. Later that winter, *De Bow's Review* praised the continuing relief efforts of the free market in New Orleans, but despite the widespread impoverishment to which it testified, the author somehow managed to find it "amusing to see . . . many of our rich merchants, with their white aprons on, and in their shirt sleeves, working as hard as if their own bread depended on their exertions . . ." It seems unlikely that many merchants found much humor in the grave state of affairs that now found them portioning out supplies to the newly indigent masses—especially since some of them, according to one diarist, "curse[d] their benefactors heartily."⁵⁰

Still, in spite of the ground-level economic crisis, the news from the war front was fairly heartening for most New Orleanians during much of 1861. Confederate forces thoroughly embarrassed the enemy in the war's first major engagement at First Bull Run in the early summer, and Union armies led by the hypercautious George B. McClellan soon found themselves bogged down in his interminable Peninsular Campaign. Closer to home, however, the war was quickly creating serious problems for Louisiana. The Union naval blockade below New Orleans in the Gulf of Mexico that began in late May 1861

⁵⁰ Kate Mason Rowland and Mrs. Morris L. Croxall, eds., *The Journal of Julia LeGrand: New Orleans, 1862–1863* (Richmond, Va., 1911), 37–38; *De Bow's Review* 31 (December 1861), 559; Bragg, *Louisiana in the Confederacy*, 89–91; "A Suggestion as to Small Change," *New Orleans Daily Picayune*, September 18, 1861; *Appleton's Cyclopaedia for 1861*, p. 432.

remained fairly porous, with some 300 ships able to pass through it in the months before the city's occupation. Most of these, however, were probably small coastal vessels rather than oceangoing ones, since convincing foreign powers that they should ignore what Confederate envoys termed a "paper blockade" was proving more problematic than expected. Not only were arrivals at New Orleans by sea thus reduced to a small fraction of their usual number, but even more worrisome was the steep decline in the steamboat traffic that approached the city from points north via the Mississippi River. Still sensitive to the need to placate wavering border states like Kentucky, President Lincoln had delayed until mid-August 1861 before ordering a cessation of commercial intercourse with the rebellious southern states. Voluntary compliance with Lincoln's order by states such as Illinois and Ohio was widespread and immediate, but his proclamation gained further teeth because of operations in the war's emergent western theater by Union military forces, which now began their inexorable descent from the juncture of the Ohio and Mississippi Rivers at Cairo, Illinois, toward Memphis and points further south.⁵¹

Although it would still be some time before Louisiana was the site of any significant military engagements, the Union strategy of splitting the Confederacy into western and eastern halves at the river also caused the state to swiftly suffer the war's effects in 1861. The steady antebellum shift of agricultural resources into cotton planting had left much of the Louisiana interior, especially its plantation regions, increasingly dependent on the downriver flow of foodstuffs from the Midwest, but nowhere in the state was the strangulation of river commerce felt more quickly and severely than in New Orleans, which found itself caught squarely in the grasp of the Union pincer movement

⁵¹ Coulter, "Effects of Secession," 289-90; Surdam, *Northern Naval Superiority*, 170; Owsley, *King Cotton Diplomacy*, chap. 7. On the commercial difficulties that swiftly resulted from the Union river blockade at Cairo, Illinois, see J. N. Alsworth to Copes & Phelps, May 19, 1861, Box 6, Copes Papers.

from above and below. Like all major urban centers, New Orleans had long relied on external sources to supply its population, but its logistical situation, particularly with regard to food, was even more perilous than elsewhere. Most other cities were able to count on farms in their nearby hinterlands for much of the food they consumed. New Orleans, however, was geographically situated as what one historian has aptly described as an "island city." Established on a relatively small patch of high ground created by a sharp bend in the Mississippi River, the city was mostly surrounded by hundreds of square miles of inhospitable woods and swamplands. Some crops for urban consumption were grown across the river in Jefferson Parish, as well as in the sparsely settled Florida parishes on the opposite side of enormous Lake Pontchartrain, which loomed over the city to the north. But the nearest areas suitable for extensive agriculture lay in parishes well to the northwest of the city, and these were devoted mainly to sugar production, which left them nearly as dependent on outside sources for food as was New Orleans. Over the long term, the absence of a readily accessible adjacent rural hinterland had deprived New Orleans of the developmental symbiosis between town and countryside that had fueled urban growth elsewhere for centuries, but in wartime, the drawbacks of the Crescent City's geographic isolation quickly proved even more directly crippling.⁵²

As the Union noose tightened in 1861 and supplies from river- and ocean-borne sources dwindled, New Orleans merchants scrambled to confront the economic crisis as best they could. With commerce grinding to a halt, however, businessmen were forced to

⁵² Peirce F. Lewis, *New Orleans: The Making of an Urban Landscape* (2nd ed., Santa Fe, N.Mex., and Harrisonburg, Va., 2003), 16–17 ("island city"). The complex, economically beneficial feedback loop between contiguous rural and urban areas is well described in an American context by Cronon, *Nature's Metropolis*. The European antecedents of such relationships have been widely documented; see, for example, Fernand Braudel, *Civilization and Capitalism, 15th–18th Century, Volume 2: The Wheels of Commerce*, trans. Sian Reynolds (New York and other cities, 1982), 29–40.

release hundreds of workers from their jobs, even though unemployment was eased slightly by military enlistments. Many stores closed down entirely; one such firm advised customers that “we have been compelled to discontinue the grocery business, particularly for the reason that we now have no goods for sale. . . . and having sold out our stock of goods on credit, we have no money to buy more to be disposed of that way.” For those that remained in business, the scarcity of goods prompted their prices to rise across the board, which provoked furious accusations of price-gouging and profiteering. Many of these charges were doubtlessly fueled by mass hysteria, but merchants were not wholly immune to panic-driven, even selfish, reactions to the city’s predicament. George Washington Cable sadly recalled of this period that many New Orleans shopkeepers now “turned upon each other, and . . . engaged in a mere passing back and forth among themselves in speculation the daily diminishing supply of goods and food,” although he also noted that “some were too noble to take part in this, and dealt only with consumers.” Similarly, while *De Bow’s Review* may have been partly correct to ascribe the August 1861 establishment of the free market for the needy to the mercantile community’s “usual far-reaching and unstinted benevolence,” fears of bread riots probably also helped convince local businessmen to spearhead its organization.⁵³

With the Confederate government preoccupied with logistical problems centered on their military efforts in Virginia and elsewhere (to the steadily increasing irritation of Governor Moore and other Louisiana officials), the Crescent City’s best chance of obtaining supplies lay with its commission merchants, whose operations had necessarily

⁵³ *De Bow’s Review* 31 (December 1861), 559; Cable, “New Orleans Before the Capture,” 17; undated New Orleans grocer’s advertisement [c. fall 1861], quoted in James Parton, *General Butler in New Orleans* (New York, 1864), 64; Bragg, *Louisiana in the Confederacy*, 73–77; Shugg, *Origins of Class Struggle in Louisiana*, 171–72.

endowed them with a far-flung network of clients, agents, and other associates located throughout the South. Many merchants now reached out to their contacts in the hinterlands, not only in Louisiana but also in Mississippi, Arkansas, and Texas. As one visitor to the city later reported, "So long as transit with the interior was possible, a brisk trade had gone on, and the stocks of groceries and dry goods especially had been almost entirely sold out at enormous prices in Confederate currency." But even though these regions had not yet been completely cut off by the war, dealing with the rural hinterlands now required merchants to face a variety of new problems, such as mail disruptions, transportation difficulties, higher insurance rates, and currency shortages.⁵⁴

Some New Orleans merchants tried to overcome these obstacles by taking off for the interior themselves in search of goods to purchase and ship back to the city. Their efforts, however, prompted a resurgence of old animosities between the Louisiana countryside and the Crescent City. At the beginning of November, the New Orleans *Daily Crescent* reprinted an item recently published by a newspaper in Alexandria, a small town along the Red River in the central part of the state:

Some weeks ago the agents of certain jobbing houses in New Orleans visited this place and endeavored to buy up all the woolens, linseys and staple goods now on the shelves of our merchants. Strange as it may seem, they in part succeeded. Although the demand for such goods is, and will be, very great among our planters and the whole population, . . . some of our merchants have, nevertheless, permitted these sharpers and Shylocks from New Orleans to denude their stores .

. . .

The paper went on to note the recent reappearance of Crescent City "runners" in their stores, and it proposed that any future "trading travelers" on purchasing raids from the

⁵⁴ Corsan, *Two Months in the Confederate States*, 14 (quotation). On mail disruptions see L. E. Griffith to Copes & Phelps, July 9, 1861, Box 6, Copes Papers; on transportation problems, Phelps & Rogers to Copes & Phelps, September 14, November 3, 1861, in *ibid.*; on insurance rates, W. Cox & Co. to W. E. Ashley, July 8, 1861, Cox Papers, NOPL; on interior currency shortages, John T. Ball to Copes & Phelps, November 18, 1861, Box 6, Copes Papers.

city be tarred and feathered for their incursions. Still harboring resentments toward the New Orleans merchant community on whom they had long depended for many goods, the paper's angry broadside against roving "sharppers and Shylocks" indicated that some citizens in the countryside were not now willing to suffer silently any sudden reversal of long-standing commodity flows to the city's wartime advantage.⁵⁵

Joseph Slemmons Copes also remained in close contact with his hinterland commercial network throughout 1861. He despatched his partner and son-in-law, Harlow J. Phelps, on several business trips to the interior during the year, and during an August trek to Mississippi, Phelps reported back his concerns over the slackening plantation economy. One indicator of these woes was a precipitous drop in demand for slave rentals. Copes still owned a number of slaves in Mississippi, where he had briefly resided as a planter during the 1840s, but Phelps now informed his father-in-law that there was little demand for slave rentals in the usually busy plantation region, despite the onset of the cotton harvest season. When terms could be arranged at all, the going rate for rentals had sharply declined from their previous level, from \$300 to only \$150–\$200 annually.⁵⁶

Copes & Phelps had already received some warning about the poor state of commercial affairs in Mississippi when a plantation-supply store in Carrollton had informed them of its inability to pay an outstanding debt back in May. To help meet the supply challenges they faced in New Orleans in 1861, the firm would have to look

⁵⁵ *Alexandria Louisiana Democrat*, October 30, 1861, repr. in *New Orleans Daily Crescent*, November 4, 1861, quoted in Bragg, *Louisiana in the Confederacy*, 75.

⁵⁶ Harlow J. Phelps to Joseph S. Copes, August 9, 14, and 27, 1861; for a similar report on declining slave hire rates in Louisiana see R. M. Ellis to Joseph S. Copes, October 4, 1861; all in Box 6, Copes Papers. Some of Copes's antebellum activities in New Orleans slave markets are noted in Walter Johnson, *Soul by Soul: Life Inside the Antebellum Slave Market* (Cambridge, Mass., and London, 1999), 34–35, 84, 108, 141. On commission merchants as agents for slave rentals see David Goldfield, "Cities in the Old South," in Goldfield, *Region, Race, and Cities: Interpreting the Urban South* (Baton Rouge, 1997), 210–11.

elsewhere. Fortunately, Copes & Phelps still enjoyed the advantage of their intrafamilial alliance with Phelps & Rogers, which was one of the largest general stores in Shreveport, in the northwestern corner of the state. As late as March 1861, James E. Phelps, Harlow's brother, was still submitting orders for inventory from Copes & Phelps in New Orleans, but the dominant direction of the two firms' trading relationship began to shift over the remainder of the year. In early May Phelps reported that "business [is] very dull," although "we are doing better than any," since "we have the best stock" of goods on hand. But when Copes himself visited Shreveport in July, he wrote back to New Orleans that "business here amounts to almost nothing," and he arranged for Phelps & Rogers to ship some of their diminishing stock of flour to New Orleans. The savvy old merchant also explored other commercial interests during his visit: long involved in Texas land speculation, Copes demonstrated confidence in his firm's ability to profit from soft wartime real-estate markets by agreeing to broker the sale of 64,000 acres in the region.⁵⁷

Copes & Phelps remained in close contact with their allied store in Shreveport throughout the remainder of 1861, but increasing transportation problems plagued the ability of the Crescent City firm to take full advantage of their connections with the interior. A steamer carrying goods from Phelps & Rogers sank in September; James Phelps proved unable to secure a berth for his cargo on another overbooked vessel headed for New Orleans in November; and more generally, low water levels throughout the latter part of the year made Red River navigation exceedingly difficult. By December tensions seemed to mount between the two firms as the younger Phelps—revealed in their correspondence as a tentative, somewhat anxious fellow whose business acumen clearly

⁵⁷ Joseph S. Copes to Harlow J. Phelps, July 4, July 6, 1861; Phelps & Rogers to Copes & Phelps, March 30, May 2, 1861; Greenwood Leflore to Copes & Phelps, May 30, 1861, all in Box 6, Copes Papers.

did not measure up to that of his sharper New Orleans brethren—pled regretfully that adverse circumstances prevented him from furnishing more of Copes & Phelps's requests. "Business is at a 'stand-still'," the beleaguered interior storekeeper advised his patrons in early December 1861, clearly hoping to deflect their persistent inquiries for more of his goods.⁵⁸

One item whose scarcity was a source of particular frustration to the two firms was salt, which was used to cure freshly slaughtered meats and thus prevent their rapid spoilage. Salt production provides a fine example of the ways that the ingrained habits of merchant capitalism had acted to suppress the development of southern manufacturing before the war. Despite the existence of adequate domestic sources in Louisiana and elsewhere in the South, salt had previously been routinely imported to New Orleans by sea and distributed to the southern interior. The region's antebellum reliance on external supplies of salt was in large part an unintended consequence, since the mineral had provided much-needed ballast for incoming ocean-borne ships as bulk cargo. However, the naval blockade of the city had effectively ended these imports, and although Louisiana's government sought to promote the home production of salt after secession, the results were insufficient to meet rising demand, which was now further intensified by sudden Confederate military requirements for preserved meat rations. Copes & Phelps were aware of the desperate need for salt both in the city and among their plantation clients, and they expected to satisfy at least some of that demand by drawing on their well-established connections in northwestern Louisiana, where the bulk of the state's salt deposits were concentrated. But James Phelps claimed that his own supply limitations

⁵⁸ Phelps & Rogers to Copes & Phelps, September 14, November 3, December 2, 1861, all in Box 6, Copes Papers.

prevented him from helping his New Orleans partners. "There is no salt selling at any price," he insisted bluntly on December 2.⁵⁹

In the same letter, Phelps admitted that he was beginning to feel pressure from his rural customers. He blamed the scarcity of salt and other products for a recent upsurge in hostility toward storekeepers like himself, nervously informing Copes & Phelps that "the countrymen generally are venting their wrath on the merchants." On the southwestern frontier, where plantation production often existed uncomfortably alongside substantial pockets of subsistence-oriented farming, rural stores like Phelps & Rogers had long been the most visible outposts of market relations, and as such, their actions were scrutinized with suspicion, especially by the yeomanry, who often reflexively distrusted calculating, often-foreign storekeepers. But even larger planters sometimes feared the encroachment of the marketplace into the organic social relationships they ostensibly enjoyed; for example, slaves' store purchases were carefully monitored lest the dangerous levelling influence of money be insinuated among them. In any case, with such long-standing popular resentments now also fueled by scarcity and rising prices—not to mention by the seemingly disproportionate number of merchants able to avoid conscription by paying substitutes to fight in their stead—the escalating anger of the rural majority probably made storekeepers like James Phelps feel isolated and vulnerable indeed.⁶⁰

⁵⁹ Phelps & Rogers to Copes & Phelps, December 2, 1861, in Box 6, Copes Papers; Ella Lonn, *Salt as a Factor in the Confederacy* (New York, 1933), 22–25; Surdam, *Northern Naval Superiority*, 13.

⁶⁰ Phelps & Rogers to Copes & Phelps, December 2, 1861, in Box 6, Copes Papers. On yeomen relations with merchants in the antebellum "upcountry," see Steven Hahn, *The Roots of Southern Populism: Yeoman Farmers and the Transformation of the Georgia Upcountry, 1850-1890* (New York and Oxford, 1983), 32–40. On slave purchases from country merchants in Louisiana, see Roderick A. McDonald, *The Economy and Material Culture of Slaves: Goods and Chattels on the Sugar Plantations of Jamaica and Louisiana* (Baton Rouge, 1993), 146–52; see also Ted Ownby, *American Dreams in Mississippi: Consumers, Poverty, and Culture, 1830–1998* (Chapel Hill, 1999), 50–60.

Harlow J. Phelps finally decided to make the difficult journey to Shreveport in mid-December 1861 to see if he could arrange matters more to the New Orleans firm's advantage. He arranged for the transshipment of several wagonloads of Texas wool east to Monroe, Louisiana, where he hoped that the Ouachita River might provide a more viable outlet to the Mississippi River than did the still-sluggish Red River at Shreveport. He also reported to Copes that "there is considerable flour coming in here," although the prices for it were "very high." In fact, he wrote, Phelps & Rogers "do more flour business than any other house in town," and he thought that the store "will make a great deal of money if the river ever raises" and commerce "resumes its old channels." But in other respects, Harlow Phelps found that his brother had not been exaggerating the moribund state of business in the interior. Efforts at collecting debts owed to the New Orleans firm by nearby planters came to almost nothing; despite receiving several apologetic promises of payment, he advised Copes on the first day of the new year that "I fear this is very doubtful." Phelps also confirmed that the Shreveport store's shelves were nearly bare of goods, which prompted him to send a substantial inventory wish-list back to Copes in New Orleans. "If you can ship the goods ordered in this letter," he wrote, "the profits will be large," but "if money matters are too stringent, fill the bill as near as possible [*sic*]."⁶¹

Harlow Phelps had another motive for his visit to the northern Louisiana interior that winter, which was to secure as much cotton as possible from regional planters. In fact, this goal lay behind his desire for more goods from New Orleans to restock the Shreveport store, for in his view, if Phelps & Rogers only had more items on hand like dry goods and other scarce sundries, it would "enable them to get cotton that otherwise

⁶¹ Harlow J. Phelps to Copes, December 15, 1861, Box 6, Copes Papers; *idem.*, January 1, 1862, Box 7, Copes Papers.

could not be had." Like many other New Orleans commission merchants, Copes & Phelps sought to participate in what one English observer later called the "brisk trade" with the interior cotton-producing regions prior to the city's occupation in May 1862. By continuing to furnish the countryside with goods (as long as their own inventories held out), the same observer claimed that many of "the principal houses in [New Orleans] had realized very large fortunes" during the first year of the war. In turn, he noted, these firms had then "invested the bulk in cotton," which they generally kept stashed in the interior. Especially in light of the war-induced shortage of money in circulation, which was even more pronounced in the countryside than it was in the city, cotton thus rapidly became a currency "in kind" even for large planters, the only means that most of them now had available to exchange for goods produced elsewhere.⁶²

One proposal that Copes received from an Arkansas planter during his partner's absence from the city that winter typified this situation in the interior:

There are a number of responsible planters in this vicinity who need sugar and molasses and money to pay their taxes, and they desire to know if you will advance them on the pledge of their Cotton Crop. They will pledge their entire crop for this year's supply of sugar and molasses and cash sufficient to pay the present tax. A large number of men have expressed their willingness to do this, and a large quantity of cotton could be controlled in this way.

On the face of it, this proposal must have been tempting to Copes, especially since sugar products still remained in strong supply in New Orleans due to the city's proximity to the southern Louisiana parishes that produced them. But a variety of problems made the Arkansas planter's attractive proposition exceedingly difficult to realize, among which the steadily deteriorating transportation situation loomed perhaps the largest. When

⁶² Corsan, *Two Months in the Confederate States*, 14–15; Schweikart, "Secession and Southern Banks," 119; Harlow J. Phelps to Joseph S. Copes, December 15, 1861, Box 6, Copes Papers.

Harlow Phelps entertained similar hopes for acquiring cotton in the Shreveport area by trading city-supplied goods for the crop, he had finally been forced to admit that “if we have no means to get goods here, we will have none to ship cotton” either.⁶³

Phelps’s would-be strategy of exchanging goods for cotton represented his firm’s desperate attempt to conduct business by means of a mercantile barter system, a system that paralleled planters’ sudden forced reliance on currency in kind—both of which provided further evidence of the rapid de-evolution of the Louisiana economy to a fairly primitive state under the pressures of war. Yet their strategy also entailed an unusually strong presumption against exchanging any cash for cotton. Phelps proudly informed Copes that “we are paying out but little money [for cotton] and would pay out still less if Phelps & Rogers had goods.” However, this policy of refusing to part with any money—especially with Confederate currency in high denominations, which was becoming increasingly available to city merchants by late 1861—seems to reveal Copes & Phelps as being out of step with practices then being successfully pursued by other traveling cotton buyers in the Louisiana countryside, who reportedly found many interior planters eager to exchange cotton for ready cash, Confederate or otherwise. “I could purchase all our cotton in a few days if I would give money,” Phelps informed Copes on December 23, “but we prefer waiting and selling goods.” But the drawback to the firm’s strategy of holding their Confederate funds in reserve, as other city merchants must have realized, lay in the inflationary pressures that were already steadily eroding the face value of the new currencies. “With the value of the currency constantly falling, and the price of commodities rising, the holder of notes felt the strongest incentive to turn them into

⁶³ Harlow J. Phelps to Joseph S. Copes, December 23, 1861, Box 6, Copes Papers; W. S. Finch to Copes & Phelps, January 3, 1862, Box 7, Copes Papers.

commodities,” as historian John Christopher Schwab later explained. “The longer he held the notes, the less they would buy.”⁶⁴

Exactly why Copes & Phelps chose to ignore these powerful market incentives to convert their volatile currency reserves into exchangeable commodities is not clear. It seems unlikely that the two partners, both of whom were usually careful, calculating, and competent in their wide-ranging commercial affairs, were not aware of the probable financial pitfalls of their strategy. By not bailing out of Confederate currencies, much less foisting them off on cash-starved farmers in the interior, Joseph Copes—who was also a physician, philanthropist, and a deeply religious man—could have been trying to find a way to reconcile his business ethics and southern patriotism with profitable commercial practices. Mercantile cotton speculation was the source of increasingly bitter controversy throughout the South during the war, and many observers blamed such practices for the inability of Confederate money to reach a settled equilibrium. Copes & Phelps’s policy of withholding depreciating paper monies, which seems almost irrational from a narrowly economic perspective, may thus have represented, at least in part, a principled refusal by the firm to endorse the exploitative and destabilizing practices in which many of their competitors were engaged.⁶⁵

Regardless of their particular motivations for avoiding paying out cash for cotton, Copes & Phelps, like many other New Orleans merchants, clearly were not averse to continuing to participate in the cotton trade, which had been their bread-and-butter for

⁶⁴ Schwab, *Confederate States of America*, 229; Harlow J. Phelps to Joseph S. Copes, December 23, 1861, Box 6, Copes Papers; Harlow J. Phelps to Copes, January 1, 1862, Box 7, Copes Papers. For an example of city speculators successfully offering Confederate cash for cotton in Tensas Parish in northeast Louisiana during this period, see *New Orleans Daily Picayune*, January 21, 1862; see also Corsan, *Two Months in the Confederate States*, 14.

⁶⁵ For condemnations of wartime cotton speculating from around the Confederate South, see Schwab, *Confederate States of America*, chap. 11.

many years. Over the course of 1861, however, the war obviously provoked major changes to the settled market routines on which commercial profits in New Orleans depended, and merchants were thus forced to scramble and improvise in order to stay afloat amid rapidly changing circumstances. Furthermore, they now also frequently had to take into account how their business activities might contribute to or otherwise affect the wider regional goal of winning the war. But despite the general support of Crescent City businessmen for secession and the new southern nation, their continued pursuit of mammon did not always mesh well with such considerations of national interest. The costly hesitation of the banking community to actively endorse the monetary objectives of the Confederate Treasury Department had exemplified how consistently profitable institutional habits could be hard to overcome.

The next chapter will examine how similar conflicts developed on the Louisiana home front during the first year of the Civil War, when New Orleans merchants found themselves increasingly at odds with various policies promulgated by their own state and national governments. In particular, their collective response to the Federal blockade of the city in the summer of 1861 revealed the pivotal role in Confederate foreign relations that most had arrogated to themselves by virtue of long experience in the global arena, even though their aggressive efforts to influence diplomacy were neither welcomed nor endorsed by their government. These and other internal struggles would show that New Orleans merchants' "fanaticism for the Confederacy," as Frederick Engels had put it, did not mean that the city's often-arrogant commercial and financial community was willing to ignore its own common sense of how best to win the war—and perhaps also to save

their interests and their city from the growing Union naval fleet hovering off the Louisiana coast in the process.

Chapter 5

The Cotton Embargo and the Fall of New Orleans

Despite their Confederate patriotism, the still-powerful invisible hand of self-interest led many merchants in Louisiana to resist a variety of government policies as the Civil War progressed. Attempts to implement programs of so-called produce loans, for example, were not received enthusiastically by most merchants. The principle behind these programs was to convince planters to consign their crops to the government in exchange for non-negotiable, interest-bearing bonds. Profits from the crops' eventual sale to foreign buyers would then accrue to the state (which made produce loans equivalent to what historian Jeffrey Rogers Hummel called a voluntary "tax in kind"). It was also hoped that the consolidation of cash crops in government hands would improve ongoing diplomatic efforts with cotton-hungry European powers, especially England and France, by providing collateral to negotiate foreign loans and, more generally, helping persuade them to recognize the Confederacy, ignore the federal blockade, and otherwise intervene on the South's behalf.¹

Since any government-controlled marketing system based on such produce loans would largely bypass the entire established machinery of merchant capitalism, however, the New Orleans business community tended to oppose them, at least in private. Thus, when rumors began to circulate in the summer of 1861 that the Confederate Treasury Department intended to float a new \$100 million bond issue based on a system of

¹ Jeffrey Rogers Hummel, "Confederate Finance," in *Banking and Finance to 1913*, ed. Larry D. Schweikart (New York, 1990), 133. On the role of the produce-loan system in Confederate diplomacy, see Frank L. Owsley, *King Cotton Diplomacy: Foreign Relations of the Confederate States of America* (Chicago, 1931), 33-34.

produce loans (which the Confederate Congress approved in August), New Orleans factor Walter Cox expressed his skepticism in a letter to an Arkansas client. "There have been some propositions . . . to subscribe cotton and ship it to some merchant to be controlled by the Govt. or its agent," Cox wrote. "The folly of such a course you doubtless see," he continued, since "the injury to planters and frauds on the Govt. no one would ever know." Although Cox maintained somewhat defensively that city merchants were "as anxious as any in the South to assist the Government," he argued further that exchanging cotton for long-term notes would do nothing to alleviate debilitating monetary shortages unless "some means [were] adopted to make Treasury notes and Confederate bonds a legal tender." However, as J. D. B. De Bow pointed out, doing that would make the produce loans more akin to a form of direct cash advances, and because of the likely inflationary effects of such a policy, the government had determined that such advances to planters were better "left in the hands of private capitalists and the banks."²

De Bow, who served as the official agent for the Confederate produce loan program, could always be depended on to take a detached, long-term perspective on the South's commercial problems. But like his failed efforts in favor of southwestern industrial development during the 1850s, De Bow's enthusiastic promotion of the produce loans proved fairly exceptional among the merchant community for whom he claimed to speak. After an initial surge, the slow pace of subscriptions to the produce loans after the fall of 1861 indicated that many rural planters were also wary of the program. In Louisiana, where only 28,000 bales of cotton were pledged toward the

² *De Bow's Review* 31 (December 1861), 558; see also Confederate Treasury Secretary Memminger's similar defense of this aspect of the produce loan program dated October 15, 1861, in *The War of the Rebellion: A Compilation of the Official Records of the Union and Confederate Armies*, Series 4, Vol. I (Washington, D. C., 1900), 689-91 (hereinafter cited as *Official Records*). Walter Cox to W. E. Ashley, July 8, 1861, W. Cox & Co. Papers (New Orleans Public Library; hereinafter cited as Cox Papers).

August 1861 produce loan by year's end (out of a southern total of 417,000 bales), planters now pinned their hopes for more direct government assistance on the state legislature, which passed a "Cotton Planters' Relief Bill" in early January 1862. The vote approving the measure in the Louisiana House of Representatives revealed a stark division between city and countryside, with the sizeable Orleans Parish delegation unanimous in their opposition to the relief plan. Although similar in spirit to the Confederate produce loans, the Louisiana legislation went considerably further, providing for an issue of \$7 million in state treasury notes to serve as an immediately useable currency in exchange for planters' pledged crops.³

Having largely muted their public objections to the earlier Confederate measures, probably for fear of appearing selfish and unpatriotic, the merchant community now showed no such qualms in vigorously lobbying Louisiana governor Thomas O. Moore to veto the proposed state program. However, the governor was himself a plantation owner from Rapides Parish in central Louisiana, and in his message to the state legislature in November 1861, Moore had advanced several proposals to alleviate the economic pressures on interior planters, such as "stay laws" to prevent property foreclosures for nonpayment of taxes or private debts. Moore had also recognized that many rural planters were increasingly unable to obtain supplies from their New Orleans factors because they could not physically deliver their crops to the city. "The speedy and annual sale of the crops has heretofore provided the factor with timely reimbursement" for furnished goods, according to Moore, but "that resource now failing, I recommend that planters be

³ New Orleans *Daily Picayune*, January 5, January 22, 1862; John Christopher Schwab, *The Confederate States of America, 1861-1865: A Financial and Industrial History of the South during the Civil War* (New York and London, 1901), 17; Owsley, *King Cotton Diplomacy*, 34; Richard Cecil Todd, *Confederate Finance* (Athens, Ga., 1954), 33-35.

permitted to give supply notes, . . . the payment of which shall be secured by imparting to them the quality of a lien” on the crops being pledged. But although the supply notes proposed by Moore would enjoy legal sanction under revised state laws, they would still fall short of serving as a state-backed currency issue.⁴

After the legislature had approved a much stronger planter relief bill in January 1862, which featured a large currency issue and state purchases of cotton, the governor’s November message gave the New Orleans merchant community strong grounds for hoping that Moore would veto the measure. Despite being a planter himself, Moore usually was fairly well disposed toward city mercantile interests. The governor had informed the legislature that he opposed suggestions that the state make direct cash advances on planters’ crops, arguing that such a program “would prove disastrous,” and he had justified his supply-note proposal as superior in large part because it would still operate within “the ordinary channels of trade.” Furthermore, Governor Moore was also known to keep close company with several influential New Orleans merchants. After his visit to Louisiana in May 1861, for example, the British journalist William Howard Russell had reported rumors that “the Governor is supposed to be somewhat under the influence of the Hebrews,” among whom Russell named Aristide Miltenberger, a prominent New Orleans commission merchant, who was also a director of the Southern Bank. In a private letter on January 14, Miltenberger (who was the planter-governor’s city factor) lobbied Moore to veto “the stay law and Planters’ relief bills,” claiming that “every man I have spoken to is heart and soul opposed” to the legislative proposals. Lest the governor think this opposition was solely a matter of mercantile self-interest,

⁴ Message from Governor Thomas O. Moore, November 26, 1861, in *Official Journal of the House of Representatives of the State of Louisiana, Session of November 1861* (Baton Rouge, 1861), 5–6.

Miltenberger invoked similar sentiments “among some of your neighbors in Alexandria.” Referring specifically to the proposed stay law, Miltenberger quoted one “old and valued friend of ours” as having quipped, “I think it is a good law for rascals . . . , of which we have plenty without such a law to encourage them.”⁵

Perhaps emboldened on their home turf, New Orleans merchant capitalists also kept up a steady drumbeat of opposition to the planters’ relief bill, which one conservative city newspaper claimed “threatens to engulf all the property in Louisiana in a flood of depreciated paper money.” For a few tense weeks the city’s merchants held their collective breath until Governor Moore finally vetoed the measure on January 21. In a lengthy message accompanying his veto, Moore justified his action mainly on constitutional grounds; among others, he cited the provision that prohibited the state government from making loans or other pledges of faith for the benefit of private interests. But toward the end of his message, Moore posed a rhetorical question “as a conclusive test” of the relief bill that seemed to show where his sympathies laid. “It is proper for each individual to inquire if he were himself proposing to lend money (for this bill does but provide a loan),” said the governor, “would the security proposed in this bill be regarded as sufficient if the cotton planter applied to him for a loan?” For Moore—as well as for the city merchants most likely to ask such a question—the answer was a resounding “no.” Although the bill’s advocates in the legislature promptly sought another vote to try and overturn the veto, the large Crescent City delegation held firm. Only one out of Orleans Parish’s twenty representatives defected to the pro-relief forces in the final

⁵ Aristide Miltenberger to Governor T. O. Moore, January 14, 1862, in Box 1, Folder 39, Kuntz Civil War Collection, Woodson Research Center, Rice University, Houston, Texas (hereinafter cited as Kuntz Collection, WRC/Rice); William Howard Russell, *My Diary North and South* (Boston, 1863), 242; *Official Journal of the Louisiana House of Representatives, 1861*, p. 6.

vote, and although proponents of the bill mustered a 53–35 majority in its favor, the measure failed to obtain the two-thirds vote necessary to pass the measure over the governor's veto. However, somewhat lost in the shuffle, and perhaps of only slight consolation to the state's agrarian interests, Governor Moore let stand the stay laws that had also been approved by the legislature earlier in the month, in spite of the considerable opposition to these debtor-relief measures among both city and interior merchants.⁶

These legislative controversies contributed to an inauspicious opening of the war's second year on the Louisiana homefront. The heated disputes over the agricultural relief measures were more threatening than mere policy differences among gentlemen; politically, they seemed to indicate that the war might be provoking serious rifts in the durable planter-merchant alliance that had effectively governed the state during the 1850s. Moreover, there were disturbing signs that the scarcity of economic resources that lay behind such divisiveness would only worsen during the year ahead. Militarily, a series of Union victories in the western theater, particularly in Tennessee, intensified the pressure on the state from above by reducing the flow of river-borne commercial traffic from northern points to a trickle. Meanwhile, to the south, the Federal naval presence along the Louisiana coastline in the Gulf of Mexico continued to grow steadily larger, and these forces nurtured fears that the fortifications along the river below New Orleans might eventually prove inadequate to the city's defense. Though such fears were rarely voiced in public (in fact, it is remarkable how concerns over the city's vulnerability were blithely dismissed by the New Orleans press during the spring of 1862, right up through the week prior to occupation), private correspondence directed to the Confederate

⁶ New Orleans *Daily Picayune*, January 5 (first quotation), January 19, January 24, 1862 (second quotation); see also Jefferson Davis Bragg, *Louisiana in the Confederacy* (1941; repr., Baton Rouge, 1997), 80–82, 93–94.

government at Richmond from officials like Governor Moore and General Mansfield Lovell, who was responsible for coordinating the city's defenses, indicated an escalating awareness of the threat among Louisiana's leadership.⁷

Cotton merchants' opposition to produce loans had always been closely tied to their estimate of the role that they thought they should play in efforts to secure diplomatic recognition of the Confederacy—and also to convince European powers to break the Federal naval blockade of their increasingly isolated city. Much has been written about the South's devotion to “King Cotton diplomacy,” a sort of faith-based foreign policy whose guiding tenet was that European economic dependence on southern cotton supplies would be sufficient to compel foreign recognition, perhaps even intervention, on behalf of the seceded states. Historians have been somewhat slower to recognize the disproportionately large contributions made by Louisiana elites toward formulating and promoting this controversial diplomatic strategy, although men like Judah P. Benjamin, John Slidell, and Duncan F. Kenner were obviously key players in the creation of official Confederate foreign policy. Less discussed, however, has been the role of the New Orleans merchant community as a whole. During the summer of 1861, they took it upon themselves to assume a vanguard role in cotton diplomacy that was not officially sanctioned—and at times, clearly at odds with Confederate policies. Given the global connections that Crescent City bankers and merchants had cultivated for several decades, it is not surprising that these businessmen considered themselves the most appropriate stewards of the South's international interests. Yet cotton diplomacy's eventual failure provides a good measure of the misplaced hubris of Louisiana's merchant capitalists,

⁷ Gerald M. Capers, *Occupied City: New Orleans under the Federals, 1861–1865* (Lexington, Ky., 1965), 25–38; Bragg, *Louisiana in the Confederacy*, 97–102. Some of this official correspondence will be further discussed later in this chapter.

who did not understand the fundamentally subordinate position they occupied on the global commodity chain, and as a result, severely overestimated their ability to manipulate diplomatic affairs to the South's advantage. Their miscalculation was no small matter, for if their strategy had successfully managed to provoke a pro-southern European intervention, the course of the Civil War—perhaps even its eventual outcome—might have been substantially altered.⁸

The conviction that southern cotton exports were irreplaceable and essential to the European economy, particularly in Great Britain and France, had grown steadily during the late antebellum era. During the 1850s an increasing number of British political economists had lamented the dangerous overreliance of their nation's vital textile industry on U.S. supplies of cotton, which were mainly imported through the commercial port of Liverpool for the use of factories clustered in the city of Manchester in the Lancashire district. Although such men had also urged the government to step up its ongoing efforts to promote the cultivation of cotton in areas under British imperial control (particularly in India), production restraints, sharp price differentials, and considerations of quality—not to mention the commercial inertia of Liverpool's well-established, reliable trade relations with American suppliers—had combined to severely limit the contributions made from alternate sources. Despite official awareness of the problem, the South had still supplied 80 percent of the cotton imported into Great Britain in 1860, which actually represented a slight increase over the 77.5 percent it had supplied on average during the preceding decade. In France, the situation was similar. Although its

⁸ The classic work on Confederate foreign relations still remains Frank L. Owsley, *King Cotton Diplomacy: Foreign Relations of the Confederate States of America* (Chicago, 1931). More recent studies include Charles M. Hubbard, *The Burden of Confederate Diplomacy* (Knoxville, Tenn, 1998); and Howard Jones, *Union in Peril: The Crisis over British Intervention in the Civil War* (Chapel Hill, 1992).

manufacturers consumed less than a quarter as much cotton as did Britain's voracious factories, the textile industry had gained increasing significance to the French economy by the mid-nineteenth century. However, France's dependence on American sources of cotton was even greater than that of its cross-channel rival, with 90 percent of its cotton imported from southern producers in 1859.⁹

The importance of U.S. cotton exports to the industrializing nations of Europe was not lost on observers across the Atlantic, and nowhere more so than in the South. As the region began to regard itself as more and more politically isolated from the rest of the nation during the 1850s because of the slavery question, the reliance of the Great Powers on the cotton it produced came to be celebrated as the South's strongest international asset under a worst-case scenario of secession or civil conflict. Planters, politicians, and newspaper editors frequently referred to the textile mills of Europe when expounding on the popular sentiment that "Cotton Is King," as the title of one famous book put it in 1855. However, because of their direct involvement with overseas trade networks, the region's merchant capitalists seemed particularly convinced of the insurance that European dependence on southern cotton provided to the beleaguered slave-labor system, which had produced the staple cheaply and abundantly for decades. In New Orleans, through which half the South's cotton crop had routinely passed on its way to foreign markets during the 1850s, the stake that European powers had in the uninterrupted flow of southern commodities was a standard theme of publications like *De Bow's Review*, the premier journal of the region's commercial classes. Indeed, just as the secession crisis

⁹ Sven Beckert, "Emancipation and Empire: Reconstructing the Worldwide Web of Cotton Production in the Age of the American Civil War," *American Historical Review* 109 (December 2004), 1405–38, esp. 1408–9; D. A. Farnie, *The English Cotton Industry and the World Market, 1815–1896* (Oxford, Eng., 1979), 136–38.

was erupting, the January 1861 issue of the journal featured an article typifying this belief, one whose very opening sentence summed up the conviction that would undergird cotton diplomacy over the years to follow. “The secession of these States must necessarily be a peaceful one,” author W. D. Chase asserted, “because England, France, [and] the rest of commercial Europe . . . require that it should be.” The fact that Chase’s confident prediction of a “peaceful” southern secession legitimated by European recognition was already proving dubious by the time his article appeared in print might have given pause to the aggressive proponents of King Cotton’s ostensible international sway, but there is no indication that it did.¹⁰

Even before secession was a *fait accompli*, the commercial and political elites of Louisiana took the diplomatic lead in trying to shape the responses of foreign powers to the American political crisis, though at this early stage they were fairly circumspect about invoking King Cotton in so doing. In mid-December 1860 the British consul at New Orleans, William Mure, reported to his Foreign Office that he had “been within the last 2 or 3 days approached . . . by some influential gentlemen connected with the State, who assured me that a Southern Confederacy was certain.” These gentlemen sought the consul’s views as to the probability of European, particularly British, support for a new southern nation, especially in the event that “coercive measures were adopted by the Free States.” Mure assured the Foreign Secretary that he had “replied cautiously” on such a “momentous subject,” but that he had offered the men his opinion that “it has always been the principle adopted by Great Britain to recognize any ‘de facto’ Government”—particularly, he stressed, those “with whom it was [in] her interest to cultivate the most

¹⁰ W. D. Chase, “The Secession of the Cotton States: Its Status, Its Advantages, and Its Power,” *De Bow’s Review* 30 (January 1861), 93; David Christy, *Cotton Is King: or, The Culture of Cotton . . .* (1855; 2nd ed., New York, 1856); Owsley, *King Cotton Diplomacy*, 15–18.

intimate commercial relations." For their part, and claiming to speak "from their knowledge of the feeling in their own State, as well as in other Southern States," the Louisiana gentlemen outlined a mutually profitable quid pro quo to Mure if the British government were to agree to provide recognition and support to a southern confederacy. Mure reported that the men said "they would be prepared to offer to Great Britain the most liberal Commercial Treaty," which, "by reducing the tariff on British goods to a mere nominal duty," would also have the effect of "throwing open to British vessels the Coasting trade from Virginia to Texas," a lucrative regional commerce that had long been dominated by Yankee shipping interests.¹¹

In making such an offer to the British consul, these "influential gentlemen" were clearly seeking to use the national political crisis as an opportunity to fulfill their long-standing desire for increased direct trading ties between New Orleans and Europe. But besides such thinly disguised appeals to mutual economic interests, Mure's visitors also showed that they were aware of other concerns related to international commerce that might arise in case of southern secession. In particular, they wanted the consul to assure the British government that a future southern Confederacy would not seek to reopen the African slave trade, even though this possibility had been the subject of frequent public discussions among southerners during the previous decade. The delegation that visited Mure in New Orleans seemed to realize that any perception of a southern intention to reopen the slave trade would probably make British recognition, much less its support, of the impending Confederacy politically infeasible, especially in light of decades of active

¹¹ William Mure to Lord Russell, December 13, 1860, repr. as "Financial and Economic Disturbance in New Orleans on the Eve of Secession," ed. Milléde L. Bonham, *Louisiana Historical Quarterly* 13 (January 1930), 35-36. On northern domination of the southern "coast-wise" trade, especially in cotton, see Robert G. Albion, *The Rise of New York Port, 1815-1860* (1939; repr., Boston and New York, 1967), chap. 6.

efforts by Her Majesty's government to suppress the international slave traffic as well as the broad public support that this policy enjoyed. But although the Confederate constitution adopted in 1861 explicitly prohibited the slave trade, British suspicions over the issue were never fully assuaged. The unfortunate choice to lead the first official Confederate delegation to Europe the following spring, for example, was William Lowndes Yancey of Alabama, who was known to the British government as an outspoken supporter of reopening the slave trade. At the same time, freed of the need to placate southern interests, U.S. Secretary of State William H. Seward now skillfully dangled promises of cooperation with the ongoing efforts of the Royal Navy to suppress the slave trade, which had long been a bone of contention between the two nations.¹²

Closely related to potential southern efforts to reopen the slave trade, though not explicitly mentioned by Mure's visitors, were European fears that a southern Confederacy might seek new outlets for its commerce—as well as fresh sources of slaves—in Latin America and the Caribbean. New Orleans had gained wide notoriety ever since the 1820s as the home base for a variety of meddlesome adventures, known as 'filibusters,' in South and Central American politics, many of which had been born of commercial motives. The most immediate concern in this regard was the potential for a Confederate annexation of Cuba, an objective that had also been avidly sought by many southerners during the 1850s. Louisiana, however, occupied a peculiar position with regard to Cuban annexation. The state's powerful senator, John Slidell, had been one of the most vociferous congressional advocates of Cuban annexation during the outgoing Buchanan administration, and even Slidell's more moderate ally, Judah P. Benjamin, had

¹² Mure to Lord Russell, December 13, 1860, in Bonham, ed., *op. cit.*, 36; Frederic Bancroft, *Slave-Trading in the Old South* (Baltimore, 1931), 359–61; Hubbard, *Burden of Confederate Diplomacy*, 29–31; D. P. Crook, *The North, the South, and the Powers, 1861–1865* (New York and other cities, 1974), 193–94.

played a role in southern agitation of the Cuba question. Yet as the influential British political economist John E. Cairnes pointed out in 1862, Louisiana was the “one state in the South which could not fail to be injured in a pecuniary sense by the acquisition” of Cuba. The domestic sugar industry was heavily protected by protective tariffs, and a Confederate annexation of Cuba—whose sugar plantations were far more productive than Louisiana’s—would destroy the basis of that protection and surely ruin the state’s industry. Noting that Louisiana “has formed no exception to the general eagerness of the South to appropriate Cuba,” Cairnes explained the apparent paradox by means of his shrewd estimation of the peculiarly organic character of capitalism in the American South. “The sympathies which bind slaveholders together,” he argued, “have . . . always proved more powerful than the particular interests which would sunder them.” In any case, no serious effort was ever made by the Confederate government to make Cuban annexation a reality; in fact, the European powers were soon to discover that they had more to fear from U.S. Secretary of State William Seward’s convoluted designs on Latin America and the Caribbean than they did from the South.¹³

The main drift of Mure’s letter from New Orleans, however, indicated that the British consul thought it likely that contingent possibilities like Cuban annexation or slave-trade resumption would be secondary considerations at best for his government during secession winter. Instead, Mure detailed the havoc that the political crisis was then causing in the commercially pivotal city, and he feared the possible consequences for British industrial interests. If secession or war were to result in a sustained interruption of

¹³ Crook, *The North, the South, and the Powers*, 56–59; John E. Cairnes, *The Slave Power: Its Character, Career, and Probable Designs* (1862; repr., Columbia, S.C., 2003), 294–95; Robert D. Meade, *Judah P. Benjamin: Confederate Statesman* (New York, 1943), 92; Peirce F. Lewis, *New Orleans: The Making of an Urban Landscape* (2nd ed., Santa Fe, N.Mex., and Harrisonburg, Va., 2003), 57. See also Robert E. May, *The Southern Dream of a Caribbean Empire, 1854–1861* (Baton Rouge, 1973).

the international cotton trade at its vital Crescent City bottleneck, the consul worried that the eventual effects on “the manufacturing interests of Great Britain will be severely felt.” Thus, even without explicitly brandishing the powerful weapon that King Cotton was believed to provide (at least according to Mure’s account of their meeting), the self-appointed delegation of “influential gentlemen” of Louisiana had effectively managed to make their point to Her Majesty’s representative. Though the delegation had wisely emphasized mutual benefits rather than engaging in potentially counterproductive economic sabre-rattling, Mure’s December 1860 communiqué made the British government officially aware that their nation’s economic lifeblood might be profoundly threatened by the escalating American crisis.¹⁴

While a new southern government was being formed during the early months of 1861, such threats to British cotton supplies remained as the Louisiana gentlemen had left them with Consul Mure—implicit, rarely expressed overtly. Though most southerners were disappointed that neither diplomatic recognition nor even any acknowledgment of the rightness of the Confederate cause was immediately forthcoming from Europe, this failure was sometimes attributed to the understandable caution of the Great Powers to upset the delicate balance of power in the Old World. Even more common, though, was the tendency to dismiss European hesitation as merely a matter of poor timing. The political crisis had begun near the tail end of the harvest season in 1860, and by the time matters reached a more definitive crescendo—first with secession, followed by the official declaration of war in April 1861—global cotton markets had entered the period of relative dormancy they always endured until the next season’s crops started arriving in

¹⁴ Mure to Lord Russell, December 13, 1860, in Bonham, ed., *op. cit.*, 33.

late summer. The seasoned British journalist William Howard Russell, who toured the South that spring, heard so many self-assured prognostications of King Cotton's power to eventually compel his nation's cooperation with southern aims that he finally became annoyed and offended. "It was scarcely very agreeable," he wrote during his visit to South Carolina, "to find that no considerations were believed to be of consequence in reference to England except her material interests, and that these worthy gentlemen regarded her as a sort of appendage to their cotton kingdom." "Slavery perhaps has aggravated the tendency to look at all the world through parapets of cotton bales," sniffed the proud *London Times* correspondent.¹⁵

Later, in Montgomery, Alabama, which was then still the seat of the newly formed Confederate government, Russell interviewed several officials, including President Jefferson Davis, and he was pleased to find these men to be much more tactful in their representations toward his home country. "We do not seek the sympathy of England by unworthy means," President Davis told him. Russell also spent considerable time in Montgomery with the New Orleans commercial lawyer and former U.S. senator Judah P. Benjamin, one of Davis's closest advisers, who was then serving as the government's attorney-general. The journalist clearly liked Benjamin, describing him as "the most open, frank, and cordial of the Confederates whom I have yet met." In their wide-ranging discussions, Benjamin insisted that England's respect for international law regarding the rights of sovereign nations on the open seas would be the likeliest route by which Her Majesty's government would soon find it necessary to extend diplomatic recognition to the Confederacy. "All this coyness about acknowledging a slave power

¹⁵ Russell, *My Diary North and South*, 118. On the significance of the timing of secession, see Henry Blumenthal, "Confederate Diplomacy: Popular Notions and International Realities," *Journal of Southern History* 32 (May 1966), 170.

will come right at last," Benjamin assured him—but despite the attorney-general's obvious care not to assert this conviction on the authority of King Cotton, Russell still left believing that "his confidence respecting Great Britain was based a good deal, no doubt, on his faith in cotton, and in England's utter subjection to her cotton interest and manufactures." Russell was right; although Benjamin would carefully attempt to steer an official diplomatic course that sought to minimize the appearance of economic coercion over the coming years, in the private deliberations of the Confederate cabinet, he was long considered a staunch advocate of cotton's power to tilt European foreign policy to the South's advantage.¹⁶

Benjamin's view was, of course, also representative of the New Orleans business community with which he was so familiar. As Russell would discover during his subsequent visit to the city at the end of May, this was true even with respect to the more discreet way elite Louisianians generally tended to convey their faith in cotton, especially by comparison to the more vulgar fire-eaters he had encountered in South Carolina. Russell was carefully courted during his stay by the urbane Crescent City upper class. At the city's exclusive Boston Club, he dined with Governor Moore, sugar planter Duncan F. Kenner (who was soon to gain renown in the Confederate Congress as an advocate of cotton diplomacy); and the governor's friend and adviser, commission merchant Aristide Miltenberger, among many others. Though Russell reported that the belief of such men in the essential justice of the southern cause—including the idea of slavery as a positive good—was no less certain than it had been elsewhere in the South, the British journalist was obviously impressed by the more dignified manner in which New Orleans

¹⁶ Russell, *My Diary North and South*, 174 (Davis quotation), 175–76 (Benjamin quotation on p. 176); Meade, *Judah P. Benjamin*, 169–72, 253–54; Owsley, *King Cotton Diplomacy*, 20.

gentlemen-capitalists expressed their views. But the subdued intensity that Russell described among the city's elites may have also reflected their assessment of the rapidly changing circumstances of the war and its effects on New Orleans. The influx of foodstuffs from the Midwest on which the city largely relied was being gradually restricted, and prices were rising in consequence. Money was still excessively tight, a matter of increasing concern with the marketing season now only a few months away. Finally, there was the recently instituted federal blockade of the southern coastline to worry about, with the first Union ships arriving off the passes south of the city during Russell's stay. "The great commercial community of New Orleans . . . now feels the pressure of the blockade," the veteran journalist concluded, and in order to alleviate this pressure, the city "depends on the interference of the European Powers next October."¹⁷

With conditions deteriorating and likely to worsen, frustrations toward the dithering Europeans began to reach a boiling point in the city during the summer of 1861. For months, the scattered utterances of foreign officials, both major and minor, were scrutinized for clues as to the impending tilt of their nations in favor of the Confederacy, but despite these and other rumors, nothing substantial had come to pass. Some were already prepared to give up the diplomatic ship in disgust: the New Orleans *Daily Delta* angrily commented that "further persistence . . . in the endeavor to obtain recognition of our nationality is useless." Fears that surging hostility might provoke mob action against their New Orleans agents led some foreign-based houses like Brown Brothers to close down their offices in the city that summer. But many city businessmen still clung to the view that the war would be short in duration, and they expected that European

¹⁷ Russell, *My Diary North and South*, 250 (quotation). The journalist's invaluable account of his two-week stay in New Orleans, from May 20 to June 2, 1861, comprises chaps. 29–31 of his published diary.

intervention to obtain the next season's cotton would prove decisive. Russell had noted such widespread beliefs in late May, reporting that "the [New Orleans] mercantile community hope the contest will be ended before the next season by the recognition of Southern Independence." However, as the summer wore on, such hopes—which were born of merchants' faith in King Cotton—were increasingly expressed in the form of anxieties, a shift revealed in the 1861 correspondence of New Orleans factor Walter Cox with a rural client. In January Cox had boasted of his "abiding faith in cotton" and confidently asserted that the outcome of the still-unfolding political crisis "will make the King more secure even on his throne." Six months later, his confidence was wavering, and his tone became clipped and fretful. "If England and France do not run Mr. Lincoln's blockade," the merchant now worried, "we see no means of cotton paying its debts."¹⁸

Their deep-seated belief in King Cotton thus shaken but not yet abandoned, the merchant capitalists of New Orleans responded as do many religious groups when their devotion seems challenged by events: they decided to take a more aggressive approach toward propagating their faith. By midsummer 1861 mercantile irritation with European indecisiveness led many to begin advocating more blunt means of using cotton to obtain Great Power support. Rather than fearing the effects of the federal blockade on the impending cotton-marketing season, it was now proposed that the issue be finessed by declaring an embargo on cotton exports instead. (In some ways, the logic seems redolent of the old adage "You can't fire me—I quit!") Many Louisiana merchants and planters

¹⁸ W[alter] Cox to W. E. Ashley, January 4, July 8, 1861, Cox Papers; John Crosby Brown, *A Hundred Years of Merchant Banking: A History of Brown Brothers and Company* (New York, 1909), 269–70; Russell, *My Diary North and South*, 230–31 (quotation on p. 231); New Orleans *Daily Delta*, July 11, 1861, quoted in Blumenthal, "Confederate Diplomacy," 159.

began to believe that an official embargo would provide just the spark needed to convince England and France to recognize the Confederacy and break the Union blockade.

In late July 1861 representatives from the southwestern states advanced the first cotton embargo proposals in the Confederate Congress. However, rightly concerned that an official embargo policy would strike foreign governments as diplomatically coercive, the Davis administration managed to quash their proposals. Taking these concerns into account, Louisiana's influential representative Duncan F. Kenner then placed a shrewd substitute proposal before the Confederate Congress. His resolution would prohibit the shipment of cotton from the rural interior to southern port cities, like New Orleans, that were affected by the blockade. The advantage of this proposal was that it could be officially justified on grounds of military necessity: by keeping valuable staple crops scattered, they would not be exposed to seizure en masse by Union forces in any potential attacks on southern ports. But Kenner's proposal was also carefully designed to have the same effect as a cotton embargo, since the products of the impending harvest could not be easily shipped to overseas buyers unless they were first consolidated in southern mercantile entrepôts. Kenner's clever plan would thus permit the Confederacy to gain the advantages of a more assertive approach to King Cotton diplomacy, even while its military rationale allowed the fledgling government to maintain a measure of plausible deniability as to their intentions with foreign powers. But even this roundabout means of declaring a cotton embargo seemed to strike the cautious Davis administration as too

confrontational, and so Kenner's proposal was packed off indefinitely to the Committee on Military Affairs for further consideration.¹⁹

Apparently undeterred by the Confederate government's cool reception of the Louisiana representative's scheme, the merchant capitalists of New Orleans were now inspired to take matters into their own hands. One hundred thirty of the city's most prominent cotton merchants—among whom were the firms of Walter Cox, Aristide Miltenberger, and Copes & Phelps—issued a brief, remarkable circular in late July that was published in the New Orleans commercial press. In it, the city's merchants collectively urged interior planters “not to ship any portion of their crops of Cotton” to New Orleans, and furthermore, they declared their intention to enforce their proclamation by refusing to receive any crops forwarded to the Crescent City. Somewhat less heedful of the diplomatic subtleties entailed in Kenner's congressional proposal, the New Orleans merchants' manifesto linked their demands to the Union naval cordon of the southern coast, insisting that the prohibition of cotton shipments to the city would not be lifted “until the blockade is fully and entirely abandoned.” Though the merchants stopped short of explicitly saying that their proclamation was meant to provide a stronger incentive for England and France to come to the Confederacy's aid, the manner by which they invoked the blockade nevertheless made their aims abundantly clear. Since there was no reason that their prohibition of cotton shipments to the city should directly provoke the Lincoln administration to forego their naval strategy, the New Orleans merchants' demand could

¹⁹ Raphael P. Thian, comp., *Extracts from the Journals of the Provisional Congress and of the First and Second Congresses of the Confederate States of America on Legislation Affecting Finance, Revenue, and Commerce, 1861–65* (Washington, D.C., 1880), 46–47.

only have been intended to compel European intervention to render the Union blockade null and void—by whatever means these powers might find necessary.²⁰

In New Orleans the diplomatic rationale behind the merchants' ban on cotton shipments to the city was clearly understood, even as references to it remained oblique. The local mercantile tri-weekly *Price-Current*, in the same issue in which the factors' circular was first published, coyly editorialized that "the objects to be obtained by these apparently stringent regulations are so obvious that we shall not refer to them." A few days later, at a large assemblage of the city's business and political leaders to organize aid for the Confederate wounded, which was held at the Merchants' Exchange on July 29, the ubiquitous Reverend Benjamin M. Palmer offered his blessings to the factors' recent efforts. "Cotton gives us immense power," Palmer declared to the gathered merchants, since "the millions of Europe depend on it for their bread." Referring to the blockade, Palmer concluded that "this war must soon terminate, or the civilized nations of Europe must become engaged" on the South's behalf.²¹

Over the next few weeks, what one historian called the "decisive" leadership role played in the South by the New Orleans mercantile community became apparent, as the cotton factors and associated interests of other southern cities, such as Mobile, Savannah, and Charleston, quickly followed the example set by the Crescent City's businessmen. Emboldened by the initiative displayed by the merchants of his state, Louisiana's John Perkins Jr., a former attorney who had abandoned his New Orleans practice in the 1850s

²⁰ New Orleans *Price-Current*, July 27, 1861; see also the notice in the New Orleans *Daily Picayune*, July 27, 1861. Interestingly, the signed circular was dated July 17; the ten-day delay probably indicates that the factors refrained from publishing their statement pending the outcome of Kenner's similar proposal to the Confederate Congress.

²¹ New Orleans *Price-Current*, July 27, 1861; New Orleans *Daily Picayune*, July 28 and 30, 1861 (Palmer quotations).

to become a plantation owner in wealthy Madison Parish, sought to obtain official sanction of their successful but unauthorized efforts. On August 7 Perkins offered a resolution that "Congress heartily approves of and unites in the recommendation of the cotton factors and insurance companies that no cotton be sent forward from the interior to the sea-ports of the country during the existence of the blockade." Probably now thoroughly vexed by what they perceived to be unwarranted private interference in the executive prerogative to promulgate Confederate foreign policy, the Davis administration managed to have its legislative allies refer Perkins's resolution to committee. However, it was telling that, unlike Kenner's earlier proposal, Perkins's resolution (which had been offered in secret session) was not handed off to the congressional committees that handled military or even commercial matters; instead, the Committee on Foreign Affairs was now assigned the task of reviewing the New Orleans merchant community's thinly veiled attempt to jumpstart cotton diplomacy.²²

The de facto cotton embargo put into motion by the New Orleans merchants' circular also met with the widespread approval of planters throughout the region, who now resolved to withhold their crops from market. On August 7 the New Orleans *Daily Picayune* reprinted a letter of support from a Louisiana planter to the city factorage firm of Wright & Allen. "Not a bale of cotton will be shipped until the blockade is raised," the planter insisted. Claiming to speak for all his plantation neighbors, he also emphasized

²² Thian, comp., *Extracts from the Journals of the Confederate Congress*, 51; Owsley, *King Cotton Diplomacy*, 28–29 (quotation on p. 28). Although the congressional journals show that the Perkins resolution was reported back positively, passed without debate, and the injunction of secrecy removed on August 16, 1861, the Confederate legislature's endorsement of the New Orleans plan never received wide publicity. This was probably due to the ongoing efforts of the Davis administration to insulate their diplomatic policies from the appearance of economic coercion; the government's representatives (including Louisiana's John Slidell, who was the eventual legatee to France) thus could and did repeatedly deny the existence of any officially sanctioned cotton embargo. See Thian, comp., *Extracts*, 79; cf. the discussion in Owsley, *King Cotton Diplomacy*, 29–32.

their confidence in the advice of the city's merchants, "as we know they are as deeply interested in the welfare of our country as we are." However, the same day's paper included a sign that such confidence might not be fully reciprocated. Even as they had gathered to approve their cotton circular, the city's merchants had reportedly also agreed "with great unanimity" to establish a "black book" in which they would record all supply and cash advances made to interior planters on the strength of the coming crop. This book was intended to protect merchants against unscrupulous planters, who might otherwise "disregard such obligations by sending their cotton to other houses, or selling it at home." No such public register of debts had previously been deemed necessary for the largely informal antebellum system of seasonal credit between city and countryside; that it now was seemed another indication that the war might be gradually undermining the mutual trust on which the long-standing planter-merchant alliance in the South was based.²³

Moreover, when the harvest season began in late August, New Orleans cotton merchants found that they were also having trouble trusting one another. A few of the less civic-minded brethren among them—aided by their desperate plantation clients—were apparently conspiring to evade the prohibition by receiving cotton shipments anyway and even shipping some of them through the blockade. Eager to nip this trade in the bud, some ninety-odd cotton factorage firms (among them were A. Miltenberger & Co. and W. Cox & Co., but not Copes & Phelps) convinced Governor Moore to now make it illegal to import cotton into the city. Much more so than had their terse July circular, the merchants' public letter to the governor two months later did not mince words as to the reasons behind their efforts to prohibit cotton shipments from the interior.

²³ "The Cotton Factors' Movement," and "A Cotton Planter to His Factors," both in *New Orleans Daily Picayune*, August 7, 1861; see also *New Orleans Price Current*, July 27, 1861.

The certain consequence of this injudicious conduct of the factors and planters referred to will be that other planters . . . will follow their example, and in a very few short weeks large supplies will be sent to New Orleans, and this cotton, from the known inefficiency of the blockade, will find its way to foreign ports, and furnish the manufacturing interest of Europe and the United States with the product of which they are most in need. We shall thus . . . contribute to the maintenance of that quasi-neutrality which European nations have thought it proper to avow—a neutrality which enables the United States to obtain every munitions of war in which they are deficient, and practically deprives us of the same sources of supply.

By late September, normally the height of the marketing season, the governor's proclamation criminalizing the importation of cotton into New Orleans already seemed to be having its intended effect. The *Daily Crescent* reported on the 26th that "no cotton [is] coming to market," although "the brokers are taking it coolly and calmly." The enforced commercial lull persisted throughout October, when the city's press regularly informed readers that "nothing transpired" or that "we did not hear of a sale today."²⁴

Official efforts to pass ships through the Federal blockade from the Crescent City continued to be poorly organized, and relatively few vessels were successful. In the wake of his September proclamation, Governor Moore apparently instituted a system by which official passes were issued authorizing certain vessels—mostly small, fast coast-huggers under the control of trusted merchants and their shipping agents—to leave New Orleans loaded down with cotton, on the understanding that they would return to the city with supplies. But this pass system implied that any cotton-carrying vessel without the requisite authorization was legally prohibited from leaving the city. This aspect of the governor's plan came too close to a form of state-sanctioned export embargo, for which

²⁴ New Orleans *Daily Picayune*, October 22 and 23, 1861; New Orleans *Daily Crescent*, September 26, 1861, quoted in Bragg, *Louisiana in the Confederacy*, 79. "Cotton Factors of New Orleans" to Governor T. O. Moore and Major General D. E. Twiggs, September 23, 1861; and undated [late September 1861] proclamation by Governor Thomas O. Moore, both in *Official Records*, Ser. III, Vol. 2, pp. 725–28 (block quotation on p. 726.)

Moore was gently upbraided by Secretary of War Judah P. Benjamin later in the year. Another plan to run the blockade was proposed to General Mansfield Lovell in October by the new Confederate consul to Cuba, who was eager to promote increased trade between Havana and New Orleans. General Lovell, desperate for munitions and other supplies, cooperated in several such runs, but it proved to be much easier to get vessels out of New Orleans than to get them back in. By the spring, although still eager for supplies, Lovell became afraid to risk losing any more ships that might soon be needed for the city's defense instead.²⁵

Despite these scattered efforts, official or otherwise, to run the blockade, southern merchants' imposition of a ban on cotton shipments to seaport cities was undeniably successful during the fall of 1861. Ultimately, the effectiveness of the mercantile prohibition on city cotton shipments over the fall of 1861 can be measured by the striking decline in official receipts of cotton at the South's most important port. Over 1.8 million bales had been received at New Orleans during the 1860–61 season; the following year, the ban on shipments of cotton from the interior reduced the city's cotton receipts to a mere 38,880 bales. In turn, the prohibition on cotton shipments from the interior, which was uniformly adopted by other southern market cities following New Orleans' lead, had a similarly dramatic effect in reducing the amount of the South's total cotton crop able to reach overseas buyers: during the 1861–62 season, regional cotton exports to Europe dropped to around 1 percent of their normal level, according to one historian's recent

²⁵ Stephen R. Wise, *Lifeline of the Confederacy: Blockade Running during the Civil War* (Columbia, S.C., 1988), 74–80. Details on Governor Moore's pass system in the fall of 1861 are sketchy and mostly drawn from the hostile and perhaps inaccurate account of them given later by Union general Benjamin F. Butler during his tenure in New Orleans the following year. See Butler to Edwin M. Stanton, October [n.d.], 1862, in *Official Records*, Ser. III, Vol. 2, pp. 721–22. The correspondence between Benjamin and Moore, which does at least confirm the existence of the pass system, will be discussed at greater length below, but see J. P. Benjamin to Thomas O. Moore, December 24, 1861; and Moore to Benjamin, January 9, 1862, both in *Official Records*, Ser. IV, Vol. 1, pp. 814 and 836–37, respectively.

estimate. Such figures reveal that New Orleans merchants' had indeed managed to inspire a South-wide cotton embargo, even though it remained an officially unwelcome one.²⁶

The question now became whether the Great Powers would respond accordingly to the economic pressure of the cotton embargo. Attention centered for the most part on Great Britain, which was widely regarded as the Continent's foremost power and whose consumption of southern cotton far outpaced that of other countries. Among other sources, insights into the pressures shaping the British response to the blockade in 1861 can be gleaned from the columns of an unlikely special London correspondent for Horace Greeley's New York *Daily Tribune* that fall. In an October column for the *Tribune*, Karl Marx noted that "English merchants and manufacturers [had been] extremely slow and reluctant in acknowledging the awkward position of their cotton supplies" during the first half of 1861. "In the innermost recesses of the mercantile mind, the notion was cherished that the whole American crisis, and consequently the blockade, would have ceased before the end of the year," Marx reported. This belief, of course, had also been similarly dear to the "mercantile mind" in New Orleans, and its power on both sides of the Atlantic had been reflected in the relative stability of market prices for cotton during the first several months of 1861.²⁷

²⁶ Hummel, "Confederate Finance," 133. Figures on New Orleans cotton receipts are drawn from *De Bow's Review*, 2nd ser., I (January 1866), 49, which is usually the most reliable source for such data. Other sources, however, have estimated the city's 1861-62 receipts of cotton as considerably lower than this; see, for example, the figures cited in Owsley, *King Cotton Diplomacy*, 42. Some merchants from New Orleans and Texas relocated to Matamoros, Mexico, during the war, where they profited handsomely exporting cotton to Great Britain at highly inflated prices. The physical extent of this trade was fairly minor, however; a liberal estimate places the total exports from Mexico between 1862 and 1865 at only 320,000 bales—a number that is less than 20 percent of the receipts of cotton *annually* at New Orleans during the 1850s. See James W. Daddysman, *The Matamoros Trade: Confederate Commerce, Diplomacy, and Intrigue* (Newark, Del., 1984), 61-63, 159-61.

²⁷ Marx, "The British Cotton Trade," New York *Daily Tribune*, October 14, 1861 (dispatch dated September 21), repr. in Karl Marx and Frederick Engels, *The Civil War in the United States*, ed. Richard Enmale (2nd ed.; New York, 1940), 15-19 (quotations on p. 16). On cotton prices during 1861 see David

By the early fall, however, various factors—which included but were not limited to the recently instituted de facto embargo—caused the comforting notion of a rapid end to the blockade to fall by the wayside. For one thing, the British government seemed to react quite defensively to the deployment of King Cotton as a diplomatic weapon. As the Davis administration had feared, southern merchant capitalists and their planter allies had not sufficiently appreciated the official hostility that the appearance of economic coercion was likely to provoke. Furthermore, although English public opinion about the distant civil conflict seemed divided and was difficult to accurately gauge overall, a pro-republican, antislavery bias was evident among many members of the volatile working class, which the government also had to take into account as it contemplated a possible intervention in the South's favor. Then, in the late summer of 1861, an unprecedented situation arose in the England's coastal commodity markets that finally awakened the nation's complacent mercantile and manufacturing interests to the potentially severe threat that the American conflict posed to their cotton supplies: Yankee representatives of New England textile mills suddenly appeared in Liverpool, where they started aggressively buying up cotton for export back to the United States. The British commercial reaction to this reversal of usual trade patterns (which was also noted with satisfaction in the New Orleans press) was swift. Marx reported that after the arrival of the New England purchasing agents, "the Liverpool cotton market has since been in a state of feverish excitement." By October 1861 spot prices for cotton in England had

G. Surdam, *Northern Naval Superiority and the Economics of the Civil War* (Columbia, S.C., 2001), 124, 128–29 (Table 10.2).

increased nearly 50 percent over their midsummer levels, and they would continue to rise almost without interruption until the end of the war nearly four years later.²⁸

Increased fears of a “cotton famine” that might have devastating consequences for the entire British economy now contributed to a rising clamor in favor of a pro-Confederate intervention by England in order to secure the crop on which many of its factories depended. Not surprisingly, such agitation emanated most intensely from the venerable commercial community of Liverpool, whose merchant capitalists were not only immediately concerned to resume the flow of southern cotton supplies, but whose previously pivotal role in the international slave trade had left many of them still quite reconciled to the South’s peculiar institution. (Representatives of the newer, more influential “Manchester school” of British political economy, such as John E. Cairnes and John Stuart Mill, took a more detached attitude toward events, for reasons that will be discussed below.) For several weeks beginning in late November 1861, the U.S. Navy’s provocative seizure of two Confederate commissioners (one of whom was Louisiana’s John Slidell) from a Europe-bound British vessel, the *Trent*, provided grist for the pro-southern propaganda mill in England—and raised considerable hopes in the South as well. With patriotic fervor inflamed by this violation of British maritime sovereignty, a raucous “indignation meeting” was held in the Liverpool cotton exchange and widely reported in the nation’s press. The meeting was presided over by James Spence, a young

²⁸ According to data culled from the London *Economist*, the price of southern upland cotton in Great Britain was 7.21 cents per pound in October 1860. Despite secession and the advent of war, prices remained fairly stable for several months in 1861 (January: 7.67 cents; April: 8.02; July: 8.87). In October 1861 the price shot up to 12.38 cents, and a year later it stood at 26.94 cents; see Surdam, *Northern Naval Superiority*, 128–29 (Table 10.2). Marx, “The Crisis in England,” *Die Presse* (Vienna), November 6, 1861, repr. in Marx and Engels, *Civil War in the United States*, 86 (quotation); see also New Orleans *Daily Picayune*, October 23, 1861. Prejudiced though he may have been, Marx was hardly alone in documenting widespread British working-class antipathy toward the Confederate “slave power”; see R. J. M. Blackett, *Divided Hearts: Britain and the American Civil War* (Baton Rouge, 2001).

merchant who had just recently published a political tract titled *The American Union*, in which he had made a case for a pro-southern tilt to British foreign policy. Spence brandished the Morrill Tariff enacted by the U.S. Congress in March 1861 as evidence that the North's "policy is to exclude our manufactures as far as possible, in order to promote its own and monopolize the Southern trade." At the Liverpool meeting, Spence easily secured approval from the gathered cotton merchants for an angry resolution that called on Her Majesty's government to retaliate decisively against the United States for the *Trent* affair. But in the course of this reprisal, the merchants also clearly wanted the Royal Navy to breach the Union blockade of New Orleans and other southern ports.²⁹

As hindsight tells us, however, the government of Great Britain ultimately chose not to intervene in the American Civil War, and thus the cotton embargo that had been initiated by the New Orleans merchant community must be judged a failure. Although the *Trent* crisis was probably the most obvious of several moments during the war when European intervention on behalf of the Confederate nation nearly became a reality, there were always factors that mitigated against overt foreign support for the South. Especially in the case of Great Britain, such support might have decisively altered the course of the conflict; yet by the reverse of the same token, and as the New Orleans merchants had insisted in their September letter to Governor Moore, England's steadfast maintenance of official neutrality was a policy that doubtlessly favored the North, more or less indirectly. Important to England's policy of neutrality were considerations of diplomatic civility (the

²⁹ Marx devoted several columns to the *Trent* affair, and his account of the Liverpool meeting of November 27 quoted from several descriptions of it in the mainstream English press; see esp. "The *Trent* Case" and "The Anglo-American Conflict," in Marx and Engels, *Civil War in the United States*, 100–110. James Spence, *The American Union* (London, 1861), 30 (quotation), 305–15. Spence would later serve briefly as a commercial agent for the Confederacy, but ironically, he ran afoul of John Slidell; see Todd, *Confederate Finance*, 177–83. For Liverpool's continuing interest in overseas slavery during the nineteenth century see Eric Williams, *Capitalism and Slavery* (1944; repr., Chapel Hill and London, 1994), 161–63.

insulting appearance of coercion that inhered to the cotton embargo), political pressure (several generations of widespread public antipathy toward chattel slavery), and even military worst-case scenarios (a retaliatory U.S. invasion of Canada). However, in light of the grandiose claims that had been predicated on King Cotton's ostensible authority over domestic and international commerce, it seems appropriate to catalog some of the possible economic reasons for the failure of much-vaunted cotton diplomacy.

First, and perhaps most importantly, the much anticipated "cotton famine" never really came to pass with anywhere near the expected force. The British had managed to accumulate ample reserve stocks of cotton from the bumper crop of 1860, and the economic recession that did eventually affect the Lancashire district was already improving by 1863. Furthermore, by the late 1850s many Manchester-based manufacturers had become privately convinced that the domestic textile industry was beginning to suffer a "crisis of overproduction," wherein their ability to churn out finished goods had outpaced demand for these products, especially in glutted overseas markets like India. In that sense, as was unhelpfully pointed out in public by British manufacturers' intellectual allies in the "Manchester School" of laissez-faire political economy, the southern cotton embargo should be endured, even welcomed, for its winnowing out of weaker manufacturers and reduction of excess capacity in general. Then there was the growing dependence of Great Britain on King Cotton's northern cousins: the wheat, corn, and other grains imported from the United States. Although there were other foreign sources of grain supplies, any shortfalls provoked by a sudden withdrawal of the considerable U.S. contribution would have imperiled, at a minimum, the stability of food prices, and European governments had learned from hard experience

that tampering with food supplies was one of the surest recipes for political disaster. Another important consideration was the enormous amount of British capital that was invested in the United States. Most of these investments were concentrated in the Northeast and Midwest, particularly in public debt instruments and capital-intensive enterprises like the burgeoning railroad system. Finally, and in a related vein, it is worth mentioning that the powerful British banking community clustered in London had suffered some notable financial reverses in the antebellum South. The city of New Orleans itself had nearly defaulted on its municipal-bond obligations a decade before, only to be bailed out by the House of Baring. But the memory that doubtlessly now rankled London bankers the most was the state of Mississippi's arrogant public repudiation of its mostly foreign-held bonded debt in the 1850s—an action that had been staunchly backed at the time by none other than then-Senator Jefferson Davis.³⁰

It is impossible to isolate any one of these economic factors as the most critical influence on the official British policy of neutrality toward the American Civil War, but considered together they seem to constitute an effective counterweight to the excessive expectations for King Cotton diplomacy held by New Orleans merchants and their allies.

³⁰ On most of these points there exists a considerable historical literature. On the cotton famine see Eugene A. Brady, "A Reconsideration of the Lancashire 'Cotton Famine,'" *Agricultural History* 37 (October 1963), 156–62; and Van Mitchel Smith, "British Business Relations with the Confederacy, 1861–1865" (Ph.D. diss., University of Texas, 1949), 91–93. On the "crisis of overproduction" in British textiles see Gavin Wright, *The Political Economy of the Cotton South: Households, Markets, and Wealth in the Nineteenth Century* (New York, 1978), 96; and Farnie, *English Cotton Industry*, 141–70. On the importance of U.S. grain exports to England see Louis B. Schmidt, "The Influence of Wheat and Cotton on Anglo-American Relations during the Civil War," *Iowa Journal of History and Politics* 16 (July 1918), 400–439; and Crook, *North, South, and the Great Powers*, 268–72. On British investments in the U.S. see Leland H. Jenks, *The Migration of British Capital to 1875* (New York and London, 1927); and William G. Roy, *Socializing Capital: The Rise of the Large Industrial Corporation in America* (Princeton, N.J., 1997), 110, 126–27, 135–40. On the difficulties of London-based banks in the antebellum South see Ralph W. Hidy, *The House of Baring in American Trade and Finance, 1763–1861* (Cambridge, Mass., 1949), esp. Part III; on Louisiana and Mississippi see *ibid.*, 330–37, 429–30; and Stanley Lebergott, "Why the South Lost: Commercial Purpose in the Confederacy, 1861–1865," *Journal of American History* 70 (June 1983), 68. With the exception of British southern financial losses, each of these factors also found contemporary expression in Karl Marx's various dispatches regarding English attitudes toward the American Civil War.

From the outset of the war, however, the Confederate government had been relatively more cautious with regard to the use of cotton as a diplomatic weapon, and this remained the case during the fall of 1861. In a speech to the newly reconvened Confederate Congress on November 18, President Jefferson Davis prudently avoided mentioning the unauthorized mercantile prohibition on cotton shipments to southern seaports, much less the de facto embargo it had thereby prompted. But in the course of urging European powers to ignore the Union blockade on grounds of international maritime law, Davis did allude to the economic consequences that they might soon face otherwise:

If in this process labor in the Confederate States should be gradually diverted from those great Southern staples which have given life to so much of the commerce of mankind, . . . they will not be the only or even the chief losers by this change in the direction of their industry. Although it is true that the cotton supply from the Southern States could only be totally cut off by the subversion of our social system, yet it is plain that a long continuance of this blockade might, by a diversion of labor and an investment of capital in other employments, so diminish the supply as to bring ruin upon all those interests of foreign countries which are dependent on that staple.

“[I]t remains to be seen,” Davis said in conclusion, “how far [the war] may work a revolution in the industrial system of the world, which may carry suffering to other lands as well as our own.” By conjuring up the dreaded spectre of “revolution”—the worst nightmare of Europe’s ruling classes—the Confederacy’s chief executive capped a speech in which he had managed to effectively invoke the precepts of King Cotton diplomacy even while deftly disclaiming any official responsibility for its effects. But he could only do this, of course, by willfully ignoring the voluntary embargo successfully instituted that summer by his nation’s merchants and planters.³¹

³¹ President Jefferson Davis to the Congress of the Confederate States, November 18, 1861, in *Official Records*, Ser. IV, Vol. 1, pp. 735–36 (block quotation on p. 735; second quotation on p. 736).

President Davis's congressional address came soon after news had been received of the Union's ill-advised seizure of two Confederate commissioners from a British vessel headed for Europe. The *Trent* affair in late 1861 did briefly raise official hopes that the U.S. violation of British neutrality might serve as a pretext for the long-awaited pro-southern intervention by England. Otherwise, however, members of the Davis administration often seemed to display a divided mind toward King Cotton's probable international influence during the fall of 1861. In mid-October, for example, Treasury Secretary Christopher Memminger had attempted to distance his much-maligned produce-loan program from any possible relationship to the Union blockade. In a lengthy and typically pedantic defense of the program addressed to official agents (like J. D. B. De Bow) who were having trouble convincing planters to subscribe their cotton, Memminger huffed that "it is obvious . . . that the subscriptions are quite as valuable to the Government during the blockade as after it. The blockade simply suspends the completion of the engagement." Further, in response to widespread planter complaints that the produce-loan program offered them no relief for the immediate financial distress they were suffering, Memminger advised his agents to deflect blame for the planters' plight onto "the money capital in banks and private hands." "Let this capital come forward and assist the agricultural interest," the irascible secretary growled.³²

In December the all-purpose Confederate official Judah P. Benjamin (then serving as Secretary of War) wrote Louisiana governor Thomas O. Moore about his recent actions in support of the New Orleans factors' ban on cotton shipments to the city.

³² C. G. Memminger to "the Commissioners Appointed to Receive Subscriptions to the Produce Loan," October 15, 1861, in *Official Records*, Ser. IV, Vol. 1, pp. 689–91 (first quotation on p. 689; second and third quotations on p. 691). On the Confederate government's reaction to the *Trent* affair see Owsley, *King Cotton Diplomacy*, 77–85.

Following the lead set by President Davis's recent address before Congress, Benjamin adopted a stance of willful ignorance toward the prohibition, at least with regard to its reasons if not to the fact of the ban itself. The Secretary of War simply refused to acknowledge the prohibition's clear intention to provoke European intervention against the blockade, even though this rationale had been forcefully restated in the September city factors' letter to which the governor had affixed his public imprimatur. Despite this evidence, Benjamin instead insisted that "the measure you adopted in New Orleans of not permitting the accumulation of cotton in the harbor (so as to avoid tempting the enemy of an attack for the purpose of capturing it) . . . was a measure of military defense, and as such within the discretion of the commander-in-chief of the State." However, Benjamin had also apparently gotten wind of Moore's pass system, which restricted vessels from leaving the port and running the blockade without official authorization. This system smacked too much of a state-sanctioned embargo, and thus Benjamin felt it necessary to remind Moore that the Confederate government "has hitherto refused to interfere with shipments of produce of all kinds from our ports." "[W]here parties in good faith are engaged in the lawful commerce of exporting cargoes to neutrals," the secretary chided his fellow Louisianian, "I am unable to perceive on what ground the executive departments of either the State or the Confederacy could justifiably interfere."³³

Moore replied to Benjamin on January 9 that he would "at once comply with your wishes . . . in withdrawing all impediments to the shipment of cotton from this State." The governor claimed that his actions had only been taken "in deference to . . . the well-matured opinion of the people of this city and State," but he also avoided any reference to

³³ J. P. Benjamin to Thomas O. Moore, December 24, 1861, in *Official Records*, Ser. IV, Vol. 1, p. 814.

the de facto embargo or the reasons behind it. However, Moore did tactfully offer his opinion that it was nearly “impossible to distinguish” whether parties might be shipping cotton “in good faith” or otherwise, and he implied that his pass system had been intended to make a reasonable effort to do so. “Besides,” the planter-governor added in an unkind swipe at his friends and political allies in the New Orleans mercantile community, “this is a city of cotton speculators of all nationalities, who care but little for any consideration not immediately affecting results in profits.”³⁴

The pressures of war thus continued to gradually unravel the delicate social and political threads that supposedly wove white southerners of all classes into an organic whole. As 1862 began, there were other signs of stress in the solid front that had unified New Orleans merchants and their rural plantation clientele behind the previous summer’s aggressive effort to assert King Cotton’s international authority. Fierce squabbles over the Louisiana legislature’s proposed planters’ relief bills would dominate state politics for most of the month. Furthermore, Abraham Lincoln had wisely decided to have his government eat a healthy serving of English crow for its actions in the *Trent* affair, and although most southerners rejoiced in his administration’s public humiliation, others took a more pessimistic view of the resolution of the diplomatic crisis, which they lamented as a lost opportunity for European intervention to break the Union blockade. Disappointed in the British diplomatic response, the New Orleans *Daily Picayune* asked of England, “Is it reasonable to anticipate a longer toleration of [the blockade’s] wanton destruction of the commerce of the world . . . ?”³⁵

³⁴ Thomas O. Moore to Hon. J. P. Benjamin, January 9, 1862, in *Official Records*, Ser. IV, Vol. 1, pp. 836–37.

³⁵ “The Yankee Backed Down,” New Orleans *Daily Picayune*, January 3, 1862.

The conservative paper also felt that the supremely tolerant reaction of the British government to the *Trent* provocation demonstrated the futility of “relying, with absolute confidence, on the relief to be afforded in our struggle for independence by the early interposition of foreign powers.” Similar doubts about the likelihood of foreign intervention now began to surface regularly in the New Orleans press, and with an entire marketing season having been sacrificed upon the diplomatic altar of King Cotton to no apparent avail, some of these doubts also extended to the continued propriety of the self-imposed cotton embargo. The wisdom of maintaining the embargo was questioned on several grounds. Especially in the wake of the disappointing resolution of the *Trent* affair, the most obvious was its demonstrable lack of effectiveness in compelling Europeans to come and get “their” cotton. But to base one’s case for calling off the embargo primarily on grounds of its apparent diplomatic ineffectiveness threatened too many of the linked ideas that made up the King Cotton worldview—a foundational belief system that stood alongside “slavery as a positive good,” “white supremacy,” and “states’ rights” as the four pillars of the southern faith.³⁶

As a result, other rationales for maintaining the embargo were usually attacked instead. In a lengthy editorial on February 7, for example, the *Daily Picayune* began by criticizing the notion that the embargo was somehow a crucial part of the overall war effort, insofar as it was supposed to prevent the northern enemy from acquiring cotton for its New England factories. Reminding readers about the ongoing purchases in Liverpool by Yankee textile representatives, the paper argued (with somewhat tortured logic) that attempts to preferentially direct or otherwise restrict commodity flows, as did the cotton

³⁶ “The Yankee Backed Down,” *idem.*, January 3, 1862 (quotation).

embargo, were doomed to be “ineffectual” by the global nature of free-market exchange. After such old rationales for supporting the embargo had been summarily dismissed, new ones were then devised in favor of lifting—or at least “relaxing”—it. An appeal to material self-interest was always a good standby in this regard. The *Daily Picayune* was of the opinion that the embargo should at least now be eased, and it declared that “the motive for this relaxation is the acquisition of certain articles which are of prime necessity or particular value in the Southern States.” Guns and munitions were high on the list, of course, but given the level of privation on the homefront, even “salt, or clothes, or leather, for general uses” would be welcomed, especially since “it is better to allow the exchange of cotton for those commodities than to hold on to the political advantages of prohibition.” But in the end, the *Picayune* clearly favored getting rid of the embargo entirely. A mere “relaxation” implied the creation of a scheme of official permits similar to Governor Moore’s short-lived pass system the previous fall, and such a half-measure would be likely “to bestow upon a few persons the enormous privileges and profits of exemption from the restraints” of the continued embargo.³⁷

Similar intellectual gymnastics were evident during early 1862 in *De Bow’s Review*, that stalwart platform for the southern commercial community and longtime bully pulpit for King Cotton. (The journal was then still based in New Orleans—though not for much longer.) New Orleans merchant J. B. Gribble opened an article on “The Cotton Interest, and Its Relation to the Present Crisis” by professing his “abiding faith in the potent influence of ‘King Cotton,’” yet he admitted that he “had anticipated an earlier movement on behalf of England and France” against the Union blockade. Reciting the

³⁷ “Cotton Exports and Permits,” New Orleans *Daily Picayune*, February 7, 1862. For other examples of doubts about the embargo from the city’s press during early 1862, see the citations to the New Orleans *Daily Crescent* discussed in Surdam, *Northern Naval Superiority*, 59–60 and 239n.7.

usual litany of figures demonstrating those nations' utter dependence on southern cotton, Gribble attributed European hesitation to their "prejudice against slavery," which had been recently further inflamed by Yankee propagandists. He was nevertheless certain that Great Power tolerance of the blockade "cannot possibly be of long continuance"; indeed, Gribble speculated that it might well be at an end "by the time this appears in print," though he could only fall back on his statistics again to reveal the basis of this prophecy. Interestingly, Gribble skirted the existence of the de facto embargo (to which his firm had been a signatory the previous summer), never even using the word, but he made it clear that he now opposed "any legislative or conventional action" aimed at restricting cotton production or otherwise "making other nations feel the want" of the southern staple. "Nothing could be more impolitic," the merchant insisted. "It is clearly in our interest to supply the general demand [for cotton], at a fair and remunerative price."³⁸

Like Gribble, other New Orleans merchants still managed to cling to their faith in King Cotton's ability to eventually sway European support toward the Confederacy. Also like Gribble, foreign intervention always seemed to be just around the corner for such men. City factor Aristide Miltenberger thus ended a mid-January 1862 letter to Governor Moore by declaring emphatically that "the blockade is soon to be raised." "From all appearances by the end of this month we are to be recognized," the merchant assured Moore, adding rather breathlessly "perhaps today we are by the English (as Parliament assembles this day)." Meanwhile, in the Confederate Congress, Louisiana's Duncan Kenner continued to be among the most indefatigable advocates for King Cotton; more unusual, though, was his still-steadfast belief in the power of the cotton embargo, and in

³⁸ J. B. Gribble, "The Cotton Interest, and Its Relation to the Present Crisis," *De Bow's Review* 32 (March/April 1862), 279–86 (quotations on pp. 279, 280–81, 284).

March he proposed yet again that the Confederate government adopt and enforce such an embargo as a matter of official policy.³⁹

Despite this persistent but ever-shrinking minority of true believers in cotton diplomacy, mercantile doubts about the embargo's ability to compel foreign intervention were increasingly the norm in Louisiana as 1862 began. Tellingly, such concerns had steadily gained currency even among the most elite members of the state's commercial community: the bankers of New Orleans. Edmond J. Forstall, whose global connections had made him the most prominent representative of the city's powerful banks ever since the 1830s, first evinced skepticism toward the ability of the Great Powers to effectively break the Union blockade during his June 1861 visit with the British journalist William Howard Russell. In January 1862 an even more pessimistic report from Robert M. Davis, the president of the Bank of Louisiana, was forwarded to the Confederate government at Richmond. Davis had spent much of the summer and fall of 1861 attending to business in Europe, on the basis of which he now concluded that "our people should not look to any foreign power for relief from the evils of the blockade." "Their hatred and prejudices against slavery hitherto have counterbalanced their interests," Davis wrote, and particularly in the wake of the Lincoln administration's recent capitulation to Great Britain in the *Trent* crisis, the Crescent City banker now strongly believed that "we should not expect any interference beyond recognition, perhaps; but that will not raise the blockade." Davis argued further that the South had "ample means within ourselves" to reopen its seaports, and he urged the Confederate government to quickly direct significant resources toward this goal. It was his opinion that all attempts at relieving the

³⁹ Thian, comp. *Extracts from the Journals of the Confederate Congress*, 223–33; Aristide Miltenberger to Governor T. O. Moore, January 14, 1862, in Box 1, Folder 39, Kuntz Collection, WRC/Rice (emphasis in original).

worsening southern economic crisis “must prove futile without opening a market for the sale of our products”—a conclusion similar to that reached by the New Orleans commission merchant J. B. Gribble in *De Bow's Review* two months later.⁴⁰

In Robert M. Davis's judgment, the voluntary embargo initiated the previous summer by his brethren in the New Orleans commercial community was thus precisely the opposite of the economic policy they should have been pursuing all along. Furthermore, the bank president's keen estimation of the unlikelihood of European intervention on the South's behalf indicated that the Crescent City's assertive promotion of King Cotton diplomacy should now be abandoned as a thoroughgoing failure. In any case, it was not: King Cotton would continue to have his champions over the next few years, and southern diplomatic efforts in Europe had not yet run their course by the spring of 1862. However, the influential role in Confederate diplomacy played by Louisiana, and by the New Orleans merchant community in particular, certainly reached its zenith with the cotton factors' circular of July 1861, which had prompted a de facto embargo throughout the South during the 1861–62 crop marketing season—an embargo that ran contrary to official Confederate policy. First, its banks' failure to suspend specie payments, then its merchants' intrusion into diplomatic affairs—it was perhaps little wonder that so few tears seemed to be shed by the Jefferson Davis administration upon the fall of New Orleans.

⁴⁰ R[obert] M. Davis to J. M. Gladney, January 14, 1862, in *Official Records*, Ser. IV, Vol. 1, p. 892–93 (quotations on p. 892); Russell, *My Diary North and South*, 254, 259–60. On Forstall's lengthy career as a banker and merchant in New Orleans, see Irene D. Neu, “Edmond J. Forstall,” in Schweikart, ed., *Banking and Finance to 1913*, 186–201; and Hidy, *House of Baring in American Trade*. Acknowledging Forstall's status as “the trusted agent of eminent foreign bankers,” Judah P. Benjamin contacted him in early 1862 to request his help in securing a million dollars worth of Confederate credit with English financiers; see J. P. Benjamin to E. J. Forstall, January 17, 1862, in *Official Records*, Ser. IV, Vol. 1, pp. 845–46.

By early 1862, then, the merchant capitalists of New Orleans were generally finding it difficult to justify the maintenance of a cotton embargo that was causing grave injury to both themselves and their planter-clients, and doing so without even provoking the foreign intervention for which their collective action had originally been intended. The city's men of commerce were still willing to make all manner of sacrifices for the war effort: they would dig deep to buy more Confederate bonds (though nearly worthless, some muttered), or even queue up to parcel out free bread to the indigent masses (an ungrateful mob, some grumbled). But the cotton embargo now began to strike many hard-pressed merchants in New Orleans as one hairshirt too many. A variety of other problems contributed to growing discontent among the city's businessmen. In January, for example, the *Daily Picayune* reported that an estimable Crescent City firm with offices in Europe, Rimalho & Neyrey, had recently almost found itself outmaneuvered by a shrewd New York creditor. Having ascertained the presence of the New Orleans firm's representative in Paris, the northern firm signed over an outstanding note from Rimalho & Neyrey to a French mercantile house, who then sued the New Orleans merchants for payment; the suit was eventually dismissed, however, due to jurisdictional complications. Closer to home, internecine squabbles in the New Orleans merchant-capitalist community emerged between blockade-runners and the city's insurance companies, who were now charging exorbitant premiums amounting to 20 percent or more of a cargo's already-inflated value—when they would cover such voyages at all.⁴¹

There were other indications of increasing divisiveness among New Orleans merchants resulting from the de facto embargo they had instituted in support of cotton

⁴¹ Letter to the editor from "Many Shippers," *New Orleans Daily Picayune*, February 22, 1862; "New Orleans Merchants before a French Tribunal," *ibid.*, January 10, 1862.

diplomacy. In response to an apparent surge of violations of the state-sanctioned ban on shipments of cotton to the city, in February Governor Moore was compelled to stiffen the criminal penalties for receiving such shipments, and he had to do so again in March. These violations helped prompt New Orleans mayor John T. Monroe to secure the municipal council's consent to authorize the formation of a "Committee on Public Safety" in late February. This committee of sixty-three private citizens, many of whom were prominent bankers (like Robert M. Davis) or merchants (like Walter Cox), was granted extraordinary powers to assist in the city's defense. This goal was broadly defined, however, to include securing outside provisions for the increasingly isolated city, and the committee was also expected to aid in ferreting out violations of the ban on cotton shipments to New Orleans.⁴²

Probably aware that such a powerful unelected body smacked of elite vigilantism, Governor Moore felt it necessary to defend them in an April letter to Confederate president Jefferson Davis as "not a secret organization, but a well-known public association of patriotic and influential citizens." Moore's unsolicited defense of the Committee on Public Safety acknowledged the emergence of a welter of often-violent conspiratorial enclaves during the months before the city's surrender to Union forces. Politics in antebellum New Orleans had already earned a wide reputation for the incidence of "mob rule" manipulated from above, and the economic and social pressures of the Civil War only exacerbated this long-standing tendency for extralegal intrigues. (Indeed, such secretive activities in the Crescent City would escalate during the Federal occupation and persist throughout the Reconstruction era.) On March 15 the rapid

⁴² Resolution of the New Orleans Common Council, February 20, 1862, in *Official Records*, Ser. III, Vol. 2, pp. 728–29; Bragg, *Louisiana in the Confederacy*, 82.

deterioration of civic order in New Orleans prompted General Mansfield Lovell, with the approval of the Davis administration in Richmond, to declare a state of martial law in New Orleans and its surrounding parishes. In a letter to Secretary of War Judah P. Benjamin on March 22, Lovell justified his declaration by alluding to the threat that such elite-directed factions had posed:

Affairs here [in New Orleans] have reached a crisis . . . , and it became necessary for some one to seize the helm with a strong hand, or we should have trouble, perhaps bloodshed, between men who were all friendly to the cause. A city composed of such heterogeneous elements as this, with an excitable population who are easily led into excesses, is difficult to govern, as there are so many interests to consult, each jealous of the other. This rendered the appointment of provost-marshals a matter of great difficulty, more especially as I knew that there were large and influential associations in existence whose leaders were desirous to take control.

Lovell reported optimistically that “everything seems to have settled back into its proper channel” in the wake of his assertion of military authority over the city, but others would later recall that “secret, diligent, and fierce” elements continued to wield a “rod of terror” over the city that spring, even after the institution of martial law.⁴³

As the Union noose tightened around New Orleans in the spring of 1862, many businessmen began to close up their offices and desert the city in droves. Those who chose to remain faced a desperate situation, sometimes with almost comic determination. George Washington Cable later described the “array of old men” who marched down the ‘neutral ground’ of Canal Street in a semblance of military drills that spring. “The

⁴³ George W. Cable, “New Orleans Before the Capture,” in *Battles and Leaders of the Civil War*, eds. Robert U. Johnson and Clarence C. Buel (4 vols., 1887; repr., New York, 1956), II, 18; General Mansfield Lovell to Judah P. Benjamin, March 22, 1862, in *Official Records*, Ser. I, Vol. 6, pp. 864–66 (quotations on p. 865); Thomas O. Moore to President Davis, April 17, 1862, in *Official Records*, Ser. I, Vol. 53, p. 801. The domination of municipal politics by competing bands of “Thugs” had been described to the British journalist William Russell during his May 1861 visit to New Orleans; see Russell, *My Diary North and South*, 252. For the ethnocultural basis of such mobs and their relationship to nativist movements in the city, see John M. Sacher, *A Perfect War of Politics: Parties, Politicians, and Democracy in Louisiana, 1824–1861* (Baton Rouge, 2003), chap. 6. Elite-directed “secret societies” in Reconstruction-era New Orleans are discussed further in Chapter 7 herein.

merchants, bankers, underwriters, judges, real-estate owners, and capitalists of the Anglo-American part of the city," he recalled sadly. "This was the flower of the home guard." Others, however, did not comport themselves with such grim dignity, and instead took to quarrelling publicly amongst themselves. Many businessmen stopped accepting Confederate Treasury notes, thereby incurring the wrath of the Committee on Public Safety. Thinly veiled threats of mob violence were directed toward city exchange brokers like the venerable Jacob M. Barker, which led the *Daily Picayune* to condemn such extralegal behavior as "highly reprehensible." Though General Lovell had assured Benjamin that the imposition of martial law would "keep the speculators well in hand," mounting public resentment of currency dealers caused him to expressly prohibit "the traffic in Gold and Silver against the Notes" of the Confederacy in early April.⁴⁴

More than any other problem, however, the Crescent City's plight with regard to its provisions of foodstuffs prompted concerns among authorities during the weeks prior to the fall of New Orleans. In late March the New Orleans Common Council, with Governor Moore's endorsement, had addressed a plea to the Confederate government for its help in securing badly needed food supplies by rail from sources in Texas. But despite the best efforts of General Lovell's provost-marshals and the Committee on Public Safety, the few commodities that remained by the following month were the subject of rampant speculation and price-gouging in the city. Cable would later recall of this period how retail merchants now "turned upon each other" in ugly battles over the dwindling stocks of food. In a letter to Jefferson Davis on April 17, New Orleans provost-marshal H. M. Spofford urgently informed the Confederate president that "we are now upon the

⁴⁴ New Orleans *Daily Picayune*, April 7, 1862; Lovell to Benjamin, March 22, 1862, in *Official Records*, Ser. I, Vol. 6, p. 865; "The Brokers," New Orleans *Daily Picayune*, March 9, 1862; Bragg, *Louisiana in the Confederacy*, 72; Cable, "New Orleans Before the Capture," 15-16 (quotations on p. 15).

verge of a bread famine, the stock of wheat and flour in the hands of dealers here being totally exhausted.” Spofford pleaded for the government to assist the efforts of the Committee on Public Safety to obtain outside supplies of food. The same day, Governor Moore warned Davis that the “scarcity of provisions” in New Orleans now presented “a danger as formidable as the fleet of the enemy,” and unless supplies were immediately forthcoming, food shortages “will incapacitate us for any protracted defense” of the city. As had Spofford, Moore urged Davis to support the relief plans organized by the merchant-led Committee on Public Safety, about whom he also felt it necessary to assure the president that “there are no speculators among them.”⁴⁵

A week later, on April 24, Union ships passed the fortifications below New Orleans and came within sight of the city. That night, the cotton was burned, the sugar and molasses was dumped, and much of the business district was looted. (The New Orleans banks, however, managed to get several million dollars worth of specie shipped out of the city before the occupation.) Skirmishes were reported between mobs and the Foreign Brigade, which was composed of European nationals desperately trying to protect their property. Other reports later claimed that a substantial number of “frenzied women and spoliating rowdies” had been prepared to torch the whole city to the ground rather than concede it to the Federals. (There were probably not many merchant capitalists among either of those groups, however.) Municipal authorities somehow managed to avert this, but a week later, after protracted negotiations, New Orleans was formally surrendered to Union forces under the command of General Benjamin F. Butler

⁴⁵ Thomas O. Moore to President [Jefferson] Davis, April 17, 1862, in *Official Records*, Ser. 1, Vol. 53, pp. 801–2; H. M. Spofford to Jefferson Davis, April 17, 1862, in *ibid.*, p. 802; Cable, “New Orleans Before the Capture,” 17; Resolutions of the Common Council of New Orleans, March 22, 1862, in *Official Records*, Ser. 4, Vol. 1, pp. 1013–14.

by Mayor John T. Monroe, a former stevedore whose connections to organized labor had helped to quell the worst of mob rowdyism.⁴⁶

There was little indication that the Confederate government at Richmond ever felt the same sense of urgency about the deteriorating situation at New Orleans as had been conveyed in the various dispatches it received from Louisiana. There are arguments that can be made in Richmond's defense for this neglect. Confederate military resources were already stretched thin, especially in the western theatre, where the bulk of its forces were bogged down in campaigns against Union armies in northern Mississippi and Tennessee. But ironically, the constant diversion of supplies (both munitions and foodstuffs) intended for New Orleans to those Confederate armies had played a large role in the weakening of the city's ability to feed and defend itself, which seems to indicate that a conscious decision might have been made to rob Peter to pay Paul. Another argument could be made that the Davis administration thought it was making progress on the diplomatic front. Reports from John Slidell in March indicated that Napoleon III might be close to a decision to intervene against the blockade, and in his new role as secretary of state, Benjamin sweetened the possible deal in April by offering the French 100,000 bales of cotton—if they would send a fleet to pick it up at seaports to be determined. But the

⁴⁶ "John T. Monroe (1823–1871)," in *Administrations of the Mayors of New Orleans* (1940), Louisiana Division, New Orleans Public Library, available online at <http://nutrias.org/~nopl/info/louinfo/admins/> (accessed November 3, 2006); Parton, *General Butler in New Orleans*, 63 (quotation); Capers, *Occupied City*, 44–45. The disposition of the New Orleans banks' specie reserves will be discussed in the next chapter; see also Todd, *Confederate Finance*, 174; and Schwab, *Confederate States of America*, 142–44. Some accounts imply that General Lovell gave the order to fire the cotton on April 24–25, which would have been within his discretionary authority, yet this is contradicted by his dispatches with Richmond. As late as May 2, Lovell was asking, "What is to be done about destroying cotton?" On May 4, finally acknowledging receipt the previous day of a dispatch urging him to proceed, Lovell replied, "Immediate steps taken to carry out instructions yesterday." But this would have been two days after Butler had formally taken control of the city, and all other accounts agree that the cotton had been torched a week earlier when the Union fleet first approached. See the various dispatches between Lovell and the government in Richmond from April 25 to May 4, 1862, in *Official Records*, Ser. I, Vol. 6, pp. 883–85.

French soon weaseled out of the plan, and given the slow pace of diplomatic events, it seems highly unlikely that the Davis administration was ever counting on this possibility of French intervention to save New Orleans. In fact, the strategic vulnerability of New Orleans to a Federal attack had become obvious to the British as early as October 1861, and by the following spring, the French were already pestering U.S. Secretary of State Seward about the city's impending occupation. Seward had obliged them (as well as the British) with extravagant promises to liberate Crescent City cotton on their behalf.⁴⁷

Considering the fall of New Orleans from exile in London, Karl Marx echoed the judgment of his colleague Friedrich Engels that “the moral effect [of the fall of New Orleans] on the Confederates was evidently enormous, and the material effect will have already made itself felt.” But both men were mostly mistaken, and on both counts. In terms of its “material effects,” the gradual pincer movement of Union forces from above and below had already prevented the city from making any substantial further contribution to the war effort; and even more important, as historian David Surdam has pointed out, the fall of New Orleans finally relieved the overburdened Confederate government at Richmond of an enormous logistical “headache.” Indeed, the Davis administration had already acted for several months as if the choice had been made to devote scarce resources to the Confederacy's scattered, overextended armies rather than trying to feed the tens of thousands of sedentary residents in the Crescent City—besides, why not let the hated Federals provision them? Engels was a little closer to the mark

⁴⁷ *Appleton's Cyclopaedia for 1862*, 227–28, 387–88; Crook, *North, South, and Great Powers*, 197–98; Owsley, *King Cotton Diplomacy*, 75; Blumenthal, “Confederate Diplomacy,” 158; Meade, *Judah P. Benjamin*, 253–56; Jones, *Union in Peril*, 119–20. The irritation of Governor Moore and Provost-Marshal Spofford at the continual diversion of New Orleans' supplies to General P. G. T. Beauregard's Army of the West was just barely concealed in their April dispatches to President Davis; see Moore to Davis, April 17, 1862, in *Official Records*, Ser. 1, Vol. 53, pp. 801–2; and Spofford to Davis, April 17, 1862, in *ibid.*, p. 802.

about the depressing “moral effect” that New Orleans’ surrender had on the Confederacy, and Marx cited several gloomy accounts in that vein from the southern press. But again, both men missed the main point. The fall of New Orleans actually seems to have constituted more of a boost to northern morale than it represented a blow to the South’s, and furthermore, its effects in European diplomatic circles on perceptions of the Confederacy’s diminishing prospects were of even greater importance. Still, it is true that the Confederate government could not have been pleased about the turn of events in New Orleans. In France, John Slidell was apparently quite distraught, calling the city’s fall “disastrous” in a mid-May letter to Judah Benjamin. Although there is no record of his reaction, Benjamin was probably just as dismayed about the capture of the city in whose commercial community he had first established his reputation, even though he had presided over the policy of benign neglect that contributed to the city’s fatal isolation during his ill-fated tenure as Secretary of War. Benjamin’s mansion in New Orleans, in which his sisters resided, was also seized during the Federal occupation.⁴⁸

However, the “moral effects” of the city’s surrender were obviously “enormous” in New Orleans itself; and indeed, the city would display the collective psychic scars of the Federal occupation a little too prominently on its sleeve for many decades to come. Moreover, the city’s attitude toward the Confederate government was affected as well. General Lovell had sent his 3,000-odd troops packing during the night as the Union fleet approached, which infuriated the citizens of the city thus abandoned. An excerpt from the Civil War diary of Julia LeGrand, the daughter of a successful Louisiana planter and a

⁴⁸ Meade, *Judah P. Benjamin*, 273–75; Slidell to Benjamin, May 14, 1862, quoted in Sears, *John Slidell*, 192; Capers, *Occupied City*, 52; Surdam, *Northern Naval Superiority*, 60; Marx, “The English Press and the Fall of New Orleans,” in Marx and Engels, *Civil War in the United States*, 180–83; Engels to Marx, May 23, 1862, in *ibid.*, 243.

New Orleans resident, is worth quoting at length for the insights it affords into the reactions that the city's surrender without a shot prompted among its denizens:

We Confederates of New Orleans consider that Louisiana has been neglected by our Government; Mississippi gets the credit of holding out better against the foe, but as soon as she was threatened the Government made haste to help her with soldiers from all parts of the Confederacy. . . . [C]oward 'New Orleans' is the cry. There were no troops left to defend New Orleans, though such an important point. We had no soldiers except the 'Confederate Guard,' a sort of holiday regiment composed of all the well-to-do gentlemen of the city, who were anxious to show their patriotism on the parade ground, but who never expected to fight. The pomp and circumstance they kept up finely. . . . [T]hese were our defenders, and General Lovell was given to feasting with them. They were called his pets. When the forts fell . . . [they] made haste to pack away their epaulettes and become the most unassuming of citizens on a moment's notice. We had no tried men at the forts. Congress was appealed to again and again, but the President and House seemed to keep up a hardened blindness as to its condition.

One should never make the mistake of underestimating the keen intelligence, political awareness, and fighting spirit of white southern women like Julia LeGrand during the Civil War. In occupied New Orleans, such women were notorious for the fits of temper they would provoke among Federal troops and officers. In any case, this excerpt from LeGrand's wartime diary is typical of the angry attitude evinced by many New Orleans residents toward the Davis administration's military neglect of the city.⁴⁹

The excerpt is perhaps even more interesting, however, for the barely concealed hostility that this daughter of the southern plantation elite obviously harbored toward the gentleman capitalists of the Crescent City. It is worth keeping her hostility toward the city's merchant elites in mind when evaluating the justice of LeGrand's bitter feelings toward the Confederate government. Could the Davis administration's "hardened blindness" toward New Orleans' plight been in part a reflection of similar sentiments at

⁴⁹ Kate Mason Rowland and Mrs. Morris L. Croxall, eds., *The Journal of Julia LeGrand: New Orleans, 1862-1863* (Richmond, Va., 1911), 80-82.

the upper reaches of the Confederacy? Again, the tone and substance of the reactions from Richmond during the months preceding the city's fall seem to indicate that a conscious decision had been made at some point (though exactly when is an open question) to let New Orleans fall to the Federals. But even if this was basically a sound and necessary strategic choice, it still seems to have been one that was just a little too easy for officials to make. It was more than the logistical nightmare the city presented. There was always the barely articulated sense that New Orleans was somehow a little bit disloyal, and much too enamored of the Yankee values of mammon. (The harsh treatment meted out to the Confederate government's most prominent New Orleans representative, Judah P. Benjamin, was symptomatic of these sentiments—just substitute anti-Semitic prejudices for anti-northern ones.) The city had been just a step too slow to fully embrace secession, its banks too arrogant in their disdain for the national interest, and its cotton merchants too quick to meddle in foreign policy. Especially in terms of the latter, one could see how some might have regarded the city's occupation to be just desserts for its overly aggressive promotion of King Cotton diplomacy. Less than a year after the war began, then, the agricultural region's only true metropolis had precious few champions left in the Confederate government—the only authority that really counted—or for that matter, even around the South more generally.

Finally, one cannot help but speculate as to the “moral effects” that New Orleans' dramatic fall had among the city's merchant capitalists: men like Joseph Slemmons Copes, Walter Cox, Aristide Miltenberger, and Edmond Forstall. The psychological toll on such proud gentlemen of commerce must have been profound indeed. In the absence of their testimony, perhaps we can gain at least a hint of their feelings by turning again to

the memoir of Loretta Janetta Velazquez, whose perceptive insistence that there was a commercial “secret history” of the Civil War was quoted at the outset of the previous chapter. Describing the relentless approach of the Federal flotilla on the morning of April 25, Velazquez remarked smugly that “it must have dampened the enthusiasm of the Yankee sailors somewhat to find steamboats, cotton, and all kinds of combustible property blazing for miles along the levee.” Nevertheless, from her own perspective, she admitted to finding the whole experience more unsettling than she would have imagined:

It was a terribly magnificent spectacle, but one the like of which I earnestly hoped I might never witness again, for it fairly made me shudder to see millions of dollars worth of property being utterly destroyed in this reckless manner, and it impressed me more strongly with an idea of the horrors of warfare than all the fighting and slaughter I had ever seen done.

The sight of the burning levees on that long April night must also have deeply impressed Crescent City merchants with the “horrors of warfare.” It was not so much the actual property being destroyed—after all, fifteen thousand bales of cotton was a mere drop in the bucket compared with the millions of bales that they had shepherded through the port over the decades of New Orleans’ dominant role in the international cotton trade. In the end, the epic scene was probably more devastating to the city’s merchant capitalists for what it represented: the immolation of King Cotton upon his Mississippi riverfront throne in the heart of his sturdiest urban redoubt. In light of New Orleans merchant capitalists’ long-standing faith in his authority, as well as their assertive but failed efforts to promote that faith on behalf of themselves and their new southern nation, the spectacle of the

erstwhile king's blazing demise on the levee was probably all the more painful for them to witness.⁵⁰

And yet some of these merchant capitalists might also have paused to consider that, in fact, all might not be lost. Europe would still need to buy its cotton, regardless of the government that ruled over New Orleans. The coming Federal occupation, however distasteful, might at least serve to reestablish some of their valuable former connections with commercial networks in the Northeast. Turning away from the depressing scene on the levee, some New Orleans merchants might have returned to their shuttered offices to calculate the possibilities, already thinking to themselves, as would not occur to Julia LeGrand until several months later, that "King Cotton dethroned must mount again."⁵¹

⁵⁰ Loretta Janeta Velazquez, *The Woman in Battle: A Narrative of the Exploits, Adventures, and Travels of Madame Loretta Janeta Velazquez . . .* (Hartford, Conn., 1876), 236.

⁵¹ Rowland and Croxall, eds. *Journal of Julia LeGrand*, 82.

Chapter 6

Merchants in Occupied Louisiana—The Butler Regime

For several decades prior to the Civil War, New Orleans had thrived as the southern focal point for the international trade in cotton, a staple crop that was the single most important component of Western economic development during the first half of the nineteenth century. The city's crucial role in global commodities markets had fostered the growth of a large resident community of merchant capitalists, a community that was paradoxically both strikingly multinational in composition yet fairly insular in outlook. The long-term stability of this community, its relative geographic isolation, and its assessment of "King Cotton's" importance to the world economy had caused most of them to believe strongly in their own political influence and independence. The advent of the Civil War exposed worrisome cracks in those foundational beliefs, however, especially after their material basis was interrupted by the Federal naval blockade that began in mid-1861.

The bread that New Orleans merchants earned from the lucrative cotton trade had long been buttered on both sides with regard to slavery, the means by which the lion's share of southern agricultural commodities were produced. With suppliers and buyers of cotton increasingly distant from each other not only in geographic terms but also sociopolitically, the intermediary role of Crescent City merchants had sometimes obligated them to maintain a discreet position above the evolving struggle over labor systems. Buttressed by a nearby sugar-plantation elite whose opinions tended to be similar to their own, the New Orleans mercantile community's political voice had

become known for its relative moderation during the 1850s, especially by comparison to the “fire-eaters” of South Carolina, whom not even the genteel merchant community of Charleston could reel in. Although a *modus vivendi* had been reached with antislavery Great Britain, the deteriorating political situation within their own nation had presented more of a dilemma to New Orleans merchant capitalists. Not only were the free-labor textile mills of New England a major consumer of southern cotton (second only to Great Britain), but much of the stream of the slave-produced staple to these mills, as well as to overseas markets, was funneled through northeastern ports, particularly New York. The extensive commercial and financial ties between the two increasingly hostile regions were particularly pronounced in New Orleans, where thousands of northern-born residents, who probably represented over a quarter of the city’s white population in 1860, helped facilitate massive intersectional flows of commodities and credit.¹

After New Orleans was occupied by Union forces in May 1862 (it never reverted back to Confederate control for the duration of the conflict), many observers expected these long-standing intersectional ties of commerce to help ease the city’s transition back to a federal regime. Unfortunately, this did not prove to be the case. The commander initially appointed by Abraham Lincoln to administer the occupied city, Benjamin F. Butler, was a “political general” from Massachusetts. A Democrat well-known for his recent opportunistic conversion to the antislavery cause, Butler’s political style had long been confrontational and demagogic, and to put it mildly, the subtlety and tact that an

¹ By 1860 northern consumption of cotton represented nearly a quarter of the southern crop; see *De Bow’s Review* 32 (January/February 1862), 122. The rate of domestic growth in cotton consumption had outpaced that of England and France during the 1850s, helping to maintain the upward pressure on market prices for the staple during that decade; see David G. Surdam, *Northern Naval Superiority and the Economics of the Civil War* (Columbia, S.C., 2001), 142–43. On the links between antebellum New Orleans and the Northeast see Robert G. Albion, *The Rise of New York Port, 1815–1860* (1939; rpt. Boston and New York, 1967), chap. 6; and William W. Chenault and Robert C. Reinders, “The Northern-born Community of New Orleans in the 1850s,” *Journal of American History* 51 (September 1964), 232–47.

accommodationist approach would have required were not his strong suit. General Butler never extended an olive branch to the resident “old gentlemen of commerce” in New Orleans. To the contrary, from the very outset of his administration, the general singled out the city’s commercial elites as his implacable foes, and thus he completely disregarded the moderation, expertise, and settled institutional networks that such men might have brought to federal efforts to promote Unionism and restore commerce, especially in cotton. During his provocative and draconian eight-month tenure over New Orleans, which represented the continuation of the war by political means, the well-oiled machinery of merchant capitalism was almost entirely bypassed in favor of a haphazard commercial traffic conducted by military fiat. Despite the relative brevity of his controversial command over the city, Butler’s highly antagonistic treatment of Crescent City bankers and merchants established patterns that would have profound long-term implications for the cotton trade in its local, regional, national, and global contexts.²

When General Butler, accompanied by several thousand troops, took control of New Orleans during the first week of May 1862, commercial matters stood very high on his list of priorities. In the words of a contemporary biographer and apologist for Butler, “To revive the business of New Orleans and cause its stagnant life to flow again in its ordinary channels was among the first endeavors of General Butler, after reducing the city to order and providing for its subsistence.” The plight of the besieged city with regard to an impending “bread famine” had been noted with increasing desperation over the closing weeks of April in dispatches to the Confederate government at Richmond, but

² Despite his lengthy and fascinating career as a politician and general, Butler’s unpleasant character has presented a real challenge for biographers, which may help explain why no major study of him has appeared for nearly forty years now. The best thus remains Hans L. Trefousse, *Ben Butler: The South Called Him Beast!* (New York, 1957). On Butler’s late but typically attention-grabbing conversion to the cause of slave emancipation, see *ibid.*, 79–84.

the arrival of well-provisioned U.S. forces and the simultaneous relaxation of the naval blockade soon helped alleviate many of the massive logistical shortfalls that had plagued the isolated city for several months. Rather than gratitude for this relief, though, Butler and his men found themselves greeted instead with widespread public hostility. During the early weeks of the occupation, local resistance to federal authority was often expressed overtly if nonviolently, as in their relentless verbal taunting of Union officers and troops. Butler responded quickly and forcefully to such civilian provocations, most notoriously with his infamous “woman order” on May 15.³

However, resistance also took more subtle and less confrontational forms, which the prickly Yankee general was no less proactive in seeking to curb, especially when it interfered with his commercial goals. For example, although hundreds of merchants had deserted the city in advance of its surrender, many of those who remained now refused to open up their shops for regular business. The New Orleans *Delta* noted on May 1 that “most [city] stores have been closed since Friday last (April 25), and remain closed, with few exceptions.” One of Butler’s very first acts in New Orleans, as a consequence, was a May 4 order that compelled retail merchants to open their doors or be assessed a hundred-dollar per day fine for staying closed. But despite the threat of this penalty, Crescent City shopkeepers were slow to obey Butler’s order. Weeks later, many stores remained shuttered up, prompting a young diarist, Clara Solomon, to comment on May 13 that there were still “no signs of a revival of business,” and in July, another female

³ James Parton, *General Butler in New Orleans; Being a History of the Administration of the Department of the Gulf in the Year 1862* (New York, 1864), 107. This book, written in close cooperation with Butler, was largely intended to defend the general against the various charges that had arisen from his eight-month rule over New Orleans. On the infamous “woman order,” which was officially designated as General Orders No. 28, see *ibid.*, 86–89; and Gerald M. Capers, *Occupied City: New Orleans under the Federals, 1861–1865* (Lexington, Ky., 1965), 67–69. For reports of an impending “bread famine” in New Orleans, see H. M. Spofford to Jefferson Davis, April 17, 1862, in *Official Records*, Ser. 1, Vol. 53, p. 802.

resident depicted the “deserted air of death and desolation” still hanging over the city’s formerly vibrant retail district, whose stores continued to be “mostly shut.” Even when merchants complied with Butler’s order to resume business, they were noticeably sullen in so doing. One newspaper complained in June about city businessmen “lolling listlessly about, assuming the look, guise, and immobility of the loose hanger-on of Mexican villages.” Similarly, an English visitor later that fall described how local merchants “lounged about their empty stores & offices until about 2 PM, taking occasional drinks with quiet toasts, and then went home to curse the common foe in peace.”⁴

As long as the captured city’s large population was adequately provisioned, the obstinate behavior of its petty shopkeepers could safely remain among the least of General Butler’s concerns. Although retail merchants did represent an important market for finished goods supplied by northern firms (particularly in the dry goods trade), they were a relatively minor consideration in Butler’s broad imperative “to revive the business of New Orleans and cause [it] to flow again in its ordinary channels.” What Butler had in mind, of course, was the rapid resumption of the enormous commerce in agricultural commodities for which the port of New Orleans had long been renowned. But neither were all of these commodities equally important to him. Restoration of the city’s considerable former traffic in midwestern grains, for example, was not yet feasible with

⁴ W. C. Corsan, *Two Months in the Confederate States: An Englishman’s Travels Through the South*, ed. Benjamin H. Trask (1863; repr., Baton Rouge and London, 1996), 18; *New Orleans True Delta*, June 21, 1862, quoted in Elisabeth Joan Doyle, “Greenbacks, Car Tickets, and the Pot of Gold: The Effects of Wartime Occupation on the Business Life of New Orleans, 1861–1865,” *Civil War History* 5 (December 1959), 349; Marion Southwood, *Beauty and Booty: The Watchword of New Orleans* (New York, 1867), 61; Clara Solomon, *The Civil War Diary of Clara Solomon: Growing Up in New Orleans, 1861–1862*, ed. Elliott Ashkenazi (Baton Rouge, 1995), 362; *New Orleans Delta*, May 1, 1862, quoted in [Appleton’s] *American Annual Cyclopaedia and Register of Important Events of the Year 1862* (New York, 1865), 646 (cited hereinafter as *Appleton’s Cyclopaedia for 1862*); Parton, *General Butler in New Orleans*, 107. The *Delta* and the *True Delta* were separate New Orleans newspapers; the former would serve as the semi-official press organ of Union authorities during the occupation years.

the Mississippi River still being militarily contested, and in any case, much of that trade had already begun finding its way to markets in the late antebellum era by means of the railroad network that linked the Old Northwest with the burgeoning cities of the upper Atlantic seaboard. The supplies of tobacco and rice that the city had previously mediated were proportionally modest and could be redirected elsewhere from their sources, as could the bulk cargoes of fruits, coffee, and other products that New Orleans had imported from Latin America and the Caribbean. More important, both in terms of its dollar value and the relative contiguity of its production to the city, was the sugar and molasses trade. But sugar products could also be readily obtained from other countries, and in fact, such imports had long been restricted only because of controversial federal tariffs that sheltered Louisiana sugar planters from ruinous foreign competition, which many northerners had considered the height of hypocrisy by the otherwise staunchly anti-protectionist South.⁵

In 1860 the value of the sugar and molasses received at New Orleans had been about \$25 million, and added to the aforementioned commodities and many others of lesser import, receipts from the American interior had totaled some \$76 million. This constituted an impressive total, yet the combined value of all the city's receipts from the interior that year was over \$185 million, with the \$109 million difference made up by a single commodity: cotton. Having thus represented nearly 60 percent of the total value of interior receipts at New Orleans in 1860, cotton had clearly been the dominant

⁵ J. Carlyle Sitterson, *Sugar Country: The Cane Sugar Industry in the South, 1753–1950* (Lexington, Ky., 1953), 175–78; Lawrence H. Larsen, “New Orleans and the River Trade: Reinterpreting the Role of the Business Community,” *Wisconsin Magazine of History* 61 (Winter 1977–78), 115–18; Morton J. Rothstein, “Antebellum Wheat and Cotton Exports: A Contrast in Marketing Organization and Development,” *Agricultural History* 40 (April 1966), 91–100; Harry A. Corbin, *The Men's Clothing Industry: Colonial through Modern Times* (New York, 1970), 32–37.

commodity in the thriving markets of antebellum New Orleans. Furthermore, as the second-busiest port in America (behind only New York City), the city had played a disproportionately large role as a clearinghouse for southern cotton; over 2.3 million bales had passed through the city in 1860, which was nearly half the total crop produced in the entire region that year.⁶

So when General Butler described the restoration of New Orleans commerce as one of the primary “endeavors” of his administration, it was obviously the cotton trade above all that he hoped to see resumed. Although this was decidedly not an objective shared by the War Department to which Butler answered (nor would it ever be, since there was little to recommend it on grounds of military necessity), it was a goal he shared with other men at the highest levels of the Lincoln administration. Most prominently, the capture of New Orleans was ballyhooed by Secretary of State William Seward as a means of liberating cotton to U.S. diplomatic advantage. Seward was a wily moderate known for his “wire-pulling” style who had no great love for the often-demagogic Butler, and for several months he and his ambassadors had been making promises to Great Britain and France, the primary international consumers of the southern cotton denied them by the Federal blockade, about the probable benefits that would result from the impending Union occupation of New Orleans. As it turned out, the British were skeptical (and rightly so) about the ability of either Seward or Butler to deliver on these promises, and moreover, the British were very alarmed about the precedent that had been set by the torching of the cotton on the New Orleans levees rather than letting it be seized by the

⁶ These figures on 1860 crop receipts are derived from the detailed breakdown of New Orleans commerce in *Appleton's Cyclopaedia for 1862*, pp. 113–14. Historian David G. Surdam has pointed out that the city's impressive cotton export totals could actually be further boosted by including the roughly 200,000 bales that were transshipped to New Orleans from other regional ports but only officially included in those cities' totals; Surdam, *Northern Naval Superiority*, 165 (Table 12.1, note).

Federals. The French, who still remained deeply invested in the river city they had founded in 1718, reacted to the fall of New Orleans more as Seward had hoped. Although they were similarly unconvinced that more cotton would be headed their way as a result of the Union occupation, the surrender of New Orleans did apparently cause them to hastily reevaluate their gradually evolving pro-Confederate tilt. Louisiana's John Slidell, the Confederacy's representative to France, was forced to admit to the French foreign minister soon after the city's capture that it "was a heavy blow for us," and in turn, the minister led Slidell "to infer that if New Orleans had not been taken . . . our recognition would very soon have been declared."⁷

Regardless of the appearances engendered by Seward and Butler's shared desire in the summer of 1862 to bring about a resumption of the cotton trade, it would be misleading to characterize Union plans to attack and occupy New Orleans as a Yankee "cotton grab." These plans had gotten underway, with President Lincoln's approval, in the fall of 1861, and they were always thoroughly consistent with the broad Union military strategy of controlling the Mississippi River and using it to divide the Confederacy into eastern and western halves. Furthermore, apart from the roughly 15,000 bales that had been burned on the levees just prior to the occupation (which was not a large amount for a city used to handling bales numbered in the millions annually), Union officials could scarcely have been unaware that there was simply not much cotton to be had in New Orleans proper. The informal embargo on crop shipments to the city

⁷ John Slidell to Judah P. Benjamin, May 15, 1862, in *Official Records of the Union and Confederate Navies in the War of the Rebellion*, Ser. 2, Vol. III (Washington, D.C., 1922), 419–20 (cited hereinafter as *Official Naval Records*); for more on the French response see *Appleton's Cyclopedia for 1862*, pp. 387–88. For Seward's expectations with regard to the fall of New Orleans, see *ibid.*, 227–28, 382–83; and D. P. Crook, *The North, the South, and the Powers, 1861–1865* (New York and other cities, 1974), 197–98; on the tepid official British response see Howard Jones, *Union in Peril: The Crisis over British Intervention in the Civil War* (Chapel Hill, 1992), 119–21, 146.

instituted the previous summer by New Orleans merchants had received wide publicity and been quite effective, and as a result, the vast majority of the 1861 cotton crop was still being held on the plantations of the interior.⁸

However, unlike the sugar parishes of southern Louisiana that were both near New Orleans and relatively accessible from it, most of these cotton plantations were located in Confederate-controlled areas that were hundreds of miles from the city. If he were to have any hope of restoring the cotton trade to any significant degree, Butler therefore had two choices. He could saddle up with his limited number of troops and venture far into the still-hostile Louisiana countryside where cotton was being held. But Butler was not yet authorized to conduct such extensive operations, and indeed, apart from keeping the captured city secure, his military efforts would remain mainly confined to the surrounding sugar parishes during his eight-month tenure as commander over the region. The only other option, then, was to somehow make the cotton come to him in the city—and thus began the slippery slope of interbelligent commerce in the Department of the Gulf. On May 3, barely having had time to unpack his bags in New Orleans, Butler issued a proclamation allowing the passage of “supplies of food” from the countryside into the city and prohibiting all other articles “except cotton and sugar, which . . . will be purchased at the fair market value by the United States, in specie.” The following day, he tried to further convince planters in the outlying parishes of his good intentions with regard to their property. Insisting that his troops had not “come here to confiscate and

⁸ On the genesis of Union naval plans to attack New Orleans and their approval by the Lincoln administration during the fall of 1861, see the detailed account, “The Opening of the Lower Mississippi,” by U.S. naval commander David D. Porter, in *Battles and Leaders of the Civil War*, eds. Robert U. Johnson and Clarence C. Buel (4 vols., 1887; repr., New York, 1956), II, chap. 3. In the years after the occupation of New Orleans, Porter would become one of the most outspoken critics of interbelligent commerce in the lower Mississippi Valley, particularly with regard to the effects of the illicit cotton trade on military discipline. On the 1861 cotton embargo at New Orleans see Chapter 5 above.

destroy [planters'] crops," Butler declared that "all cargoes of cotton and sugar shall receive the safe conduct of the forces of the United States" into New Orleans, and their owners "allowed to return in safety" from the Union-occupied city. Butler's offer of safe conduct was also extended to "provisions, of which such boats are requested to bring a full supply, for the benefit of the poor of this city."⁹

The general's hasty proclamations were not far ahead of the policies emanating from Washington, D.C. While Butler's decrees sought to restore the flow of commodities into the city, Lincoln administration officials simultaneously wasted no time laying the groundwork for resuming the outbound flow of goods from New Orleans. Seward informed foreign consuls on May 5 that a new customs collector had already been appointed for the port of New Orleans, the previous one having defected to the Confederacy soon after secession. A week later, U.S. Treasury Secretary Salmon P. Chase began specifying the conditions under which, by declaration of the president, foreign "commercial intercourse" with New Orleans could resume as of June 1.¹⁰

Perhaps not surprisingly, Butler's assurances of safe conduct had little immediate effect among farmers and planters in the Louisiana countryside. But given the desperate economic conditions that still prevailed in the interior of the state, Governor Thomas O. Moore realized that the temptation to trade with the Union-occupied city might soon overwhelm considerations of regional loyalty for many citizens. From his temporary refuge in Opelousas about 150 miles northwest of New Orleans, Moore issued a lengthy address in June that recognized the "anomalous conditions of affairs" that now existed in

⁹ General Orders No. 20 (May 3, 1862) and General Order No. 22 (May 4, 1862), repr. in *Private and Official Correspondence of Gen. Benjamin F. Butler During the Period of the Civil War*, comp. Jessie Ames Marshall (5 vols.; Norwood, Mass., 1917), I, 442–43 (cited hereinafter as *Butler Correspondence*).

¹⁰ *Appleton's Cyclopaedia for 1862*, pp. 228, 648.

Louisiana. Unlike the Federal authorities now busily seeking ways to promote commerce between the city and Confederate-held rural parishes, the governor instead officially forbade such relations. "Trading with the enemy is prohibited under all circumstances," he declared. "We cannot exchange our corn, cattle, sugar, or cotton for their gold."¹¹

Moore's strictures against cross-lines trading prompted the New Orleans *Picayune* to complain that the city was being "subjected to the hardships of a sort of double siege." "The people with whom the one authority allows us to have commercial intercourse are willing to trade," the paper claimed, "but the people under the other authority are not permitted to send us the only articles which we might exchange for what the former brings and is ready to sell." Over the coming months, an increasing number of people in the rural interior would indeed prove "willing to trade" with the occupied city in order to alleviate their economic distress. The problem became one of with whom precisely they would be trading. Most of them had long relied on their relationships with merchants in New Orleans to exchange the products of the countryside. Small farmers and country-store owners had frequently dealt with the city's wholesale grocers and butchers to dispose of grains, produce, and livestock; sugar and cotton planters had maintained ongoing accounts with their favored factorage houses to sell their staple crops and obtain goods; and all of these exchange relationships had been crucially facilitated by the currency and credit provided by the New Orleans banks. Even though its site at the base of the Mississippi River system had initially endowed it with considerable geographic advantages, the city had thus represented far more than just a convenient market destination for the countryside. By the late antebellum era, New Orleans owed

¹¹ Address of Governor Thomas O. Moore to the People of Louisiana, June 18, 1862, in *Official Records*, Ser. I, Vol. 15, pp. 504–10 (quotations on pp. 504–5, 509).

much of the nearly irresistible gravitational pull it exerted on agricultural production throughout the Mississippi Valley to the congeries of interlocked commercial institutions located there, which had yet to face much effective competition from those in cities elsewhere in the rural southwestern interior.¹²

Had General Butler fully intended for commerce “to flow again in its ordinary channels” under his stewardship, then, it would have been sensible for him to seek out allies among the residual institutional framework that had previously constituted those “ordinary channels” in New Orleans. But instead, Butler quickly exhibited a reflexively hostile attitude toward the Crescent City business community, a stance that first became evident in his dealings with the city’s banks. Antebellum New Orleans’s importance as a national and global trading center had given rise to the largest and best-capitalized cluster of banks in the South, a group that by most measures had ranked second nationally in size and importance behind only those of New York. These banks represented the apex of the institutional structure of southern merchant capitalism centered on New Orleans, and their officers and directors were usually drawn from the most prominent mercantile firms in the city. But these banks had also earned a reputation as the most conservatively managed in the country, and their overarching concern for financial stability, as well as their close connections with institutions in the Northeast and Europe, had been reflected in their relatively cool reception of the secession movement in 1860–61. Indeed, many of the widely held southern suspicions about the loyalty of the city’s business community in

¹² New Orleans *Daily Picayune*, July 2, 1862 (quotations). On New Orleans’ dominant position relative to other antebellum southern urban markets see chap. 1 above; see also Harold D. Woodman, *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800–1925* (Lexington, Ky., 1968), esp. chap. 2; David Goldfield, “Cities in the Old South,” in Goldfield, *Region, Race, and Cities: Interpreting the Urban South* (Baton Rouge, 1997), 196–97; and Allan Pred, *Urban Growth and City-Systems in the United States, 1840–1860* (Cambridge, Mass., 1980).

general could be attributed largely to the aloof, guardedly independent attitudes displayed by its elite bankers.¹³

If any particular group in the New Orleans merchant capitalist structure might have been regarded as likely to cooperate with Union occupying authorities, its bankers probably would have topped the list. Only eight months before had they grudgingly revised their financial policies to offer practical support for the Confederacy, and then only after being publicly upbraided by Treasury Secretary Christopher G. Memminger for not more quickly accepting the new nation's currency as legal tender. But despite this and other evidence of their lukewarm support for secession, General Butler did not approach the city's bankers as potentially powerful allies in his efforts to revive commerce. Instead, Butler considered New Orleans to be what he called "the banking-house of the rebellion," and thus he tailored his policies according to his poorly considered presumption of their deep-seated antagonism toward the Union.¹⁴

In contrast to the internecine squabbling that the impending occupation had provoked among many of the city's merchants, the political maturity of New Orleans bankers initially led them to attempt a coordinated institutional response to the restoration of Union authority. The city's banks, unlike many of those elsewhere North and South, had never suspended operations during the secession crisis, and although they still refused to shut their doors entirely, uncertainty now prompted them to limit transactions to what one paper called "the most restricted character ever witnessed in the Crescent

¹³ For comparative data on Louisiana's dozen state-chartered banks, all of which were headquartered in New Orleans, see the "General Statement of the Condition of the Banks of the United States" in *Appleton's Cyclopaedia for 1861*, p. 462. See also the discussions of the city's banks in previous chapters above.

¹⁴ Benjamin F. Butler to Colonel Halbert E. Paine, August 19, 1862, in *Official Records*, Ser. I, Vol. 15, p. 553 (quotation); Douglas B. Ball, *Financial Failure and Confederate Defeat* (Urbana and Chicago, 1991), 164-66.

City.” The bank’s presidents reportedly met several times in late April seeking to arrive at “some uniform policy in their future management,” but these efforts were unable to produce any “definite conclusion” until they could determine the nature of the federal response. Somewhat heartened by Butler’s early promises as to the sanctity of property, and also by his agreement to allow Confederate currency to remain in circulation as legal tender, the associated bankers did agree to designate a committee of two to meet with the Union commander and establish the parameters of his willingness to work with them.¹⁵

On May 12 this committee met with General Butler at his headquarters, a meeting that was lent added urgency by his troops’ occupation of two banks, the Canal Bank and the private firm of Samuel Smith & Co., two days before. However, their discussion largely centered around the status of several million dollars worth of bullion reserves that the banks had shipped out of the city prior to its occupation. It is worth digressing for a moment to briefly discuss the disposition of these specie reserves, aspects of which have remained shrouded in mystery. The most intriguing discrepancy, undiscussed in previous accounts, concerns the combined value of the bullion shipped out of New Orleans before the surrender. Historians’ estimates of the amount of specie removed from the city’s banks in the spring of 1862 have generally ranged between four and six million dollars. The most careful of these estimates have been derived mainly from various Confederate Treasury records of the coin from New Orleans banks that was secured (and eventually confiscated) by the new southern government, and these sources yield a combined total around \$5 million that was shipped out of the city.¹⁶

¹⁵ *Appleton’s Cyclopaedia for 1862*, pp. 646–47 (quotation from *New Orleans Daily Delta*, May 1, 1862, on p. 646).

¹⁶ Ball, *Financial Failure and Confederate Defeat*, 127–28; and Richard Cecil Todd, *Confederate Finance* (Athens, Ga., 1954), 165, provide detailed estimates based on Confederate Treasury reports. Less

At first glance, this figure appears to be independently confirmed by a June 1862 letter from F. H. Hatch, the newly exiled Confederate customs collector at New Orleans, who had been closely involved in the removal process. In his letter, Hatch discussed three discrete groups of funds shipped out of New Orleans: \$500,000 from the Canal Bank; \$2.5 million from the Bank of Louisiana; and \$1.7 million from an unidentified New Orleans source or sources. Hatch's figures must have been reasonably accurate, since all three shipments were by then in Confederate possession, so their combined total of \$4.7 million should henceforth represent a minimum baseline for the amount of specie removed from New Orleans. However, this apparently reliable figure raises questions about historians' Treasury-derived estimates of \$5 million for the total value of all the specie removed from the city's dozen state-chartered banks. When these twelve banks had suspended payments in coin at the explicit behest of Secretary Memminger the previous September, their collective specie reserves stood at \$14.1 million. If only about \$5 million was shipped out of the city prior to the occupation, that still leaves roughly \$9 million in bullion unaccounted for. Alluding to this discrepancy, historian Douglas B. Ball wrote, "Not only did the Confederacy lose its largest city [upon the occupation of New Orleans], but also \$8 million of gold and silver coin still in the banks' vaults." His claim is unsourced, however, and there is no explicit indication in the extant records that the banks still had this much bullion on hand after the occupation. What seems likely, then, is that some of the New Orleans banks had made private arrangements to remove their specie for safekeeping earlier in the spring of 1862, when the city's fall was clearly

documented but similar estimates can be found in John Christopher Schwab, *The Confederate States of America, 1861–1865: A Financial and Industrial History of the South during the Civil War* (New York, 1901), 142–43; Stephen A. Caldwell, *A Banking History of Louisiana* (Baton Rouge, 1935), 91; and Capers, *Occupied City*, 45. On the bank seizures of May 10 see *New Orleans Daily Delta*, May 11 and 14, 1862.

imminent. This seems confirmed by a passing mention in an 1877 article in *Banker's Magazine* about New Orleans. In it, the author claimed that, in addition to \$5.3 million in specie sent into Confederate hands, two other banks buried \$4.5 million in bullion underground, and another one sent nearly a million dollars to an unspecified site up the Red River. Future estimates of the amount of specie shipped out of the city by New Orleans banks before the surrender should thus be revised significantly upward, perhaps by a factor of two or more.¹⁷

In their May 12 meeting with Butler, W. Newton Mercer and J. M. Lapeyre, the presidents of two of the city's oldest and largest banks (respectively, the Bank of Louisiana and the Louisiana State Bank) addressed the issue of the bullion reserves now absent from their vaults. Sensitive to Butler's publicly expressed anger over the destruction of cotton on the levees before his landing, the savvy bankers claimed that they had removed the specie from their vaults not because of any concerns over their disposition under a restored federal regime, but rather to secure the funds from dangerous mobs during a prolonged military siege. But now that civil order had been restored, Newton and Lapeyre informed the general, the city's banks were willing and eager to retrieve their specie back from behind Confederate lines. In a post-interview letter to Butler on May 13, they sought to clarify the understanding they had reached:

We understood you to say that you were disposed to reaffirm . . . that private property of all kinds should be respected. You added that if the treasure withdrawn by the banks should be restored to their vaults you

¹⁷ "The Louisiana Bank Act of 1844," *Banker's Magazine*, 3d ser., 12 (November 1877), 353; Ball, *Financial Failure and Confederate Defeat*, 127 (quotation). F. H. Hatch to General [P. G. T.] Beauregard, June 13, 1862, in *Official Records*, Ser. IV, Vol. 1, p. 1153; see also the independent confirmation of the \$2.5 million figure for the Bank of Louisiana in R. M. Davis to W. H. Young, June 9, 1862, in *ibid.*, p. 1148. The unidentified \$1.7 million shipment to which Hatch alluded was probably comprised of bullion belonging to several different banks. Adding together the amounts eventually seized by the Confederate government from five New Orleans banks not mentioned by name in Hatch's letter yields a figure of \$1.65 million; see Table 9, "Confederate Specie Revenues," in Ball, *op. cit.*, 124.

would not only abstain from interference, but that you would give it safe-conduct and you would use all your power . . . for its protection. [T]he question as to the proper time of the resumption of specie payments should be left entirely to the judgment and discretion of the banks themselves

In return, Newton and Lapeyre pledged on behalf of the New Orleans banks “to restore a sound currency as soon as possible, and to provide for the resumption of regular business as soon as the exigency of our trade requires it.” The two bankers emphasized, however, that since much of the specie was now dispersed in areas “beyond their control,” they could thus “only promise to use our best exertions for its return.”¹⁸

Despite what Mercer and Lapeyre may have implied to Butler, most subsequent evidence indicates that the banks had in fact removed their specie from the city in order to prevent it from falling into Federal hands. Governor Moore, who had been trying to call attention to the problem for several weeks prior to the occupation, had written Jefferson Davis on April 23 that the banks were “quite willing that the Confederate or State Government should take their coin.” Though Richmond had been slow to react, General Mansfield Lovell, the Confederate commander at New Orleans, had apparently taken charge of last-minute shipments of specie from the city with the assistance of the port collector, F. W. Hatch. As to Mercer and Lapeyre’s offer to make their “best exertions” to see that the banks’ specie was now brought back to occupied New Orleans, it would be easy to view this as an empty promise, since surely the bankers must have realized that the Confederate government would never condone the return of these funds to an area now under Union control. But in fact, the New Orleans banks did make persistent efforts to secure the return of their specie over the next several months, finally

¹⁸ W. Newton Mercer and J. M. Lapeyre to Major-General [Benjamin F.] Butler, May 13, 1862, in *Official Records*, Ser. III, Vol. 2, pp. 129–30 (quotations on p. 129); New Orleans *Daily Delta*, May 13, 1862. Mercer was serving as acting president of the Bank of Louisiana, since its president, R. M. Davis, had decamped the city for Richmond.

even proposing that the monies be held by a neutral party such as England or France. From behind Confederate lines, F. W. Hatch certainly believed that these efforts were being sincerely pursued. Referring to “correspondence in [his] possession,” Hatch wrote in June that “the bank presidents did agree with General Butler in good faith” to seek the monies’ return, an action he considered to be “to the lasting shame of those gentlemen.”¹⁹

By seeking to privilege their own financial security over the outcome of the ongoing conflict, the New Orleans banks probably helped pave the way for the financially strapped Confederate government’s eventual decision to confiscate these funds for its own purposes. But furthermore, the banks found themselves trapped between a rock and a hard place, since General Butler was not greatly mollified either by the presidents’ account of their innocent intentions in originally removing the specie or by the apparent collaborationist gesture entailed in their proposal to now seek its return. In his reply to Mercer and Lapeyre’s letter summarizing their May 12 meeting, Butler reiterated his promise of “safe conduct” if the banks could somehow arrange to “bring back their specie, which they have so unadvisedly carried away,” and he also agreed in principle to leave the matter of any subsequent full resumption of specie payments largely to their “good judgment.” However, Butler offered two crucial caveats to the bank presidents’ understanding of their informal agreement. First, the general expected that any monies returned to the city would then be “used in good faith to make good the obligations of the banks to their creditors,” and second, he emphasized that none of their

¹⁹ F. W. Hatch to Gen. Beauregard, June 13, 1862, in *Official Records*, Ser. IV, Vol. 1, p. 1153; Governor Moore to President Davis, April 23, 1862, in *Official Records*, Ser. I, Vol. 53, p. 803. Though no specific instructions from General Lovell with regard to the banks’ specie have survived, a subsequent letter, sent with Memminger’s approval, indicates official involvement in at least some its removal; see R. M. Davis to W. H. Young, June 9, 1862, in *Official Records*, Ser. IV, Vol. 1, p. 1148; see also the discussion in Ball, *Financial Failure and Confederate Defeat*, 127–28. For the New Orleans banks’ proposal in the fall of 1862 that England or France be allowed to hold their specie, which was rejected by both Washington and Richmond, see *Butler Correspondence*, II, 517–18.

funds were exempt from his mission to “retake, repossess, and occupy all . . . the property of the United States of whatever name and nature,” which included any that the banks “may have received.”²⁰

These two provisos were broadly construed by Butler and hinted at the direction that his policies toward the banks were about to take, regardless of the eventual disposition of the withdrawn specie. As he later wrote in his autobiography, Butler was convinced that “the certain confiscation of many millions of debts which the South owed to the North was a great inducement to the commercial classes of the South to go into the Rebellion,” and his vow to Mercer and Lapeyre to reclaim all U.S. property “of whatever name and nature” reflected this view. With the outstanding prewar debts of Crescent City firms alone to northern creditors estimated to be around \$30 million, Butler considered it among his duties in New Orleans to aggressively uphold the claims of private interests in the North against what he believed to be a widespread southern intention to repudiate their financial obligations. Of course, Butler also sought to “repossess” the property of the U.S. government more specifically, including several hundred thousand dollars in funds that had been seized from the U.S. Custom-house and Mint in New Orleans after Louisiana’s secession, which he wrongly believed to have been deposited on Confederate account with one or more of the city’s banks.²¹

²⁰ Butler to William N. Mercer and J. M. Lapeyre, Committee, May 14, 1862, in *Official Records*, Ser. III, Vol. 2, p. 130.

²¹ For Butler’s mistaken belief that the various U.S. government monies seized at New Orleans in early 1861 had been “paid into the Banks by the Secession authorities,” see his letter to Secretary of War Edwin M. Stanton, May 16, 1862, in *Butler Correspondence*, I, 491–92; cf. the convincing and detailed description of how those confiscated funds actually made their way into the Confederate Treasury in Todd, *Confederate Finance*, 158–59. On southern prewar debts and repudiation see the discussion in Chapter 2 above, as well as Schwab, *Confederate States of America*, 110–11; and Todd, *Confederate Finance*, 159–60. Benjamin F. Butler, *Butler’s Book: Autobiography and Personal Reminiscences of Major-General Benjamin F. Butler* (Boston, 1892), 321 (quotation).

With the full import of these provisos still somewhat obscure, Mercer and Lapeyre probably considered their exchanges with General Butler to have been fairly successful. They must have felt especially fortunate that Butler had allowed them to continue transacting business “just as though [the coin] was in their own vaults” while their rather dubious efforts to recover their specie reserves were underway. Any illusions they might have harbored as to the general’s malleability, however, were quickly dashed by a series of orders he issued over the following week. In General Orders No. 29, Butler reneged on a pledge he had made just a few weeks earlier to allow Confederate currencies to continue in circulation as legal tender because of the severe shortage of money that would otherwise ensue. But now he suddenly reversed course, ordering the banks to cease exchanging or issuing any notes based on Confederate currency immediately, and further proclaiming that, as of May 27, “all circulation of, or trade in, Confederate notes and bills will cease within this department,” upon penalty of confiscation of any property thereby transferred after that date. Bankers and citizens alike were later reported to have been greatly agitated by this order, the latter all the more so after the banks promptly took out advertisements in the local press advising customers to either withdraw all funds deposited with them in Confederate notes before the 27th or assume the subsequent risk of their forfeiture under Butler’s new edict.²²

Butler was furious over what he considered to be a ploy by the banks to shift the entire burden of his directive onto the backs of the public. On May 19 his wrath took public form with his General Orders No. 30, a lengthy document that was as much an ideological salvo against the city’s banks as it was a clarification and revision of his

²² General Orders No. 29, May 16, 1862, in *Official Records*, Ser. I, Vol. 15, p. 426; Parton, *General Butler in New Orleans*, 110 (first quotation); several of these bank notices are also reproduced there.

preceding order. Butler opened his missive dramatically, accusing the city's "banks and dealers in currency" of causing "great distress, privation, suffering, hunger, and even starvation" in New Orleans. Having "causelessly suspended specie payments in September last," he continued, the banks had then "introduced Confederate Notes as currency," and despite discounting practices rigged to their advantage, they had managed by dint of their financial influence to widely legitimize these notes as money in the hands of "the poor and unwary." Finally, in the wake of his recent order intended to begin the long-overdue process of reforming these monetary iniquities, "the banks and bankers now endeavor . . . to throw the depreciation and loss from this worthless stuff of their own creation and [foist] it upon their creditors, depositors, and bill-holders."

They refuse to receive these bills while they pay them over their own counters. They require their depositors to take them. They change the obligation of contracts by stamping their bills, "Redeemable in Confederate notes." They have invested the savings of labor and the pittance of the widow in this paper. They sent away or hid their specie, so that the people could have nothing but these notes—which they now depreciate—with which to buy bread.

Butler claimed that the New Orleans banks had been not only "saved from the general ruin by the system of financiering," but that they had actually managed to increase their profits at the public's expense. In order to "equalize . . . this general loss," he now ordered that the city's incorporated banks cease all further transactions in Confederate notes and henceforth pay all depositors and creditors in either "bills of the bank, United States Treasury notes, gold, or silver."²³

²³ General Orders No. 30, May 19, 1862, in *Official Records*, Ser. I, Vol. 15, pp. 437–38 (all quotations on p. 437). This document is also reprinted in *Butler Correspondence*, I, 504–5. Minor stylistic variations between the two versions have been silently corrected here, with the exception of the bracketed word "foist," which appears nonsensically as "fostering" (and without the subsequent pronoun "it") in the *Official Records* and ungrammatically as "foisting" in the compiled Butler correspondence.

The effect of Butler's order on the New Orleans banks was devastating. Since their reluctant suspension of specie payments at the direct request of the Confederate Treasury in September 1861, the banks had been conducting most of their business on the basis of Confederate notes, and their shipment of most of their specie reserves out of the city now compounded the problems they faced. Butler had essentially declared Confederate money to be worthless, yet he had ordered the banks to make depositors' funds, many of which had originally been made in such notes, available for withdrawal only in other forms. Butler's order, if enforced, would make it nearly impossible for most banks to keep their books balanced. Having quickly convened the Bank of Louisiana's directors in the wake of Butler's order, W. Newton Mercer invited the general to examine the institution's ledgers to demonstrate the difficulties of compliance. Butler refused to do this, however, claiming that details of the bank's prior "mismanagement" and their current protestations were beside the point. He also alluded to his skepticism toward their "good faith" rationale for the specie removal. The bank's officers had taken "this immense wealth from its legal place of deposit and sent it flying over the country in company with fugitive property-burners," he wrote, "from whence it is more than likely never to return again." The general gave Mercer and his directors less than a day to either signal their intention to comply with his order or suffer the penalties.²⁴

Butler was by no means finished with the banks, however. Consonant with his mission to "repossess" all U.S. property "of whatever name and nature" as declared in his May 14 letter to Mercer and Lapeyre, he issued a set of orders on June 6 that made it clear that any assets of the "so-called Confederate States" being held in the area under his

²⁴ Butler to W. Newton Mercer, May 22, 1862, in *Butler Correspondence*, I, 481.

command were to be so regarded and thus subject to confiscation. Although his orders did not single them out, Butler was particularly keen to seize any Confederate government monies held by the New Orleans banks, and he required them to provide detailed listings of all such accounts still under their control. But in keeping with his previous orders, Butler also insisted that these funds now be turned over to him in specie or specie-backed banknotes—and not in the form of Confederate Treasury bills. James D. Denegre, the president of the Citizens' Bank, the city's largest, protested this requirement, arguing that the banks had been legally compelled to accept Confederate notes beginning in September 1861, and he appealed to Butler's "sense of equity and justice to allow these deposits to be paid . . . in the same currency in which they were received." But the general was not moved. Replying to similar arguments from Mercer that his bank had been "obligated to suspend Specie Payment against its will," Butler maintained that "this order was submitted to if not with joy, [then] at least not under protest, so far as I am informed." On June 19 the general submitted to the U.S. Treasury Department various bank drafts totalling nearly a quarter-million dollars in Confederate funds that he had seized from five New Orleans banks.²⁵

Despite their persistent attempts to curry favor with him, Butler would continue to maintain a stern posture toward the chartered banks of New Orleans over the next several months, and his policies forced at least two of them, the Merchants' and the Crescent City Banks, to go into liquidation. Butler's relationships with the city's extensive network of private bankers and exchange brokers were not much better. He seized \$70,000 worth of specie and \$400,000 in notes from the British-connected firm of Samuel Smith & Co.

²⁵ General Orders No. 40, June 6, 1862, in *Butler Correspondence*, I, 563; Butler to W. Newton Mercer, June [n.d.], 1862, in *ibid.*, II, 28; James D. Denegre to Butler, June 11, 1862, and Butler to the Secretary of the Treasury, June 19, 1862, in *Official Records*, Ser. III, Vol. 2, pp. 165–68 (Denegre quotation on p. 166).

in early May, ostensibly using these confiscated funds to pay his troops. This action would result in a prominent civil suit against Butler that dragged on for years after he had left New Orleans, and which he eventually lost, to his public embarrassment. Butler also used his authority to compel the reluctant local agent of the New York-based Adams Express Company to loan him \$25,000 worth of U.S. Treasury notes in July, again for the stated purpose of paying his troops. Finally, Butler employed spies to study currency transactions by private “Jew brokers” in the city, believing that their money market speculations were based on “true intelligence from Richmond” supposedly supplied by Judah P. Benjamin, the Jewish Confederate secretary of state from New Orleans.²⁶

The general had a less antagonistic working relationship with the venerable old Crescent City private banker and exchange broker Jacob Barker. A cousin of Benjamin Franklin (to whom he was frequently compared) born in Maine in 1779, Barker had already enjoyed a long and somewhat notorious career as an American merchant-financier. After earning the enmity of Chancellor Kent and the Wall Street community of New York, Barker had removed his operations to New Orleans in 1834, where he speculated in sugar, practiced law, and founded his own private bank, the Bank of Commerce. Though his lifelong Quaker faith predisposed him to oppose slavery, the hallmark of Barker’s career was always his commercial and political opportunism. Even as his wide-ranging financial interests caused him to become deeply interested in the maintenance of the southern plantation system, Barker had maintained extensive contacts

²⁶ Butler, *Butler’s Book*, 510 (quotations); Butler to Salmon P. Chase, July 2, 1862; Butler to Asa S. Blake, July 2, 1862; and Butler to W. B. Dinsmore, July 3, 1862, all in *Official Records*, Ser. I, Vol. 15, pp. 513–14; Trefousse, *Ben Butler*, 117; Edwards Pierrepont, *A Review by Judge Pierrepont of Gen. Butler’s Defense Before the House of Representatives in Relation to the New Orleans Gold* (New York, 1865); *Official Records*, Ser. I, Vol. 15, p. 503; *New Orleans Daily Delta*, May 14, 1862; Special Order No. 294, August 23, 1862, in *Butler Correspondence*, II, 213.

in the Northeast during the 1850s—including, it would seem, correspondence with a young attorney-politician named Benjamin F. Butler.²⁷

Evidence of a prior relationship between the two men would help explain the rapidity with which Barker extended a series of unsecured personal loans to Butler within a few weeks of the general's arrival in New Orleans, including one of \$100,000 drawn in gold. According to Barker's later sworn testimony before a military commission investigating corruption in the Gulf Department, the general admitted borrowing these funds in order to finance a series of speculations in sugar and provisions being handled by his brother, "Colonel" Andrew Jackson Butler, who had accompanied him to New Orleans. Barker's recollection of these loans was largely corroborated in Butler's 1864 campaign biography, in which his brother was described as merely "one of the lucky men who chanced to be in business at New Orleans at the critical moment." Barker also testified that the loans were all "honorably paid" back to him in a timely manner—not surprisingly, since even by Butler's own estimate, his brother profited around \$200,000 from his 1862 activities in the area, a figure that other observers put nearer to half a million dollars or more. But the general himself later claimed that he personally had never gained a cent from any of his brother's transactions, and furthermore, that he had neither been involved with his business affairs at New Orleans nor exercised any special favors on Andrew's behalf. Butler also insisted that his brother "neither had nor needed any advantages which were not enjoyed by other merchants." Given that most of the

²⁷ Though Jacob Barker has yet to receive the full biographical treatment he merits, aspects of his Zelig-like nineteenth-century career can be traced in [Jacob Barker], *Incidents in the Life of Jacob Barker, of New Orleans . . . from 1800 to 1855* (Washington, D.C., 1855); R. D. Turner, *The Conspiracy Trials of 1826 and 1827: A Chapter in the Life of Jacob Barker* (Philadelphia, 1864); and "Jacob Barker's Career Recalled," *New Orleans Daily Picayune*, November 18, 1894, p. 25. Barker mentions his correspondence with one "Benjamin F. Butler, Esq." in a letter to Dunlap & Campbell, March 4, 1852, in *Jacob Barker Letters* (M-183, Special Collections, Howard-Tilton Memorial Library, Tulane University, New Orleans, La.).

city's resident merchants were then expressly prohibited from doing business because of Butler's onerous loyalty requirements (to be further discussed below), this claim seems disingenuous on the face of it. But the recollections of many others, southerners and Federals alike, cast plenty of doubt on Butler's assertions of pecuniary innocence, and even his own collected correspondence reveals the general's close and obviously inappropriate involvement with the Barker loans and their redemption in Boston.²⁸

Jacob Barker's dealings with General Butler show him to have been that *rara avis* among New Orleans merchant capitalists during the occupation: a bona fide Union collaborationist. In addition to making large, unsecured loans to the general, Barker also agreed to guard the bullion that Butler had seized from his fellow private bankers Samuel Smith & Co., a task that apparently made him nervous. "I am particularly anxious to close my agency in that case," he wrote Butler in September. Barker had good reason to be concerned, since his speculations in Confederate currency had already earned him threats of violence from a secret local organization called the "Southern Independence Association" in March 1862. But the octogenarian banker had refused to be intimidated by the vigilante group before the city's surrender, and he was no less determined now to

²⁸ Parton, *General Butler in New Orleans*, 108–9 (quotations on p. 109); Jacob Barker testimony, in "Report of the Special Commission," September 23, 1865, Old Army Records (RG-94), Vol. 737, pp. 145–46 (microfilm, National Archives; hereinafter cited as Smith-Brady Report); Capers, *Occupied City*, 82–84; Trefousse, *Ben Butler*, 122–24. George S. Denison, a U.S. Treasury Department agent in New Orleans who was sympathetic to General Butler, wrote that "it is stated by secessionists—and by some Union men—that [Andrew Butler] has made a half a million dollars or more." Denison to Salmon P. Chase, August 26, 1862, in "Diary and Correspondence of Salmon P. Chase," *Annual Report of the American Historical Association for the Year 1902* (2 vols., Washington, D.C., 1903), II, 312 (hereinafter cited as *Chase Correspondence*). Though he could not prove that the general had "done . . . anything for his pecuniary advantage," Denison admitted that Butler "is such a smart man, that it would . . . be difficult to discern what he wished to conceal"; Denison to Chase, September 9, 1862, in *ibid.*, 313. For two firsthand southern accounts of Butler & Bro. in New Orleans see Southwood, *Beauty and Booty*; and Loretta Janeta Velazquez, *The Woman in Battle: A Narrative of the Exploits, Adventures, and Travels of Madame Loretta Janeta Velazquez . . .* (Hartford, Conn., 1876), 242. For General Butler's close attention to the details of the Barker loans and the transactions they supported, see his exchanges with Richard Fay and J. G. Carney, both of Boston, in *Butler Correspondence*, I, 529–30, 533–35, 585, 593–94, 620–22, 634–35.

conduct business and express himself as he saw fit. At the beginning of June, Barker purchased the offices and equipment of the New Orleans *Daily Crescent* at auction for \$3,200. The newspaper had been closed down by Butler for its uncompromising pro-Confederate stance, and Barker now began publishing the *National Advocate* in its stead, using it as a platform for his moderate Unionist views.²⁹

Despite their business connections, Barker still managed to run afoul of the general's strict censorship policies later that fall. When Barker published an editorial suggesting armed foreign intervention as one scenario among several that might lead to peace, Butler suspended publication of the banker's paper. Barker was required to publicly apologize for the offending piece, after which the general allowed him to resume publishing. Like the closing and forced sale of the *Crescent*, the incident illustrates the rigidity with which Butler (and just barely less so, his successors) controlled the New Orleans press. The city's usually lively newspapers suffered under a severely enforced conformity of expression under Federal military rule, particularly during the Butler regime, when the slightest infraction could serve as cause for official suppression. As a result of this censorship, historians have been deprived of a valuable source for judging popular opinion in the occupied city. Dissident voices that previously would have often found expression in the newspapers were obviously stifled almost entirely. But it is also worth noting that, with the exceptions of the *Daily Delta*, which served as a house organ for Butler, and to a lesser extent, Barker's pro-Union *National Advocate*, most city newspapers did not adopt a stance of enthusiastic support for the authorities but rather

²⁹ New Orleans *Daily Delta*, June 5, 1862; Elizabeth Joan Doyle, "Civilian Life in Occupied New Orleans, 1862-65" (Ph.D. diss., Louisiana State University, 1955), 248. On Barker and the Southern Independence Association see "The Brokers," New Orleans *Daily Picayune*, March 9, 1862; and *Butler Correspondence*, I, 513-14; on his safekeeping of the Smith & Co. funds see Barker to Butler, September 29 and 30, 1862, in *ibid.*, II, 337-38 (quotation on p. 338).

confined themselves to rote recitations of events and only the blandest commentaries upon the momentous issues of the day.³⁰

Needless to say, the U.S. military's rigid censorship of the New Orleans press was part of a wider clampdown on dissidence and subversion that also effectively silenced the public voices of most resident merchants during the occupation. The perspective of this most influential community had previously provided much of the editorial backbone for conservative papers like the *Daily Picayune* and the *Crescent*, as well as the city's commercial tri-weekly, the *Price-Current*. But during the occupation, merchant-banker Jacob Barker and his pro-Union *National Advocate* seem to be the exception that proves the rule; and thus to some degree, historians are forced to find and decipher conspicuous "silences" for clues about the drift of mercantile opinion in this period of direct Federal rule. For example, one can reasonably speculate that if commercially rationalized collaborationist tendencies or similar moderate Unionist sentiments, like Barker's, had been widespread among the city's merchant capitalists during the occupation, these opinions probably would have found considerable expression in the city's press. (General Butler surely would have welcomed rather than censored such views.) But in fact, such sentiments were not common, and this absence suggests that New Orleans merchants more or less opposed the Federal regime. A similar example of evidence that might support this conclusion also involves Jacob Barker, who ran for a U.S. congressional seat from New Orleans in the fall of 1862. In a tightly controlled election in which only about

³⁰ For Butler's suppression of Barker's *National Advocate*, see Special Orders No. 513, November 14, 1862, in *Official Records*, Ser. I, Vol. 15, pp. 595–96; and *Butler Correspondence*, II, 480. On the New Orleans *Daily Delta*, which was seized in May and edited thereafter by two Union officers appointed by Butler, see Parton, *General Butler in New Orleans*, 114–15. A summary of Butler's mostly hostile relations with the local press is in Capers, *Occupied City*, 176–78; see also the useful description of the background and political proclivities of New Orleans newspapers in Roger W. Shugg, *Origins of Class Struggle in Louisiana: A Social History of White Farmers and Laborers during Slavery and After* (1939; repr., Baton Rouge, 1968), 340–42.

5,000 votes were cast, Barker's Whiggish but independent Unionism (during the campaign, he once referred to Butler and his troops as "adventurers") managed to garner a mere 453 votes, even among the small group of New Orleans citizens already considered sufficiently loyal to exercise their franchise rights.³¹

Admittedly, it remains difficult to accurately gauge the depth of merchant opposition to the Federal authorities, in part because some merchants who might have been inclined toward collaborationism may have been intimidated by Confederate loyalists. Treasury agent George S. Denison, among others, blamed the reluctance of many residents to express pro-Union feelings on their "fear of retribution from the secessionists." Indeed, Butler's policies of strict surveillance (in which he also played on white southerners' deepest fears by encouraging slaves to become informers) fostered the growth of covert pro-southern cliques in the city. But at the same time, it is telling that these oppositionist groups were themselves widely believed to depend heavily on local mercantile elites for support and leadership. For example, the influential merchant-banker Edmond J. Forstall, one of the city's best-known businessmen, was reputedly "a leading member" of the Southern Independence Association, the group that had threatened Jacob Barker. Other rumors about city merchants' support for pro-southern "secret societies" would continue to circulate through the end of the occupation period.³²

³¹ George Denison to Salmon P. Chase, December 4, 1862, in *Chase Correspondence*, 337; Willie Malvin Caskey, *Secession and Restoration of Louisiana* (Baton Rouge, 1938), 64 (quotation). For an example of Butler's suppression of the New Orleans commercial press see *ibid.*, 53.

³² John Richard Dennett, *The South As It Is, 1865-1866*, ed. Henry M. Christman (Athens, Ga., and London, 1986), 308; Butler to William H. Seward, September 19, 1862, in *Butler Correspondence*, II, 308 ("leading member"); George S. Denison to "Mother," June 10, 1862, repr. in "Some Letters of George Stanton Denison, 1854-1866: Observations of a Yankee on Conditions in Louisiana and Texas," ed. James A. Padgett, *Louisiana Historical Quarterly* 23 (October 1940), 1183; Parton, *General Butler in New Orleans*, 64. On Butler's use of informers in New Orleans, including slaves, see [Reverend] B. M. Palmer, *The Oath of Allegiance to the United States, Discussed in Its Moral and Political Bearings* (Richmond, Va., 1863), 9.

Nevertheless, the U.S. military's practical monopoly on force easily gave them the upper hand over such revanchist groups in New Orleans, where incidents of organized resistance to occupation authorities were practically nonexistent. "Fear of retribution," it seems, was a two-way street with precious little neutral ground. Thus W. C. Corsan, a British businessman who visited the occupied city in October 1862, described how "the middle and upper classes of New Orleans" were "amazed at the cool manner in which step by step General Butler had disarmed them, and placed them at his mercy." But although these citizens appeared "helpless and cowed" before Butler and his troops, Corsan reported that now "they were worse 'rebels' than ever" in private. He recounted a conversation with one such private rebel, an "old and wealthy merchant," who admitted that he and his compatriots now greatly feared confiscation, imprisonment, and exile, often on flimsy or capricious charges. Because Federal rule was so harsh and intolerant, the merchant said, speaking for his class, "we *must* grin and abide our time. But the day of reckoning *will* come, and then—look out!"³³

The "day of reckoning" to which the old merchant alluded was to be nearly four years in the future—on July 30, 1866, to be precise, when elite-led counterrevolutionary factions violently suppressed a biracial state constitutional convention in New Orleans. In the meantime, however, the city's venerable merchant capitalist community faced U.S. military authority over the local political economy not only in a state of mutual hostility but also in greatly diminished numbers. Several contemporary accounts mention the ongoing exodus of local businessmen from New Orleans during secession, war, and the

³³ Corsan, *Two Months in the Confederate States*, 16–17 (all quotations; emphases in original). According to Butler's most sympathetic biographer, after the general had William Mumford publicly executed on June 7 for tearing down the Union flag, "no further disturbance occurred [in New Orleans] while he was in command." Trefousse, *Ben Butler*, 115.

occupation, led by those who were young, willing, and able-bodied enough to serve in the Confederate military. A steady stream of others had left the city as the economic situation worsened during 1861 under the pressure of the Union naval blockade, and even more had reportedly evacuated just prior to the occupation.³⁴

As with the extent of commercial opposition to the Federal regime, it is hard to estimate with accuracy how many formerly resident merchants had left the city by mid-1862, but their overall numbers may have been reduced by over half of what they had been in late 1860. A rough estimate can be obtained by comparing firms that appeared in the 1861 Gardner's city directory with those listed in two subsequent sources during the early years of the war: the signatories to the July 1861 cotton embargo circular, and those included on General Butler's August 1862 "Schedule B" of firms to be assessed a special cotton-brokers' tax (which will be discussed further below). Of the 467 "commission firms and cotton factors" in the 1861 city directory, 111 subsequently signed the July 1861 circular, as did another 19 firms that did not appear in the directory. Although not all firms signed the controversial circular, these figures do show that at least a quarter—and probably closer to half—of the mercantile firms in New Orleans had not closed their doors upon secession. (It is also worth noting that those who signed the embargo circulars were not Unionists or fence-sitters but instead had cast their lot publicly and aggressively with the Confederacy.) Over a year later, General Butler was still able to locate and tax seventy-four firms that had appeared in the 1861 directory, plus another twenty not listed but whose names were among those that had endorsed the embargo. Nearly a quarter of the city's mercantile firms listed in business before secession thus still remained in

³⁴ The departure of many merchants for military service is noted in Corsan, *Two Months in the Confederate States*, 17; and their pre-occupation exodus and its effects in George W. Cable, "New Orleans Before the Capture," in Johnson and Buel, eds., *Battles and Leaders*, II, 16–17.

operation, even if just barely, after the initial occupation and the rush to vacate the city widely reported to have preceded it.³⁵

The obverse of these figures, however, indicates that up to three-fourths of the city's merchants had left the city before the occupation, and this exodus affected the demographic and political composition of the community that remained. In addition to those who had gone off to fight the war, the first round of self-imposed exiles from New Orleans included many merchants who were opposed to secession and the Confederacy. Some "conditional" Unionists had already decamped the city well prior to secession, like the private banker and railroad promoter James Robb, who waited out the war in Chicago and New York, but most other moderates departed later. George Denison reported that James P. Harrison, a partner in the prominent firm of Payne & Harrison, had been a well-known "Cooperationist" during secession winter. Subsequently, Harrison and "his House strongly supported the Rebel govt.," and "when the fleet arrived he left the city and has not yet returned." The effect of such departures was to leave behind a smaller but more homogeneous mercantile community, one that was significantly older, considerably more foreign, and probably less inclined to support either the restoration of the Union or the efforts of its occupying authorities.³⁶

If for no other reason, many New Orleans businessmen withheld support from U.S. authorities due to their fears and other reservations about the emancipation of slaves, which was believed to be a likely political outcome of Union military control. The

³⁵ The data in the text were compiled by comparing the Gardner's 1861 New Orleans city directory (HTML-Tulane) with the July 1861 embargo circular as published in the New Orleans *Price-Current*, July 27, 1861 (circular dated July 17), and "Schedule B" as attached to Butler's General Orders No. 55, August 4, 1862, in *Official Records*, Ser. I, Vol. 15, pp. 538-42.

³⁶ Denison to Salmon P. Chase, June 28, 1862, in *Chase Correspondence*, 307. On James Robb see Harry Howard Evans, "James Robb, Banker and Pioneer Railroad Builder of Ante-Bellum Louisiana," *Louisiana Historical Quarterly* 23 (January 1940), 249-53; and *New Orleans Times*, November 2 and 29, 1865.

“conditional” aspect of James Robb’s southern Unionism-in-exile was predicated largely on his concerns over federal intentions with regard to freeing the slaves. Moreover, despite the Lincoln administration’s slowly evolving and highly cautious official stance on the issue, the suspicions (“paranoias” is probably not too strong a word) of those merchants who still remained in occupied New Orleans were understandably fueled all the more by General Butler’s recent outspoken record of advocating slave emancipation. Former Maryland senator Reverdy Johnson, who was sent by the administration to investigate conditions in the city under Butler’s command, reported back such widespread fears in the summer of 1862. Even those who were personally skeptical about the South’s “peculiar institution” on moral or other grounds often harbored deep racial anxieties about the aftermath of emancipation, especially as it might unfold in a crowded urban environment like New Orleans. For example, although he was both a Unionist and a Quaker, Jacob Barker nevertheless felt compelled to seek reassurance on the subject from President Lincoln himself that July. In a “confidential” letter, Barker described “the present frightful alarm which pervades the community” due to “agitations about slavery,” but he also asserted that New Orleans citizens “were generally willing to return to the union in good faith provided they can be satisfied on the slave question.”³⁷

In addition to their racial fears, New Orleans merchants had other important reasons to be concerned about a possible emancipation. As a form of property, slaves had

³⁷ Jacob Barker to Abraham Lincoln, July 16, 1862; Reverdy Johnson to Abraham Lincoln, July 16, 1862, both in Abraham Lincoln Papers, Series 1, General Correspondence 1833–1916, Library of Congress, Washington, D.C. (available online at <http://memory.loc.gov/ammem/alhtml/alser.html>). For beliefs very similar to Barker’s from another local Unionist see W. Mitthoff to Butler, May 29, 1862, in *Butler Correspondence*, I, 525–27. James Robb laid out the basis of his conditional Unionism in correspondence with an unnamed “American in Paris” (who was possibly the Confederate legatee to France, Louisianian John Slidell), which he then published in pamphlet form; see Robb, *A Southern Confederacy: Letters from James Robb, Late a Citizen of New Orleans, to an American in Paris, and Hon. Alexander H. Stephens, of Georgia* (Chicago, 1862); and Evans, “James Robb,” 250–53.

been widely used, even if informally, to collateralize the rolling annual loans routinely extended to planters throughout the southern interior. Barring any compensation schemes, slave emancipation would immediately negate a large proportion of what served as regional capital stock and thus profoundly threaten the credit structures on which New Orleans merchant capitalists and their clients had long depended. Furthermore, many of the wealthier city merchants in New Orleans owned slaves themselves. Some had arranged to hold their slaves in the countryside, where they served both as cash-convertible investments and also as income-producing rental properties. But in addition, many of the over 4,000 slave owners listed in Orleans Parish in the 1860 census had employed slaves as domestic laborers (servants, cooks, carriage-drivers, and the like) in their upper-class households.³⁸

In fact, since emancipation was not yet official federal policy, many still continued to hold slaves in the city even after the occupation. Not surprisingly, this continued slaveholding in the midst of his command was not much to General Butler's liking. Some Louisiana slave owners, many of whom were now hard-pressed to provision their slaves, encouraged them to turn fugitive and seek shelter with the Federals in New Orleans. Although the problem of "contraband" slaves was a significant source of friction with and among his staff officers, Butler also added to their numbers by purposely relieving some men of their slaves as part of his wide-ranging confiscations of Confederate sympathizers' personal and real property. On one occasion, as related in his

³⁸ For figures on slaveholding in antebellum New Orleans derived from the 1860 census see Shugg, *Origins of Class Struggle in Louisiana*, 24–25, and Appendix, Tables 3 and 4 (pp. 318–19). For an example of a New Orleans merchant who rented out slaves as plantation hands see Harlow J. Phelps to Joseph S. Copes, August 9, 14, and 27, 1861, in Joseph Slemmons Copes Papers, Box 6 (MSS 733; Howard-Tilton Memorial Library, Tulane University, New Orleans, La.). On the importance of slave property as collateral in the antebellum southern financial system, see Richard H. Kilbourne Jr., *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish, Louisiana, 1825-1885* (Tuscaloosa and London, 1995).

authorized campaign biography of 1864, his officers brought to headquarters a light-skinned slave woman who had recently suffered a whipping by her master for “staying out late.” Butler summoned her owner, “a respectable merchant” named Landry, and upon his appearance, it was established that the injured woman was not only the old gentleman’s slave but his daughter as well. Aghast at both Landry’s cruelty and his “insolent nonchalance” as to her parentage, Butler detained the Creole merchant pending sentence. Landry’s friends and family, including his wife, then descended on the general to plead for clemency. They explained that “the war had half-ruined” the old businessman, who had thus been “irritable of late” and “no doubt . . . had struck his daughter harder than he had intended.” Butler penalized the merchant by ordering him to free his daughter and also provide her with a thousand dollars.³⁹

Whether embellished or not, this story nevertheless illustrates the disdain that Butler exhibited toward the resident merchants of New Orleans, Americans and foreign nationals alike. Not only did Butler fail to cultivate Unionism or collaborationism among the merchant capitalist community, but to the contrary, he repeatedly made that community the scapegoat for most of the city’s woes. As historian Roger Shugg has suggested, his public animus toward city merchants was apparently part of Butler’s “aggressive design to separate the classes and court the good will of the majority.” From the outset he directed invective against Crescent City commercial elites at every opportunity. In his orders of May 9, for example, Butler blamed “wealthy and influential” residents for the woes of the “mechanics and working classes of the city,” and his lengthy tirade against the New Orleans bankers a few weeks later took a similar tack. Yet this

³⁹ Parton, *General Butler in New Orleans*, 143–44 (all quotations on p. 144); Caskey, *Secession and Restoration of Louisiana*, 53, 60–62. On staff dissension over contraband policy see Parton, *General Butler in New Orleans*, 132–34; and Capers, *Occupied City*, 95–96.

was not merely rhetoric for public consumption, since even in private, Butler seemed to lay an inordinate amount of stress on the pivotal and treasonous role played by the city's merchant and banking communities in the wider southern insurgency. Writing about his ongoing efforts to sequester Confederate property in New Orleans to Secretary of War Edwin M. Stanton at the end of May, Butler offered his odd opinion that "[to] a large degree the owners of the soil, planters and farmers, mechanics and small traders, have been passive rather than active in the rebellion." He claimed that most "owners and producers" had actually resisted the destruction of their cotton and sugar, but that "another class"—by which he meant New Orleans merchants—had forced them to do so "for motives of gain or worse." Neither was Butler alone among local federal officials in his deep hostility toward the city's mercantile elites: Treasury agent George S. Denison also privately condemned the "aristocratic scoundrels who have brought the middle and poorer classes" of New Orleans to their dire condition.⁴⁰

Butler was able to bring far more than just angry rhetoric to bear in his campaign of class warfare against New Orleans merchant capitalists. Using the sweeping powers at his command under the terms of martial law, Butler formulated and implemented a wide range of policies that selectively targeted the objects of his wrath. Sometimes, as in his retaliatory orders forcing the banks to refund specie for deposits originally made in the form of Confederate notes, such actions had only scant legal justification. But despite paying lip service to the oft-stated federal commitment to upholding property rights generally and impartially, like the northern public in general, Butler seemed to feel that

⁴⁰ George S. Denison to Jimmy, July 6, 1862, in Padgett, ed., "Some Letters of G. S. Denison," 1186; Butler to Edwin P. Stanton, May 25, 1862, in *Butler Correspondence*, I, 517; General Orders No. 30, May 19, 1862, in *Official Records*, Ser. I, Vol. 15, pp. 437–38; General Order No. 25, May 9, 1862, in *Butler Correspondence*, I, 457 (quotation); Shugg, *Origins of Class Struggle in Louisiana*, 186–87 (quotation on p. 187).

southerners—the upper classes in particular—had forfeited such rights by seceding from the Union and deserved to be punished in their pocketbooks. In his May letter to Stanton, the general noted of the city’s pro-Confederate commercial elites that “the property of these I am hunting out and holding for confiscation under the laws.” In fact, such policies, which targeted not just former government officials but also the wider majority of Confederate sympathizers, had no statutory basis at that point in time except insofar as they could be arbitrarily justified and applied under Butler’s extraordinary martial powers. On June 10 the general again ran in advance of his government’s policy curve with his wide-ranging General Orders No. 41, which mandated that the legitimacy of contracts and all other protections and remedies of the law would henceforth be extended only to those who had taken an oath of loyalty to the United States. As historian Hans Trefousse has argued, “in effect [this order] gave Confederate sympathizers the choice of abandoning their cause or going out of business.” Butler would subsequently claim to derive post facto justification from the Second Confiscation Act that Congress passed later that summer. Another historian has commented that “nowhere in the South were the confiscation laws more rigidly enforced” than in occupied New Orleans, where Butler relied on an overly broad interpretation of the act to harass merchants and others largely as he saw fit. But his troops’ capricious seizures of personal property generated an enormous ill-will against him, adding to Butler’s growing reputation for corruption and vindictiveness, and also fanning fears that a general slave emancipation was the next logical consequence of federal confiscation policies.⁴¹

⁴¹ Thomas Ewing Dabney, “The Butler Regime in Louisiana,” *Louisiana Historical Quarterly* 27 (April 1944), 31 (quotation); Trefousse, *Ben Butler*, 116 (quotation), 122–23; see also Caskey, *Secession and Restoration of Louisiana*, 60–63. General Orders No. 41, June 10, 1862, in *Butler Correspondence*, I, 574–76; Butler to Stanton, May 25, 1862, in *ibid.*, 517. On the ambiguities of the Confiscation Acts and the

Besides outright confiscation, Butler had other tools in his arsenal to deploy against merchants. Consistent with his belief that mercantile support for secession had been motivated by a desire to repudiate their debts, on July 9 Butler ordered that all outstanding dividends, interest, notes, or other claims due to northerners that had been suspended due to the war be paid immediately. Furthermore, when Butler could not appropriate or redirect mercantile wealth, he formulated other policies to redistribute it. In August his General Orders No. 55 levied a series of taxes to pay for the public works and poor relief programs he was instituting in the city. The first relied on lists of previous subscribers to the city's public defense fund, most of whom had been wealthy local citizens. For the second tax, however, Butler went directly after the merchant community. He assessed taxes on all of the cotton-trading firms that had organized and publicly supported the infamous embargo the previous summer, by which he claimed merchants had "endeavored to destroy the commercial prosperity of the city, upon which the welfare of its inhabitants depend." Later defending his action to Secretary Stanton, Butler declared that "there seemed to me to be no such fit subjects for taxation as the Cotton Brokers, who had brought distress upon the city by thus paralyzing commerce." Finally, when all else failed, Butler was content to simply seize the assets of firms he suspected of treachery, as he did with property belonging to those "most rabid rebels," the commission house of Wright & Allen, or that of the merchant-banker Edmund J. Forstall, who he accused of organizing the destruction of cotton and sugar prior to the occupation.⁴²

Lincoln administration's conflicted attitudes toward them, see Silvana R. Siddali, *From Property to Person: Slavery and the Confiscation Acts, 1861-1862* (Baton Rouge, 2005). However, Siddali's discussion of occupied New Orleans, the prime site for enforcement of these acts, is surprisingly thin.

⁴² Butler to William H. Seward, September 19, 1862, in *Official Records*, Ser. III, Vol. 2, pp. 571-73 (quotation on p. 571); Butler to Stanton, October 12, 1862, in *Butler Correspondence*, II, 366; General Orders No. 55, August 4, 1862, in *Official Records*, Ser. I, Vol. 15, pp. 538-42; General Orders No. 48,

However, Butler's resolute linkage of property rights with loyalty requirements was probably his most notorious weapon against the upper classes of New Orleans, most of whom had supported the Confederacy, in word even if not always in deed. After the passage of the Second Confiscation Act, which provided for a mid-September deadline for oath-taking, Butler again went the law one further by prohibiting any transfers of property by those who had yet to take the oath of allegiance in his jurisdiction. Nor was a steadfast, demonstrable neutrality an option, as Butler made clear in his curt reply to banker W. Newton Mercer's plea after the deadline in late September. Furthermore, those who chose not to take the oath not only faced forfeiture of their property and livelihoods, but they were also subsequently required to register as enemies of the state. As such, they were then subject to physical expulsion from the city—a potentially severe hardship for the many elderly merchants and their families who still remained in New Orleans.⁴³

Although many merchants had called Butler's earlier bluff by simply refusing to comply with his loyalty requirements, as the summer wore on, the general's draconian intentions against them became clear. Forced to swallow their pride and take solace from the controversial doctrine that "a compulsory oath is not binding," the number of residents who swore allegiance to the Union just in advance of the September deadline was ten times larger than that from the early months of the occupation. Still, even by Butler's own undoubtedly generous estimate, only half of those who took the oath did so sincerely, and nearly 4,000 citizens held firm to their principles by refusing to take the oath and registering themselves as enemies. Butler-controlled newspapers nevertheless

July 9, 1862, in *Butler Correspondence*, II, 52–53; Parton, *General Butler in New Orleans*, 113; Butler, *Butler's Book*, 321.

⁴³ General Orders No. 76, September 24, 1862, in *Official Records*, Ser. I, Vol. 15, pp. 575–76; Trefousse, *Ben Butler*, 116; Butler to W. N. Mercer, September 27, 1862, in *Butler Correspondence*, II, 332–33; General Orders No. 73, September 18, 1862, in *Official Records*, Ser. I, Vol. 15, 572–73.

gleefully noted the prevalence of embarrassed city merchants among the crowds of last-minute oath-takers.

These . . . were of the plethoric sort of middle-aged gentlemen—old codgers, who have cavernous offices in Union, Gravier, and Perdido Streets—white-breasted cormorants, who own cotton planters, together with their plantations, and amass their tens of thousands a year by advancing on crops the money borrowed from banks. These are they who, by the mysterious operation of two and a half percent for accepting, two and a half for advancing—drayage, weighage, storage, brokerage, and stealage—manage to mortgage to their service the small cotton-planter, grow rich without effort, eat turkey and turtle, and swim in *Cliquot*. These staid old gentlemen—the double-breasted cormorants—went about getting themselves whitewashed in the most quiet manner possible.

The biting sarcasm of such reports emanating from the Butler camp clearly reveals the class tensions that the general sought to exploit to Federal advantage.⁴⁴

Such reports also show that Butler had little intention of trying to cultivate either allies or Unionist sentiments among the city's influential and reputedly moderate gentlemen of commerce. Instead, the general sought support mainly among the New Orleans working class, especially among immigrants, a strategy typical of the urban-based wing of the northern Democratic Party on which Butler had predicated his successful political career. Treasury agent George Denison, among others, noted the Federal emphasis on encouraging the growth of Unionism among the "laboring men" of the city during the occupation. But over the long term, not only did Butler's strategy of class warfare help fuel the development of intense political factionalism in the city, but

⁴⁴ This undated [ca. late September 1862] account from the New Orleans press—almost certainly published by Butler's house organ, the *Daily Delta*—is reprinted along with two others similar in tone by Marion Southwood in *Beauty and Booty*, 128–37 (block quotation on pp. 132–33). Caskey, *Secession and Restoration in Louisiana*, 60; Howard Palmer Johnson, "New Orleans Under General Butler," *Louisiana Historical Quarterly* 24 (April 1941), 500–501. The doctrine that "a compulsory oath is not binding" is discussed in Southwood, *Beauty and Booty*, 159; and was opposed from exile by the influential New Orleans Presbyterian minister Benjamin M. Palmer in his previously cited 1863 pamphlet, *Oath of Allegiance to the United States*.

further, given New Orleans elites' long-standing fears of "mob rule," the general probably deserves a fair share of responsibility for driving the city's merchant classes deeper into the arms of a reactionary postwar alliance with vestigial planter elites and racist ex-Confederate soldiers.⁴⁵

In the short term, however, Butler's aggressive attitudes and policies toward the city's globally oriented merchant capitalist community ironically helped bring about his own fall from grace within the Lincoln administration and prompted his recall from New Orleans in December 1862. For it was not just recalcitrant native southern elites that the imperious Yankee general incited with his arbitrary confiscations and onerous loyalty requirements; resident foreign nationals involved in the transatlantic cotton trade were an especial target of Butler's as well. From the outset of his administration of the city, and to the steadily mounting chagrin of his political foe, Secretary of State William H. Seward, Butler's actions provoked unwelcome European attentions; his notorious "woman order" of May, for example, was roundly condemned by British politicians. Seward had pinned high diplomatic hopes on the Union occupation of New Orleans, which he made clear in a letter to Reverdy Johnson prior to the Marylander's July mission to the city to investigate foreign and other complaints against the general's command. "The President regards the renewal of commerce at New Orleans . . . as a most effective means of bringing this unhappy civil strife to an end," Seward wrote.

Such a restoration of trade is also calculated to deprive foreign powers of all excuse for sympathy with the insurgents. Under these

⁴⁵ George S. Denison to Mother, August 25, 1862, in Padgett, ed., "Some Letters of G. S. Denison," 1193–94; see also Parton, *General Butler in New Orleans*, 64–65, for a lengthy, revealing statement of Butler's view of Crescent City politics, particularly the old alliance "between the Spoiler and the Banker." On city elites' fears of "mob rule," see William Howard Russell, *My Diary North and South* (Boston, 1863), 252; and John M. Sacher, *A Perfect War of Politics: Parties, Politicians, and Democracy in Louisiana, 1824–1861* (Baton Rouge, 2003), chap. 6.

circumstances, he deeply regrets every case of collision that occurs . . . between the military authorities at New Orleans and the consuls, merchants, and others concerned in commerce.

Butler, however, regarded the Johnson mission as an attack on his military prerogatives motivated mainly by personal animosities, and he did not take the hint to back off the foreign-born mercantile community of New Orleans. Instead, his continued confiscations of private property embroiled him—and by extension, the State Department—in a series of diplomatic controversies with the governments of Spain, Holland, Prussia, France, and Great Britain. In particular, the imbroglio that resulted from his seizure of \$800,000 in specie from the Dutch consul at New Orleans, which was intended to pay debts due to the venerable allied European banking houses of Baring Brothers and Hope & Company (whose local agent was the pro-secession banker Edmond J. Forstall), brought Butler into conflict with international merchant capitalism at its highest echelons. His ill-advised attempt that summer to extend oath-taking requirements to non-American citizens constituted another move of highly dubious legality under international law and provided further evidence that the general was now swimming in political waters well beyond his accustomed depth. Despite Butler's rationalizations that "two-thirds of the trading community were foreign-born" and had actively aided the rebellion, his various stubborn diplomatic provocations finally led President Lincoln to reluctantly bow before Seward's increasing pressure and relieve the politically popular general of his contentious eight-month command over New Orleans.⁴⁶

⁴⁶ Butler's elaborate justifications of his actions against foreign-born merchants and their diplomatic representatives in New Orleans are typified in his lengthy letter to Secretary of War Edwin M. Stanton, October 12, 1862, in *Butler Correspondence*, II, 361–68 (quotation on p. 363); see also the post facto accounts in his authorized biography; Parton, *General Butler in New Orleans*, 64, 94–105, and 119–26. William H. Seward to Reverdy Johnson, June 27, 1862, in *Official Records*, Ser. III, Vol. 2, p. 179 (quotations). Scattered throughout this same volume of the *Official Records* is much of the diplomatic correspondence concerning Butler's provocations; see esp. *ibid.*, 423–29, 551–61, 566–69, 580–82, 710–

In his farewell address to the city before sailing for New York on Christmas Eve 1862, Butler could not resist getting in some final digs at the merchant community. He insisted that his rule over New Orleans had not been overly harsh, although “the doings of some of the inhabitants of your city toward the friends of the Union, before my coming, were a sufficient provocat[ion] and justification” for even more severe measures than he had deemed fit. “It is true,” he continued, “that I have levied upon the wealthy rebels . . . nearly half a million of dollars to feed forty thousand of the starving poor of all nations assembled here, made so by this war,” but he had done so because:

I saw that this Rebellion was a war of the aristocrats against the middling men, of the rich against the poor; . . . that it was a struggle for the retention of power in the hands of the few against the many; and I found no conclusion to it, save in the subjugation of the few and the disenfranchisement of the many. I therefore felt no hesitation in taking the substance of the wealthy, who had caused the war, to feed the innocent poor, who had suffered by the war. . . . and so am quite content to incur the sneers of the salon, or the curses of the rich.

Butler thus maintained the posture of heroic class warrior to the bitter end of what one federal officer called his “reign as a Viceroy” over the Crescent City. But while it is interesting to note that Butler was on what most would regard as the “side of angels” throughout his long political career—emancipationist, women’s suffragist, anti-monopolist, and workingmen’s advocate—his attempt to appropriate the mantle of a

12, and 716–20. A State Department internal memorandum of May 30, 1862, noted that the British ambassador, Lord Lyons, had recently expressed his government’s view that “the capture of New Orleans, which was expected by Mr. Seward to be a relief in the relations between the United States and other countries, on the contrary was attended . . . by new causes of uneasiness” due to Butler’s administration of the city; *ibid.*, 130–31. The definitive incident among many, however, was Butler’s May seizure of funds that had been transferred by Forstall’s Citizen’s Bank to the Dutch consul at New Orleans, Amedie Couturie, who was also a liquor merchant in the city; see *ibid.*, 115–24, 132–42, 266–67, 488–91, and 497–505. For the European prominence of Hope & Co. of Amsterdam and Baring Brothers of London, as well as the decades-long connections of both banking houses to global mercantile operations centered on New Orleans, see Vincent Nolte, *The Memoirs of Vincent Nolte, or Fifty Years in Both Hemispheres* (1854; repr., New York, 1934), esp. chaps. 4, 11, and 15; Ralph W. Hidy, *The House of Baring in American Trade and Finance: English Merchant Bankers at Work, 1763–1861* (Cambridge, Mass., 1949), 330–37, 346–48, and 436–55; and Sidney Pollard, *European Economic Integration, 1815–1970* (London, 1974), 56.

modern-day Robin Hood for himself might have rung somewhat less hollow were it not for the myriad activities from which he and his brother Andrew profited handsomely during their stay in New Orleans. (Similarly, some historians have praised Butler for successfully cleaning up the city and finding gainful employment for thousands of workers, thereby giving the notoriously corrupt and filthy city “the most efficient municipal administration it had ever had,” but here one is perhaps also reminded of the remarkably prompt train schedules in pre-World War II Italy.)⁴⁷

His successor in New Orleans, General Nathaniel P. Banks, was among those who gave credence to the widely rumored deprivations that had occurred during Butler’s command. Writing to his wife within a month of his arrival, Banks reported that the residents of New Orleans “have been robbed” of their property under the previous authorities, and “not for the benefit of the government but for individual plunder.” Although Federal and private cotton speculations would increase markedly during his time in Louisiana, Banks himself successfully steered free from charges of personal gain, and he strongly deplored his predecessor for not having done so. “This State could have been made and ought now to be thoroughly for the Union & against the Confederate States,” he averred, but instead “they are terribly bitter against a govt that permits such things.” A city resident agreed with this assessment nearly simultaneously in her diary.

⁴⁷ “Farewell Address by General Butler,” December 24, 1862, in *Butler Correspondence*, II, 554–57 (quotations on p. 555); Edward Bacon, *Among the Cotton Thieves* (Detroit, 1867), 26 (“Viceroy”). Even the pro-emancipation novelist George Washington Cable, who was in New Orleans during the occupation, later wrote that “the popular idea that a sudden revolution in the sanitary affairs of the Creole city was effected by General B. F. Butler in 1862 is erroneous”; Cable, *The Creoles of Louisiana* (1884; repr., New York, 1970), 305–6 (quotation on p. 305). For favorable revisionist views of Butler’s administration in New Orleans, see Capers, *Occupied City*, 71–76 (quotation on p. 72); and Trefousse, *Ben Butler*, 118–21, 133–34. The sympathetic Trefousse admits that Butler’s reformist commitments were “frequently those of a self-seeking politician” and “demagogue”; *ibid.*, 256. In *Stormy Ben Butler* (New York, 1954), Robert S. Holzman approvingly cites estimates of the augmentation of Butler’s wealth from about \$150,000 before his stay in New Orleans to around \$3 million by 1868; cf. Trefousse’s mixed assessment in *Ben Butler*, 290 n.89.

Butler's unfortunate legacy to General Banks, she wrote, was a "sullen and dangerous hostility born of deep distrust and passionate alienation," because Butler had "abused the commerce of this city to his own profit," rather than using it to "foster and develop the great and permanent interests by which alone the loyalty of New Orleans could have been fortified and secured."⁴⁸

Although pro-Confederate sentiments were certainly already widespread in New Orleans, General Banks was right to recognize the lasting political ramifications of Butler's maladministration of the city. These consequences were nowhere more serious than with regard to Butler's relentless efforts to villify, penalize, and alienate the city's influential mercantile community, a group who had probably represented the best chance for regional support for restoration of the Union. In this sense, the Butler regime represented a lost opportunity to successfully launch federal reconstruction efforts in the South. Politically, a more sensible administrator than Butler would have couched subtle, prudent appeals to the conservative sensibilities of the business community, patiently cultivating private relationships with moderate elites even while publicly downplaying the necessity of suppressing more intransigent elements. Economically, he might have shrewdly enlisted the invisible hand of self-interest to federal advantage by encouraging a carefully supervised restoration of old trade patterns conducted under local auspices, allowing profits to accrue, as they had before, to both rural producers and their urban agents.

⁴⁸ Southwood, *Beauty and Booty*, 268; Nathaniel P. Banks to his wife, January 15, 1863, quoted in Ludwell H. Johnson, *Red River Campaign: Politics and Cotton in the Civil War* (1958; repr., Kent, Ohio, and London, 1993), 51. The U.S. naval commander David D. Porter, among many others, was similarly convinced of (and appalled by) Butler-sanctioned corruption in New Orleans; see Trefousse, *Ben Butler*, 123–24.

Of course, whether a more accomodationist approach would have yielded the desired results is impossible to tell. But the constructive point to be extracted from such a hypothetical “good faith” effort by Union authorities to solicit the support of the New Orleans business community during the occupation is not primarily counterfactual in nature. Instead, its value lies more in the stark contrast it provides to the punitive policies and hostile postures that were actually adopted during Butler’s eight-month tenure in New Orleans, which set the stage for what happened after he left. Butler did not leave behind a viable native Unionist movement in the city, in large part because he had pushed the most likely candidates to lead such a movement—the city’s merchant capitalists, with their long-standing ties to their northern counterparts—farther into the embrace of the most reactionary elements that the South had to offer. In economic terms, the situation Butler left behind was perhaps even worse. His stated desire to restore the city’s commodities trade, even under semi-compulsory martial auspices, was an utter failure, at least as measured by crop receipts at New Orleans during his tenure. His arbitrary confiscations and other policies unjustly deprived New Orleans merchants of their property and effectively helped delegitimize their ability to provide local political leadership. His enforced disruption of the business patterns long conducted by resident merchants, compounded by his attacks on the city’s banks, triggered a destructive process of commercial erosion in which the previously stable ties between countryside and city were replaced by a decentralized, undercapitalized, and thoroughly inadequate southern agricultural credit system—in essence, a “pawn-shop economy.”⁴⁹

⁴⁹ On the New South as a “pawn-shop economy,” see Peter A. Coclanis, “In Retrospect: Ransom and Sutch’s *One Kind of Freedom*,” *Reviews in American History* 28 (September 2000), 480–84. Butler himself later admitted (through his biographical mouthpiece, James Parton) that he was “baffled” by his inability to coax much cotton from the southern plantation interior, which is borne out by the statistics on crop receipts

If blame for all of this seems too much to foist off solely onto Benjamin F. Butler's hunched back, however small-minded and deeply flawed he may have been, then let us redistribute some of that responsibility onto the stooped shoulders of the indisputably more heroic man who appointed him. As president, Abraham Lincoln has usually been rightly admired for his keen ability to juggle the many competing egos and political factions in and around his uniquely beleaguered administration. It seems more than coincidental that he chose to bury not one but two of his most prominent potential challengers, both of them popular generals from the nation's most cotton-dependent manufacturing state, in distant New Orleans, which served as both proverbial cookie jar (for Butler) and hornet's nest (for Banks). In so doing, Lincoln once again demonstrated that his overwhelming priority was winning the war to restore the Union, and that he would eliminate by whatever means necessary any obstacles that might impede his ability to reach that goal. Recent scholarship often seems to assume that Reconstruction would have gone more smoothly had Lincoln remained in charge, and admittedly, things could hardly have turned out much worse than they did. (Or perhaps they could have, since Lincoln later approached Ben Butler about serving as his running mate in 1864.) But in the instance of Butler's appointment to New Orleans, Lincoln's judgment seems to have been highly questionable, both in its short- and long-term effects. Lincoln could scarcely have been unaware of the enormous prize that a potentially Unionist Crescent City would have represented for his long-term goal of reuniting the nation, yet his choice of the

at New Orleans in 1862. Products valued at \$51 million were received at New Orleans that year, down from \$155 million the previous season (despite the advent of the war). Furthermore, over 60 percent (\$31.7 million) of the 1862 receipts were sugar products, most of which had been confiscated or otherwise cajoled from planters in nearby parishes under Union control. Parton, *General Butler in New Orleans*, 109. The 1862 crop receipt totals are derived from *Appleton's Cyclopedia for 1862*, p. 229; and the 1861 figure from *Appleton's Cyclopedia for 1861*, p. 113.

contentious and self-serving Butler to administrate over New Orleans displayed greater concern with despatching a noisome political opponent than with finding the right man for the delicate, more important challenge that the occupied city represented for postwar federal policy toward a defeated South.

Chapter 7

New Orleans Merchants and the Political Economy of Reconstruction

In the summer of 1865 Whitelaw Reid, a journalist and aspiring Republican Party stalwart, was part of an entourage that accompanied his fellow Ohioan, U.S. Supreme Court Chief Justice Salmon P. Chase, on a whirlwind tour of the recently surrendered southern states. After their visit to Mobile, Alabama, which had suffered significant devastation under Union naval bombardment, the group then proceeded to New Orleans, where Reid found, to his evident surprise, that “the city itself showed no traces of war.” “Even the levee began to be crowded again,” he reported, “and business seemed quite as active as could be expected in June.” Although Reid had no previous point of reference for this belief (in fact, business still remained dull by comparison to prewar standards), he was well aware of the crucial role that the Crescent City had long played in the South, and he tried to convey this importance to his readers. “New Orleans,” he wrote,

is a town where half the inhabitants think of Paris as their home . . . [and] of the other half, the most are cotton factors or commercial men of some sort, with principles not infrequently on sale with their goods; that is, it is at once the most luxurious, the most unprincipled, the most extravagant, and, to many, the most fascinating city in the Union

“What Boston is to the North, Charleston and Mobile are, in a diminished sense, to the South,” Reid analogized, and “what New York is to the North, New Orleans is, in an exaggerated sense, to the South.”¹

In this same vein, Reid also compared the Crescent City with Mobile, which had held out against Union forces until nearly the end of the war. New Orleans, by contrast,

¹ Reid’s press dispatches from this journey (and a subsequent one later in 1865–66) were edited and published as Whitelaw Reid, *After the War: A Tour of the Southern States, 1865–1866* (1866; repr., New York, 1965); quotations on pp. 234–35.

“had been changing under the operation of Northern influences” because it had been occupied by “the national authorities” since 1862. Reid thus felt that the Crescent City now faced the postwar era not only in good physical condition but with a much-improved attitude among its citizenry too. “Mobile showed us the last of the old South,” the young journalist informed his readers, and “New Orleans the first of the new.”²

During the late nineteenth century, this idea of a new South—one more open to “Northern influences,” particularly in the commercial realm—would gain widespread popularity. Especially in the hands of later skilled propagandists like the Atlanta newspaper editor Henry C. Grady, the notion of a “New South” became the economic corollary to the sectional reconciliation heralded in the “Lost Cause” mythos, whereby the momentous differences that had prompted four years of bloody conflict were buried beneath an avalanche of upbeat rhetoric about a fratricidal “brothers’ war” now thankfully in the past. For many in both the North and the South, the development and circulation of such ideas certainly functioned as an effective means of putting the war behind them, as many later historians have shown. But as with all such belief systems, the gap between idea and reality was often enormous. In the instance of postbellum New Orleans, other visitors from the period painted a less sanguine portrait of affairs than did Reid, and events would quickly call into question his early estimate of the city’s present and future prospects. Far from epitomizing the rise of the New South, New Orleans during the Reconstruction era soon proved to be one of the foremost sites of revanchist sentiment and counterrevolutionary conflict in the reunited nation. Furthermore, the rapid downward trajectory of commercial fortunes in what Reid had rightly identified as the

² *Ibid.*, 227 (quotations).

premier metropolis of the Old South helps dispel myths about postbellum southern economic development that some scholars have occasionally been too prone to accept at face value.³

Although New Orleans had never reverted to Confederate control after its surrender in May 1862, the contentious eight-month tenure of Benjamin F. Butler over the occupied city had represented in many ways the continuation of the war by political fiat. Only with Butler's departure in late 1862 and the arrival of General Nathaniel P. Banks to replace him did the process of federal reconstruction in New Orleans and its surrounding parishes begin in earnest. From the outset of Banks's administration, which lasted in one form or another for the duration of the national conflict, greater efforts were made to secure the cooperation of city residents still sympathetic to the Confederacy, and most of all, to cultivate, encourage, and organize local citizens who were loyal to the federal government. For the remainder of the war, under the often-close supervising gaze of President Lincoln and his cabinet (especially the ambitious Salmon P. Chase, then still serving as Secretary of the Treasury), New Orleans and its environs became a working laboratory for policies that sought to reintegrate the seceded states into the Union.⁴

As would be true for the entire Reconstruction era throughout the defeated South, the major emphasis in such federal efforts was necessarily always political. In a nutshell, the problem was how to find a balance between a resumption of southern "home rule" with the need for these local administrative units and their leadership to acknowledge

³ On the New South ideology see Paul M. Gaston, *The New South Creed: A Study in Southern Mythmaking* (Baton Rouge, 1970); on the Lost Cause see Gaines M. Foster, *Ghosts of the Confederacy: Defeat, the Lost Cause, and the Emergence of the New South* (New York, 1987).

⁴ Peyton McCrary, *Abraham Lincoln and Reconstruction: The Louisiana Experiment* (Princeton, N.J., 1978); James G. Hollandsworth Jr., *Pretense of Glory: The Life of Nathaniel P. Banks* (Baton Rouge, 1998), chaps. 7–15.

henceforth the inviolability, legitimacy, and ultimate authority of the national government based in Washington, D.C. However, solving this political equation proved enormously difficult. It was complicated by deep divisions within the victorious federal government itself as to the appropriate process for readmitting southern citizens and their states to full participation in the Union. These differences over Reconstruction policies soon ossified into bitter factionalism between “Radicals” and moderates, which became especially apparent after Lincoln’s assassination in April 1865 and the accession of the divisive and incompetent southern Democrat Andrew Johnson to the presidency. Furthermore, the process of Reconstruction was also thwarted by the unsurprising tenacity of pro-Confederate sentiment in the postwar South, which fueled political resistance to federal authority in forms that varied widely from state to state.⁵

With increasingly byzantine and highly fractious politics thus driving the events of the period, economic considerations may seem to have taken a backseat during these tumultuous years. But such factors were never far below the surface, and in fact, their complex interaction with the organization and administration of government at all levels lends special force to the term *political economy* during the Reconstruction era. This is most obvious with regard to the demise of slavery, which had been the dominant economic mode of production in the antebellum South. Beginning with the abolitionist movements of the 1830s and continuing through the furious disputes over its westward extension during the 1850s, the South’s “peculiar [economic] institution” had gradually

⁵ The standard modern treatment of the period is Eric Foner, *Reconstruction: America’s Unfinished Revolution, 1863–1877* (New York, 1988). Also still valuable are John Hope Franklin, *Reconstruction after the Civil War* (Chicago and London, 1961); and W. R. Brock, *An American Crisis: Congress and Reconstruction, 1865–1867* (New York, 1963). State-by-state reviews of the Reconstruction-era South can be found in W. E. B. Du Bois, *Black Reconstruction in America, 1860–1880* (1935; repr., New York, 1992); and Otto H. Olsen, ed., *Reconstruction and Redemption in the South* (Baton Rouge, 1980).

evolved into the defining political issue of the still-young nation, and the inability to find a satisfactory resolution to its continued status within the existing federal framework had ultimately prompted secession and civil war. The advent of Reconstruction only put a different spin on what had now become essentially political questions surrounding the black bondspeople of the South. General Banks was still unpacking his bags in the Crescent City in January 1863 when the cautious provisos of Abraham Lincoln's Emancipation Proclamation served notice that the southern labor system and blacks' role within it were likely to remain highly politicized issues for years to come. Indeed, this remained the case long after the Union military victory and the Thirteenth Amendment (1865) seemed to make the abolition of slavery a *fait accompli*. As many recent scholars have shown, the meanings of emancipation were hotly contested on many fronts during and after Reconstruction, but freedpeoples' citizenship rights, particularly with regard to the suffrage, probably drew the most sustained attention from contemporaries. However, as both the southern "Black Codes" of 1865–66 and the short-lived federal Freedmen's Bureau demonstrated, the juridical negation of slavery had also not sufficed to create a stable consensus concerning southern blacks' crucial new role as "free labor," which was itself fundamentally a problem of political economy.⁶

In New Orleans, the Old South's uniquely important commercial metropolis, these and other struggles over the political economy of Reconstruction were played out against a highly unique social backdrop. Beginning during General Butler's tenure, a large influx of refugees from the plantation districts (known as "contrabands") had

⁶ On the contested meanings of emancipation and free labor, see Foner, *Reconstruction*, chap. 3. Recent scholarship has emphasized the active role of blacks themselves in negotiating and shaping the terms of their newly won freedoms; see, for example, Steven Hahn, *A Nation Under Their Feet: Black Political Struggles in the Rural South from Slavery to the Great Migration* (Cambridge, Mass., 2003).

swelled the numbers of blacks in the city, which was already the prewar home to the largest community of free blacks in the South. The ex-slaves' presence ratcheted up tensions in the city's volatile ethnocultural mix, especially after large numbers of disgruntled working-class whites began straggling back from Confederate military service. Of course, the continuing Union military presence in New Orleans was another thorn in the side of these CSA veterans, who were particularly incensed by members of the U.S. Colored Troops (USCT). With electoral franchisement soon becoming the central issue in state and municipal politics (whether through its denial to former Confederate loyalists or its extension to ex-slaves), these veterans were to play an enormous role in Crescent City affairs during Reconstruction. A pattern of "mob rule" that had first been established during the 1850s was further heightened as politics in New Orleans came to be characterized by well-armed factions, and their propensity to devolve into racial violence prompted national attention on two occasions, the riot of late July 1866 and the so-called Battle of Liberty Place in 1874.

Although many city businessmen offered financial or other support for one faction or another, for the most part, the unfolding political economy of Reconstruction exposed how New Orleans merchants had emerged from the Civil War as a greatly weakened community. The sanctioning of interbelligerent trade by Treasury Secretary Chase first encouraged large numbers of northern cotton speculators to swarm into the occupied city during the Banks regime, and though some resident merchants sought to collaborate with federal authorities in reestablishing commerce with the southern countryside, this widely condemned cross-lines commerce helped entrench a culture of corruption centered around the city's federal Custom-house that favored Union loyalists,

particularly ones who supported the Republican Party. In this respect, however, New Orleans merchants were reaping bitter oats that they had long helped to sow with their own highly personalist, socially exclusionary style of “gentlemanly capitalism” before the war. Similarly, merchants’ increasingly aloof attitudes toward politics on the local, state, and national levels during the late antebellum era left them ill-prepared to assume a potentially moderating leadership role during Reconstruction, and most could only watch helplessly as endemic violence and cronyism cemented the city’s international reputation as a banana republic.

Although the notion of political economy is particularly apt for postwar New Orleans, this chapter will focus mainly on the political side of that equation. But just as crucial to New Orleans’s rapidly declining postwar fortunes were a variety of interconnected economic changes during the period, such as the pronounced regional capital shortage, which was reflected in the failure of the city’s banking sector to recover its prewar strength. Although some of these trends had their origins during the antebellum period, the city’s commercial shortcomings were greatly exacerbated in the wake of the Civil War. New Orleans merchants continued to rely on the river to deliver agricultural commodities to their doorsteps, even as their market share of that trade plummeted in the face of competition from more aggressive cities located around the perimeter of their former plantation hinterlands. A closely associated structural economic development was the shift of cotton marketing and its credit-provisioning functions into the hands of the rural and small-town merchants of the interior. Although the shortage of capital reinforced this trend, this development was mainly a direct consequence of the dispersal of plantation agricultural production into small farming units after emancipation. As a

result, the New Orleans–based factorage system that had previously anchored southern merchant capitalism was effectively destroyed in the decades following the Civil War.

Some of these economic developments will be discussed in the chapters that follow this one. Taken together, however, they all seek to demonstrate how the Crescent City quickly found itself demoted to a secondary and highly dependent role in the American urban system after the Civil War. Indeed, many roots of the city’s long-term impoverishment (and the state’s as well) can be found amidst the drift and chaos of the Reconstruction era. In the case of New Orleans, not until the late twentieth-century shift of industrial capital from urban centers in the “Rust Belt” can a comparably rapid demise of a formerly prosperous first-rank U.S. city be found. The “New South” confidently asserted by Whitelaw Reid during his visit immediately after the war proved especially chimerical in New Orleans, whose merchant community was never able to regain its former importance to the U.S. and global economies.

Like Benjamin F. Butler, Nathaniel P. Banks was a “political general” from Massachusetts, a state whose textile manufacturing sector was highly dependent on the flow of the raw material that made it possible, southern cotton. Also like Butler, Banks’s presidential ambitions were not much of a secret, which probably had something to do with Abraham Lincoln’s decision to place him in charge of the distant southern city after Butler’s controversial command proved no longer diplomatically tenable. From the beginning of his tenure in New Orleans, however, General Banks exhibited a sharply different style of governing the occupied city, which was noted by local observers on both sides of the national conflict soon after his arrival in December 1862. George S.

Denison, a U.S. revenue collector in New Orleans, informed his patron, Treasury Secretary Salmon P. Chase, on December 17 that public sentiment toward Banks's assumption of command was initially "one of satisfaction," particularly since the "extensive commercial proceedings which were tolerated (to say the least)" by Butler had "created a general disgust" with his administration. A few days later, Confederate partisan Julia LeGrand noted in her diary that the new commander "has so far commanded the respect of his enemies." Unlike Butler, she wrote, Banks did not seem to act as if "every rich man is his especial foe, to be robbed for his benefit." Attempts to solicit the cooperation, if not the active support, of the remaining residents from New Orleans's old social elite would be an ongoing hallmark of Banks's administration. As one member of his staff later memorably put it, "[S]ince Butler had stroked the cat from the tail to head, and found her full of yawl and scratch, [Banks] was determined to stroke her from head to tail, and see if she would hide her claws, and commence to purr."⁷

Banks, however, usually left most of the day-to-day details of administrating the city to his subordinate officers. George Denison noted this tendency early on, reporting to Chase that the general "seems disposed to occupy himself more with military and less with political and commercial affairs than General Butler did." Banks was especially eager to establish his reputation on the field of battle, and thus he spent much of 1863 and 1864 conducting unimpressive yet destructive campaigns throughout the Louisiana interior. Only gradually did Banks seem to realize that he might also be able to earn political capital by managing the formation of a new state government, especially if he

⁷ George H. Hepworth, *The Whip, Hoe, and Sword; or, The Gulf-department in '63* (Boston, 1864), 27–28; Diary entry, December 20, 1862, in Kate Mason Rowland and Mrs. Morris L. Croxall, eds., *The Journal of Julia LeGrand: New Orleans, 1862–1863* (Richmond, Va., 1911), 55–56; George S. Denison to Salmon P. Chase, December 17, 1862, in *Annual Report of the American Historical Association for the Year 1902* (2 vols., Washington, D.C., 1903), II, 340 (hereinafter cited as *Chase Correspondence*).

could also pack it with men favorable to his wider ambitions. But such self-interested meddling by Banks and others (for example, Chase loyalists like Denison), as well as Lincoln's own occasional interference, provoked bitter factionalism among the tiny pro-Unionist movement in the city from the outset, all of which further complicated the already difficult process of political Reconstruction in Louisiana for years to come.⁸

As Denison also noted, General Banks evinced almost no interest in commercial affairs, and this remained the case throughout his stay. He was appalled by the evidence of "individual plunder" during Butler's administration, which he believed had left the local population "terribly bitter." However, he did elect to sustain Butler's cotton tax on mercantile firms in both 1863 and 1864, and perhaps more notably, he also continued to harass the New Orleans banks as had his predecessor. But for the most part, Banks allowed most such matters that routinely fell within his authority, such as the issuance of trade passes, to devolve onto his officers' discretion, and he effectively ceded policy-making in the commercial realm to Secretary Chase and his minions in the city.⁹

From the outset of the war, federal policies toward interbelligerent trade were characterized by a high degree of vacillation. Initially fearful of alienating border states like Kentucky and Missouri that he was desperate to keep in the Union, President Lincoln had waited until the late summer of 1861 before prohibiting all further commercial

⁸ Ted Tunnell, *Crucible of Reconstruction: War, Radicalism, and Race in Louisiana, 1862-1877* (Baton Rouge and London, 1984), 29, 43; Jefferson Davis Bragg, *Louisiana in the Confederacy* (1941; repr., Baton Rouge, 1997), 148-52; see also Ludwell H. Johnson, *Red River Campaign: Politics and Cotton in the Civil War* (1958; repr., Kent, Ohio, and London, 1993). Denison to Chase, January 2, 1863, in *Chase Correspondence*, II, 344.

⁹ Gerald M. Capers, *Occupied City: New Orleans under the Federals, 1861-1865* (Lexington, Ky., 1965), 158-60; Special Orders No. 202, August 17, 1863, signed original in Box 7, Folder 20, Kuntz Collection (Ms 600; Howard-Tilton Memorial Library, Tulane University; hereinafter cited as HTML-Tulane); Elisabeth Joan Doyle, "Civilian Life in Occupied New Orleans, 1862-65" (Ph.D. diss., Louisiana State University, 1955), 153-54; Banks to his wife, January 15, 1863, as cited in Johnson, *Red River Campaign*, 51 (quotations).

intercourse with the seceded states. But almost as soon as this policy was announced, exceptions to it became the rule. For one thing, at the ground level, the supplies available through cross-lines trading were frequently a matter of survival for non-combatants in isolated communities affected by the war. But more importantly, high-ranking federal cabinet officials, especially Secretary of State William H. Seward and Treasury Secretary Chase, found themselves under intense pressure from manufacturing interests both at home and abroad to secure supplies of southern cotton, and they sought to shape military priorities accordingly. The occupation of New Orleans, for example, had been welcomed by Seward as a means of liberating the staple from Confederate control, but General Butler had produced disappointing results in this regard, despite the notorious speculations of his brother Andrew, who had accompanied him to the city. For his part, Secretary Chase was increasingly keen to renew the flow of cotton because of the customs revenues it could generate for federal coffers, and in coordination with his field agents and less-than-enthusiastic War Department officials, he instituted a complex system of permits that sanctioned and promoted interbelligerent trading.¹⁰

After General Banks's arrival in New Orleans, efforts to obtain cotton from the surrounding hinterlands became considerably more intense among government officials—both military and non-military—and private interests. As for the latter group, the ships carrying Banks's expeditionary force had actually been financed by New York-based capitalists, and unbeknownst to the general, a bevy of northern cotton speculators (who thought they were headed to Texas, not New Orleans) had been tightly packed in

¹⁰ E. Merton Coulter, "Commercial Intercourse with the Confederacy in the Mississippi Valley, 1861–1865," *Mississippi Valley Historical Review* 5 (March 1919), 378–80; [Appleton's] *American Annual Cyclopaedia and Register of Important Events of the Year 1862* (New York, 1865), 227–28, 387–88; Coulter, "The Effects of Secession Upon the Commerce of the Mississippi Valley," *Mississippi Valley Historical Review* 3 (December 1916), 289–90.

alongside his troops during the journey southward. George Denison was led to complain to Chase in February that “a host of speculators, Jews, and camp-followers came hither in the wake of Banks’s expedition” and that “every steamer brings an addition to the number.” Denison was particularly incensed by the activities of Dr. Isachar Zacharie, a New York cotton merchant who enjoyed connections with both President Lincoln and General Banks, and whose brother James ran a commission firm in the city. When Banks began making military incursions deep into the Louisiana countryside during the spring of 1863, many of these speculators tagged along behind his forces. At first, city business remained stagnant, with one local newspaper reporting in April on the “dull and cheerless aspect” of the commercial district, where “the great staple cotton may be deemed as an obsolete question at this time.” But General Banks’s forays into the interior promised some improvement in these conditions, and in an April 25 letter from New Orleans, Dr. Zacharie thus informed Lincoln that he expected Louisiana’s plantation regions would soon “again [be] opened to the commercial world.”¹¹

Signs of revival in New Orleans commerce became more apparent later that year, particularly in the aftermath of Union military victories on the lower Mississippi River. Banks’s forces engaged in a lengthy siege of Confederate fortifications at Port Hudson above Baton Rouge beginning in the late spring of 1863, which finally fell in July only after General Ulysses S. Grant had skillfully managed the capture of Vicksburg less than 200 miles upriver, thereby depriving the frustrated Banks of the military credit he so desperately sought. Regardless, with the great interior highway of commerce now

¹¹ Isachar Zacharie to Abraham Lincoln, April 25, 1863, in the Abraham Lincoln Papers, Library of Congress (available online at <http://lcweb2.loc.gov/ammem/alhtml/malhome.html>); “Things in General,” *New Orleans Daily Picayune*, April 19, 1863; Denison to Chase, February 1, 5, and 12, 1863, in *Chase Correspondence*, II, 353, 355, 359–60 (quotations on p. 359); Johnson, *Red River Campaign*, 24–28.

entirely secured under Union control, Banks issued an order in early September declaring the river trade between New Orleans and the upper Mississippi, Ohio, and Missouri Valleys now “free of any military restrictions whatsoever.” Beginning during the fall of 1863, steamboat traffic between New Orleans and St. Louis was restored, and increased receipts on the city’s long-dormant and poorly maintained levees and wharves, according to Denison’s optimistic reports, now began to give the city “somewhat the appearance of former times.”¹²

Some historians have agreed with Denison and emphasized the Crescent City’s economic recovery after the reopening of the river in 1863. But although trade in New Orleans did improve from mid-1863 through the end of the war, especially when compared with the almost-total standstill over the previous two years, the city still had to recoup an enormous amount of lost ground in order to nearly approximate its prewar commercial vigor. In terms of total value (Figure 7.1), much of the 1863–65 revival was a result of wartime inflation, especially in the price of cotton (which will be further discussed below). Furthermore, the city’s import sector probably also benefited during these years from the need to transport most civilian goods inland via the river, since the northern and western rail systems were temporarily devoted to mostly military purposes. However, in terms of physical bulk, commercial statistics clearly reveal that receipts of products from the interior continued to lag far below antebellum levels through the end of the war (Figure 7.2). Western foodstuffs, especially flour, made the best recovery, but corn and pork receipts were still but a fraction of their prewar totals by 1865. The comparative decline in New Orleans’s receipts of cotton, sugar, and tobacco—the chief

¹² Denison to Chase, October 23, 1863, in *Chase Correspondence*, II, 412; Coulter, “Commercial Intercourse,” 384 n.22 (quotation); Hollandsworth, *Pretense of Glory*, 120–33.

staple crops of regional agriculture, which had long been the city's lifeblood—was even more pronounced and illustrated the war's disastrous economic effects on the South.¹³

FIGURE 7.1: *Value of Products Received at New Orleans, 1860–1865*

CROP YEAR	VALUE OF PRODUCTS
1860–61	\$155,863,564
1861–62	\$51,510,940
1862–63	\$29,766,454
1863–64	\$79,233,985
1864–65	\$111,013,293

SOURCE: *De Bow's Review*, 2d Series, Vol. I (January 1866), 49.

FIGURE 7.2: *Receipts of Selected Interior Products at New Orleans, 1860–1865*

CROP YEAR	CORN	COTTON	FLOUR	PORK	SUGAR	TOBACCO
1860–61	3,388,011	1,849,312	1,009,201	213,988	174,637	34,892
1861–62	315,652	38,880	281,645	11,452	225,356	1,063
1862–63	165,220	22,078	264,601	50,327	85,531	155
1863–64	410,138	131,044	399,897	67,022	75,153	1,363
1864–65	553,273	271,015	790,824	41,705	9,345	2,410

SOURCE: *De Bow's Review*, 2d Series, Vol. I (February 1866), 202–3. Products are measured as follows: Corn—sacks; cotton—bales; flour and pork—barrels; sugar and tobacco—hogsheads.

Even to the extent that commerce in the lower Mississippi Valley recovered somewhat during the final years of the war, the political economy of this “revival” carried with it a number of deleterious consequences for New Orleans and its hinterlands. Just as most of the white population of New Orleans continued to be excluded from the incipient political process of Reconstruction due to their former or ongoing Confederate allegiances, the Crescent City's merchants usually found themselves frozen out of the

¹³ Commercial statistics for New Orleans before, during, and immediately after the Civil War can be found in *De Bow's Review*, 2d ser., 1 (January 1866), 49; *ibid.* (February 1866), 202–3; and *De Bow's Review*, 2d ser., 2 (November 1866), 413–20. The city's “economic revival” during 1863–65 is emphasized by Capers, *Occupied City*, 152–53 (quotation on p. 152); see also Roger W. Shugg, *Origins of Class Struggle in Louisiana* (1939; repr., Baton Rouge, 1968), 188–89.

nascent commercial revival for similar reasons. Under the complicated permit system being run under the overlapping auspices of the Treasury and War Departments, licenses to do business across Union lines were generally reserved for the unimpeachably loyal, both past and present, and these were conditions that relatively few longtime resident merchants could meet. "There is no chance for a man here now unless he is identified with the Yankees and Bostonians," grumbled one local businessman in 1863. Moreover, when permits did become available, they were often granted only after negotiating a bureaucratic maze that also frequently involved the paying of bribes, sometimes to multiple officials.¹⁴

By vastly increasing the opportunities for official pettifoggery at all points and levels, the confusing welter of regulations and taxes imposed on cross-lines trading helped entrench a culture of corruption, especially centering on the federal Custom-house, that would plague business in New Orleans for many years to come. Even though General Banks had condemned the high-level "plunder" that had occurred under his predecessor and would himself manage to stay surprisingly free of any taint of impropriety during his administration, his "hands-off" approach to commercial matters thus encouraged a diffusion of corruption throughout the Gulf Department that was, if anything, more serious than that during the Butler regime. Nor were these endemic problems mere grouching by disgruntled Confederate sympathizers; in fact, some of the most eloquent and detailed testimony as to their existence emanated from pro-Union sources. George Denison, who would himself later stand accused of extorting bribes,

¹⁴ Coultter, "Commercial Intercourse," 382–84, 390–93; Thomas H. Shields to Arthur W. Hyatt, August 15, 1863, quoted in Elisabeth Joan Doyle, "Greenbacks, Car Tickets, and the Pot of Gold: The Effects of Wartime Occupation on the Business Life of New Orleans, 1861–1865," *Civil War History* 5 (December 1959), 352.

complained to Secretary Chase as early as March 1863 that “there is a great deal more corruption here now than ever under Butler” The following year Cuthbert Bullitt, a local Union loyalist who had been appointed U.S. customs collector, reported to President Lincoln that the “commercial condition of this department” demands “the most rigid & immediate action . . . to put an end to the gross system of swindling & favoritism going on here, by unprincipled agents.”¹⁵

Many high-ranking Union military officers, such as Admiral David D. Porter, were even more outspoken about the demoralizing and disruptive effects of cross-lines trading as it occurred throughout the lower Mississippi Valley during the final years of the war. General Banks’s ill-fated Red River campaign of 1864, which probably put the nail in the coffin of his presidential ambitions, was especially marked by the prevalence of cotton-mad “camp-followers.” The same mania spread among his troops as well, much to the detriment of discipline, which later led Admiral Porter to publicly declare, “Cotton killed that expedition, in my opinion.” But interbelligerent commerce also had severe demoralizing consequences among the southern civilian population in the countryside. It tended to fan the flames of anti-mercantile sentiment, both against New Orleans merchant capitalists and against sharp Yankee tradesmen, many of whom later settled into the region as landowners and storekeepers. Furthermore, it fueled anger and resentment not only toward Federal soldiers and officials, but also toward Confederate authorities who encouraged trading with the enemy and thereby tacitly admitted their own inability to

¹⁵ Cuthbert Bullitt to Abraham Lincoln, April 29, 1864, in Lincoln Papers, Library of Congress; Denison to Chase, March 29, 1863, in *Chase Correspondence*, II, 373–74. For the accusations of corruption against Denison, see the testimony of New Orleans commission merchant George F. Brott in “Report of the Special Commission,” September 23, 1865, Old Army Records (RG-94) Vol. 737, p. 59 (microfilm, National Archives; hereinafter cited as Smith-Brady Report). This report also catalogues a wide variety of other instances of wartime corruption in the New Orleans–based Gulf Department, as does the *Report of the Joint Committee on the Conduct of the War*, 38 Cong., 2 Sess. (3 vols., Washington, D.C., 1865), esp. Vol. II (“The Red River Expedition”) and Vol. III, pp. 26–44.

provision the citizenry. Although the deeply cynical attitudes toward government that would flourish among rural white southerners during and after Reconstruction were harvested on the field of politics, such feelings may have first taken root in the murky moral thickets of interbelligerent trading during the war's closing years.¹⁶

The wartime scramble for cotton in the lower Mississippi Valley, deplored by so many contemporary observers, was akin to another "gold rush," a frenzy that was provoked by several years of radically higher prices for the staple crop (Figure 7.3).

FIGURE 7.3: *Cotton Prices and New Orleans Receipts, 1860–1865*

CROP YEAR	PRICE PER LB. (CENTS)	PRICE PER BALE (DOLLARS)	NEW ORLEANS RECEIPTS (BALES)	TOTAL VALUE (DOLLARS)
1860–61	.11	\$50.00	1,849,312	\$92,465,600
1861–62	.10	\$45.50	38,880	\$1,769,040
1862–63	.56	\$231.32	22,078	\$15,107,082
1863–64	.85	\$356.20	131,044	\$46,677,872
1864–65	.69	\$270.54	271,015	\$73,326,398

SOURCE: *De Bow's Review*, 2d Series, I (February 1866), 202–3; *De Bow's Review*, 2d Series, II (November 1866), 415. Minor discrepancies, probably attributable to typographical errors, have been corrected by comparing and extrapolating from the figures compiled in these issues.

With a single bale of cotton now typically worth more than many men had previously earned in a year (the monthly salary for enlisted Union troops was only sixteen dollars at war's end), it is perhaps less surprising that so many northerners, civilian and military alike, were able to overcome whatever scruples they may have had about how damaging their self-interested behavior was to the ongoing war effort.

¹⁶ Lawrence N. Powell and Michael S. Wayne, "Self-Interest and the Decline of Confederate Nationalism," in *The Old South in the Crucible of War*, eds. Harry P. Owens and James J. Cooke (Jackson, Miss., 1983), 39–43; Samuel C. Hyde Jr., *Pistols and Politics: The Dilemma of Democracy in Louisiana's Florida Parishes, 1810–1899* (Baton Rouge, 1996), 125; see also Bragg, *Louisiana in the Confederacy*, 260–61; and David G. Surdam, *Northern Naval Superiority and the Economics of the Civil War* (Columbia, S.C., 2001), 182–86. Johnson, *Red River Campaign*, 71–78, 250–54, 285–88 (Admiral Porter quote on p. 285); Coulter, "Commercial Intercourse," 389–93.

Apart from the various effects of wartime trading on troops and civilians, the sharp upward spike in cotton prices during the Civil War had several long-term economic consequences as well. For example, historian Sven Beckert has recently argued that this period of inordinately high market prices aided agricultural producers in other countries like India and Egypt to overcome their competitive disadvantages with regard to cheaper, slave-produced cotton from the U.S. South. The increasing supplies of cotton from such new sources helped break the long-standing southern monopoly on the staple, and they also later contributed to keeping the price of cotton well below previous median levels in global commodities markets during the closing decades of the nineteenth century.¹⁷

The wartime cotton trade in the lower Mississippi Valley also established or reinforced more immediate patterns that would have crucial lasting consequences for New Orleans-based commerce during and after Reconstruction. Although the combined value of cotton receipts at New Orleans in 1864–65 represented over three-quarters of the value of the last prewar crop year, this amount reflected actual physical receipts that were barely 15 percent of the 1860–61 total (Figure 7.3). Furthermore, most of the profits from these cotton sales went either into federal government coffers or into the pockets of northern speculators; the old resident merchant community of New Orleans, as previously noted, was largely frozen out of this lucrative wartime trade. Even more important, though, the amount of cotton exported under federal auspices during the war totaled only 444,095 bales. Of this “legal” cotton, 310,931 bales were shipped out via the occupied port of New Orleans, a total that seemed to maintain the city’s proportionally dominant share of total southern cotton exports from the late antebellum era (see Figure 2.1 in

¹⁷ Sven Beckert, “Emancipation and Empire: Reconstructing the Worldwide Web of Cotton Production in the Age of the American Civil War,” *American Historical Review* 109 (December 2004), 1405–38.

Chapter 2). However, according to the best recent estimates, the amount of southern cotton shipped to northern and foreign markets illegally (which is to say, smuggled) during the war was far greater than this: between 1 to 1.5 million bales, or at least double the amount that was exported with official permission. Needless to say, very little of this smuggled and highly valuable cotton left through the tightly controlled federal port of New Orleans; most of it is believed to have been moved to northeastern markets, especially in New York and Boston, along interior land and lake routes.¹⁸

In this sense, then, the sharp reduction in physical receipts of cotton at New Orleans from 1861–65 also reflected two other closely related trends that interbelligent commerce during the Civil War helped accelerate: the marketing of cotton in interior urban markets and its more direct transportation to end-users via overland routes rather than circuitous river and coastal ones. The isolation of New Orleans on the coastal periphery of the South now made previously cumbersome overland routes more cost-efficient, as did the additional expenses entailed in dealing with Federal authorities, from excise and customs taxes to bribery. In a fall 1863 letter to Secretary Chase, George Denison predicted that such disadvantages were likely to prompt the shift of the cotton trade to interior cities like Memphis, and he was right. As historian E. Merton Coulter later noted, Memphis became “the center of a truly gigantic traffic directly with the Confederacy” during the latter years of the war, and contemporary observers also reported on the similarly rapid growth of northern-backed commission houses in interior

¹⁸ David G. Surdam has recently performed extensive economic analysis of the wartime cotton trade, from which the data in the text is drawn; see Surdam, *Northern Naval Superiority*, 154–60. His conclusions about the size of the “illegal” cotton trade are roughly the same as those in Stanley Lebergott, “Through the Blockade: The Profitability and Extent of Cotton Smuggling, 1861–1865,” *Journal of Economic History* 41 (December 1981), 867–88; but see also Thomas H. O’Connor, “Lincoln and the Cotton Trade,” *Civil War History* 7 (March 1961), 32.

towns like Vicksburg and Natchez. Border cities like Louisville and St. Louis became increasingly involved with the southern cotton trade toward the end of the war as well.¹⁹

Merchants in all of these cities sought to boost their fortunes by end-running the old river-to-coastwise routes that had long directed so much commercial traffic southward to the Crescent City. During the war, New Orleans only added further disadvantages to the already-long antebellum list of institutional and infrastructural shortcomings for which it was widely known, and its expensive port facilities proved to be a point of last resort for cross-lines trading in cotton, particularly for those who sought to do so without federal sanction. Ironically, then, the very "legality" of New Orleans-based commerce during the occupation years tended to suppress its current and future economic prospects, as did its island-like location near the Gulf Coast. Because the process of federal Reconstruction had begun three years earlier in the Crescent City than it did in most of the South, its merchants had only received a head start toward losing their formerly dominant market share of the regional cotton trade. As will be discussed, the strengthening of the interior southern railroad network during the 1870s, among other factors, gave further impetus to commercial trends that bypassed New Orleans.

Upon the end of the war in April 1865, however, many of these trends were still not immediately apparent. At first, New Orleans continued to act as a magnet for hundreds of men on the make, northerners and southerners alike. In particular, veterans of both armies flocked into the city to seek their postwar fortunes. Charles Winder Squires, for example, had served as a young colonel in Louisiana's Washington Artillery, and he later remembered the situation at war's end:

¹⁹ Reid, *After the War*, 481; *Report of the Joint Committee on the Conduct of the War*, III, 26-44; Coulter, "Commercial Intercourse," 386; Surdam, *Northern Naval Superiority*, 190-91; Denison to Chase, September 12, 1863, in *Chase Correspondence*, II, 404.

The war was over and, like myself, many of my soldier friends were in New Orleans. The issue of the hour was the Almighty Dollar. The question with all of us then . . . was, How to get it? Nearly twenty-three years old and my occupation gone. What was I to do?

Squires was soon introduced to an old resident merchant, William Witherell, who dispatched the young ex-officer to Shreveport with \$10,000 in gold and instructions to buy up all the cotton he could lay his hands on. On the Union side, Bruno Trombly, a former peddler from Clinton County, New York, who had served as a lieutenant in the 20th U.S. Colored Troops Regiment in Louisiana, initially sought to establish a store in rural Pointe Coupee Parish northwest of Baton Rouge at the conclusion of the war. By January 1866, however, Trombly was forced to admit that his "first trial in business has been a total failure," and so he made his way down to New Orleans to begin anew.²⁰

Merchants in New Orleans, whether northern arrivistes or long-time residents, moved quickly to reestablish relationships with the southern countryside immediately after the war. Some of them, like William Witherell, had obviously managed to sock away considerable capital during the occupation years, and such men now wasted little time attempting to secure a share of the cotton widely rumored to be stashed throughout the former plantation regions. Although the full extent of these cotton reserves soon proved to be considerably lower than most had expected, interior river towns were thronged with buyers and sellers hoping to take advantage of still-high cotton prices. Serving as Witherell's agent in northwestern Louisiana in the summer of 1865, Charles Squires described how "from all the country round wagons loaded with the staple were

²⁰ Diary entry, January 14, 1866, in Bruno Trombly Diary and Papers (Mss 4033-Z, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill; hereinafter cited as SHC); Autobiographical manuscript of Charles Winder Squires (3 vols.), III, 11-12, in W. H. T. Squires Papers (Mss 1644-Z, SHC). The postwar experiences of ex-Union soldiers and other northerners in the Mississippi Valley are also described in Lawrence N. Powell, *New Masters: Northern Planters during the Civil War and Reconstruction* (New Haven, Conn., and London, 1980).

daily driven into Shreveport.” “The buyers would jump on the bales as the wagons stood in the mud and make their bids,” he recalled. But some planters still reflexively reached out to their former New Orleans factors to exchange their long-hoarded cotton. “So wedded are most of the old residents to their old ways of doing business,” reported Whitelaw Reid from Mississippi’s river districts in January 1866, “that they see all these supplies steadily carried past their doors . . . but wait until they reach New Orleans, pass through the hands of their old commission merchant, and thus return with double freights and double commissions, to be landed at the very places they passed the week before.”²¹

It was a familiar pattern, and perhaps even a depressing one to observers like Reid. But changes were in the wind, and many of them centered around the rural and small-town stores of the interior. Again, Squires reported from Shreveport that “all of the dry-goods, groceries, hardware, saddlery, & c. had been used up” during the war, and what remained of many inventories had been plundered in a spate of store looting that occurred throughout Louisiana during the closing months of the conflict. After greater order prevailed, many country store owners sought to replenish their stocks as quickly as possible by ordering goods from New Orleans. One rural citizen later recounted “how new arrival after new arrival was greedily absorbed” when local stores began reopening with their shelves freshly stocked during the summer of 1865, and according to a Crescent City newspaper report, the surge of purchases by country merchants prompted

²¹ Reid, *After the War*, 475; Squires autobiography, III, 13–14. For an overly sanguine estimate that 4 million bales of cotton remained “hidden in remote places or buried in underground caches throughout the South,” see “Commercial Chronicle and Review,” *Hunt’s Merchants’ Magazine* 53 (September 1865), 225.

“unprecedented activity [in] most branches of our wholesale trade” during the year after the war’s conclusion.²²

The winds of change also carried storm clouds, however, many of which bode ill for New Orleans’s commercial prospects. (Indeed, inordinately bad weather would itself contribute to low crop output during the first full growing season after the war.) Although cotton prices remained high by prewar standards in 1865–66, when they averaged just over thirty-nine cents per pound, this still represented a steep drop from the previous two years, during which market prices for the staple had already fallen from eighty-five to sixty-nine cents per pound. One plantation diarist wrote that her family initially “had little trouble getting advances in New Orleans to plant” while “cotton [was] so high,” but as prices began creeping inexorably downward to reflect peacetime conditions, such easy credit from Crescent City merchants quickly became much harder to obtain. Complaining about this lack of financial support in a January 1866 letter to the New Orleans *Daily Crescent*, an Arkansas planter sternly admonished “your merchants to make exertions to secure the next crop.” After coyly alluding to business he had recently transacted with firms in Memphis and St. Louis, the planter lamented the absence of the usual annual visits to his region by New Orleans factors. “We are loyal to New Orleans,” he claimed, but we “wish them . . . to give us at least one nod of recognition.”²³

²² New Orleans *Times*, September 1, 1866; “Times in the Confederacy,” *De Bow’s Review*, 2d ser., II (November 1866), 573; Squires autobiography, III, 13–14 (quotation). On 1865 store looting in Louisiana see *ibid.*, III, 1; and Sarah A. Dorsey, *Recollections of Henry Watkins Allen, Brigadier-General Confederate States Army [and] Ex-Governor of Louisiana* (New York and New Orleans, 1866), 294–95.

²³ Letter signed “Euclid,” New Orleans *Daily Crescent*, January 10, 1866; Kate Stone, *Brokenburn: The Journal of Kate Stone, 1861–1868*, ed. John Q. Anderson (Baton Rouge, 1955), 368. On declining cotton prices and poor weather conditions in 1865–66, see *De Bow’s Review*, 2d ser., II (November 1866), 415–16.

Although New Orleans merchants probably would have liked to oblige this planter and others, their ability to embrace a full resumption of old commercial relations with the southern countryside was hindered by numerous interrelated problems. Not least among these was the highly unsettled condition of labor in the former plantation districts. The New Orleans *Price-Current*, the organ of the city's mercantile elites, took a grim view of the issue at the outset, declaring in September 1865 that it could see "no other sure resort than a new labor system to be proscribed and enforced by the State," but efforts to reinstitute compulsory labor were quickly quashed by agents of the newly established Freedmen's Bureau. Direct compulsion being thus barred, the precise terms under which former slaves would resume working in the cotton fields remained an ongoing negotiation between landowners and freedpeople during the first few years following the war. After considerable give-and-take, forms of contract labor featuring deferred payment in crop shares became widespread as early as 1866 in Louisiana's cotton parishes, even though the precise form of the labor units involved still varied widely. Most planters would have preferred to employ their ex-slaves en masse as gang labor, but freedpeople successfully resisted this; instead, they entered into share contracts with planters in smaller, self-associated groups. "Squads" of roughly six to twenty-five former slaves were most common at first, but gradually the sharecropping system came to be organized mainly around even smaller, kin-based, household units of production.²⁴

The ramifications of the emergent sharecropping system in cotton production only became fully clear to Crescent City merchants over the next several years. From their

²⁴ New Orleans *Price-Current*, September 1, 1865; Joe Gray Taylor, *Louisiana Reconstructed, 1863–1877* (Baton Rouge, 1974), 374–75. On the squad system and the rapid evolution of sharecropping arrangements in the postbellum South, see Gerald David Jaynes, *Branches without Roots: Genesis of the Black Working Class in the American South, 1862–1882* (New York, 1986).

perspective, however, the most salient point was that the downsizing of production units had profound consequences for their ability to provide seasonal agricultural credit without exposure to inordinately high risks. Under the antebellum system, city merchants had extended credit directly to individual land- and slave-owning planters, with whom they usually had close personal relationships and whose capital assets served as collateral against possible defaults—say, in the instance of crop failure. But in the dispersed system of cotton production that became prevalent under sharecropping, merchants could no longer rely on the close supervision and ultimate responsibility of landowners as sufficient security for the extension of credit. Sharecropping added a vast number of extra links to the production chain, which placed city factors at a crucial further remove from the valuable cotton crops they were financing. By contrast, in Louisiana's sugar parishes, where the ongoing "reconstruction" of the labor system had proceeded under close federal supervision since at least 1863, the small farming units of sharecropping quickly proved unworkable due to the labor requirements of cane production. Forms of wage payment to individual workers thus soon became the norm in the sugar industry, with enormous consequences for its economic structure and particularly for local merchants' role within it, as will be discussed in Chapter 9.²⁵

Furthermore, the Louisiana sugar industry had suffered far greater wartime devastation due to the more capital-intensive aspects of its structure, especially with regard to processing and refining. Sugar production therefore took longer to recover a semblance of its antebellum output, although it eventually did so in part because of heavy

²⁵ John C. Rodrigue, *Reconstruction in the Cane Fields: From Slavery to Free Labor in Louisiana's Sugar Parishes, 1862–1880* (Baton Rouge, 2001), 73–77, 132–33, 150–53; Taylor, *Louisiana Reconstructed*, 367; Richard H. Kilbourne Jr., *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish, Louisiana, 1825–1885* (Tuscaloosa, Ala., and London, 1995); Jaynes, *Branches without Roots*, 36–41.

infusions of northern capital. This calls attention to a second but closely related factor that inhibited the resumption of old commercial patterns on the part of New Orleans merchants: the severe capital shortage in the postbellum South. In contrast to what one local newspaper in 1866 called the “state of incertitude and general chaos” surrounding evolving production arrangements in the countryside and merchants’ role in them, the problem of regional capital shortage was immediately viewed in postwar New Orleans as a direct threat to the city’s former dominance of staple-crop marketing in the lower Mississippi Valley. Still, it was difficult to completely separate the two problems. Slaves had previously served not only as the labor force of plantation agriculture, but along with land, they had also represented one of the two primary forms of capital that underpinned the antebellum southern financial system. In this restricted but important sense, economic historians Roger L. Ransom and Richard Sutch have calculated that emancipation wiped out nearly half the aggregate wealth of the cotton-growing states of the South. A. P. Dostie, a Republican official in Louisiana’s government during early Reconstruction, acknowledged this point in 1864 even while probably underestimating its full magnitude. “\$170,000,000 [worth] of property has been stricken from among the objects of taxation,” he declared, “and raised to the condition of citizens.”²⁶

Dostie’s comment helps to emphasize that emancipation actually transferred the capitalized value of bonded labor to the control of its rightful owners, the former slaves themselves. Nevertheless, the abolition of slavery still represented a staggering blow to

²⁶ A. P. Dostie (1864), as quoted in Shugg, *Origins of Class Struggle in Louisiana*, 192; Roger L. Ransom and Richard Sutch, *One Kind of Freedom: The Economic Consequences of Emancipation* (2nd ed.; New York and other cities, 2001), 52; *New Orleans Times*, September 1, 1866. On devastation and slow recovery in the Louisiana sugar industry, see Charles P. Roland, “Difficulties of Civil War Sugar Planting in Louisiana,” *Louisiana Historical Quarterly* 38 (October 1955), 58–59; Rodrigue, *Reconstruction in the Cane Fields*, 56–59, 111–12; and John A. Heitmann, *The Modernization of the Louisiana Sugar Industry, 1830–1910* (Baton Rouge, 1987), 68–90.

the financial status quo antebellum, and the depression of land values throughout the South both reflected and exacerbated this sudden upheaval in regional capital markets. In New Orleans, these problems were epitomized by the condition of the city's banks, which had been devastated by the Civil War. In 1861 there had been some thirteen banks in the city, and their combined capital stock of about \$24 million easily represented the greatest concentration of banking capital in the antebellum South. Prior to the occupation in May 1862, New Orleans banks had collectively shipped out several million dollars worth of specie to the Confederate government for safekeeping, most of which had been promptly confiscated for the southern war effort. Matters worsened during the occupation, when federal authorities not only forced the banks to relinquish their Confederate bonds and deposits, but required them to do so in the form of gold or federally recognized notes. When the aptly named General Banks assumed control of the city in 1863, seven New Orleans banks had already gone into liquidation, and the rest were barely solvent. As of 1865 the combined capital stock of the city's banks had plummeted to only \$7.67 million, a drop of over two-thirds from its level four years earlier. "By the end of the war," two historians have recently concluded, "the New Orleans banking system was but a shadow of what it had been before the Union occupation."²⁷

The situation faced by New Orleans bankers during early Reconstruction was made even more difficult by national financial developments. Although the federal government had expanded the nation's money supply during the war by creating a new

²⁷ John B. Legler and Richard Sylla, "Integration of U.S. Capital Markets: Southern Stock Markets and the Case of New Orleans, 1871-1913," in *Finance, Intermediaries, and Economic Development*, eds. Stanley L. Engerman et al. (New York, 2003), 148-51 (quotation on p. 151); Stephen A. Caldwell, *A Banking History of Louisiana* (Baton Rouge, 1935), chap. 7 and p. 128. Census data shows that the aggregate value of real estate in the South declined by 48 percent between 1860 and 1870, and other evidence indicates that the drop in Louisiana may have been even greater; see James L. Sellers, "The Economic Incidence of the Civil War in the South," in *The Economic Impact of the Civil War*, ed. Ralph Andreano (Cambridge, Mass., 1962), 82.

circulating medium (commonly referred to as “greenbacks”), the U.S. Treasury Department made no effort to correct the uneven regional apportionment of this currency after the war. The severe monetary crisis thus faced by the postwar South is reflected in 1866 data showing that there was almost twenty times more currency in circulation per capita in New York and New England than in the southern states. Perhaps even more harmful from a southern financial perspective were provisions of the National Banking Act of 1863 that prohibited the use of real estate mortgages as collateral by chartered banks. Thereby suddenly deprived of both slaves and land as a basis for capital augmentation, the financial community of New Orleans was never able to recover its former prominence. Aggregate bank capitalization in Louisiana would drop to only \$3.73 million by 1875, and it continued to decline through the end of the century.²⁸

Crescent City merchants were quick to recognize that the precarious state of the city’s banks was not of merely local concern but instead threatened the entire southern cotton industry. These institutions had long stood at the apex of the pyramidal structure of regional credit, with city factors and commission houses serving as the intermediary representatives between them and the thousands of planters in the southern countryside. If merchants could not depend on the banks to secure their operations, their own limited capital resources would soon prove insufficient to finance staple-crop production. The New Orleans *Price-Current*, long a Whiggish voice of the city’s mercantile interests, offered one practical if unlikely solution to the problem in 1866: federally backed

²⁸ On the disastrous effects of the National Banking Act of 1863 on the South, see Robert P. Sharkey, *Money, Class, and Party: An Economic Study of the Civil War and Reconstruction* (Baltimore, 1959), 229–36 (1866 regional per capita circulation data on p. 235); Ransom and Sutch, *One Kind of Freedom*, 110–13; and William G. Roy, *Socializing Capital: The Rise of the Large Industrial Corporation in America* (Princeton, N.J., 1997) 131–32. For contemporary objections to the 1863 Act’s real-estate mortgage lending prohibitions in particular, see Lysander Spooner, “Proposed Banking System for the South,” *De Bow’s Review*, 2d ser., II (August 1866), 150–59. Figures on Louisiana bank capitalization are from Caldwell, *Banking History of Louisiana*, Appendix II (p. 128).

agricultural credit. The *Price-Current* urged the establishment of “cotton banks in the Southern cities to aid the planter,” and it even helpfully suggested that one be located in New Orleans with \$20 million available for loans. However, such largesse was not soon forthcoming from Washington, particularly after hostile Radical Republicans in Congress assumed control of Reconstruction policy in 1867. If the federal government would not help, though, perhaps private interests could be persuaded to do so. “What the South now needs is capital,” *De Bow’s Review* editorialized in January 1866, “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” Seemingly forgetful of its previously routine condemnations of dependence on outside investment, the South’s premier business journal now pleaded, “Will not these rich capitalists pause and consider?”²⁹

As they had for several years, large numbers of northerners did indeed continue to heed such calls of opportunity, even though those who arrived as “rich capitalists” with money to invest in New Orleans and its hinterlands were relatively few in number. Many of the new northerners were men who had originally come to the region in various capacities related to the Union occupation and then stayed on to seek their personal fortunes. Such men ran the gamut from aspiring petit-bourgeois like former USCT officer Bruno Trombly, who returned to New Orleans in 1866 to become a clerk in a small sutlery, to George S. Denison, who exploited his connections as a U.S. Treasury Department official to help organize the only national bank in the city in late 1863. Denison kept Secretary Chase closely apprised as to the progress of this new First National Bank. Sensitive as always to his patron’s keen interest in shifting political

²⁹ *De Bow’s Review*, 2d ser., I (January 1866), 108; *New Orleans Price-Current*, reprinted as “What the Cotton Industry Requires,” in *De Bow’s Review*, 2d ser., I (February 1866), 197–98 (quotation on p. 198).

winds, he informed Chase that most of the new bank's paid-in capital "is owned by men of unconditional loyalty." "You may be assured that whatever political influence it has," Denison continued, "will be upon the right side." But although Bruno Trombly and George Denison were perched on very different rungs of postwar Louisiana's rickety commercial ladder, both men would soon become frustrated with their new endeavors and return to the North. Admitting that "Southern feelings were not very good just now" towards Yankee entrepreneurs like himself, Trombly turned down a tempting offer to become a partner in a new mercantile firm on the levee and left for his home state of New York in late 1866. For his part, Denison found his own local influence considerably diminished after President Lincoln's shrewd elevation of Chase to the Supreme Court in 1864. Despite what he described in a June 1865 letter as the "continual & bitter antagonisms" between "Rebels" and "Union men" on the playing field of the regional political economy, Denison initially persisted in his money-making efforts by becoming a co-lessee of three nearby sugar plantations that year. "Eventually we shall lick them in business," he vowed, "but it will be a hard fight." However, Denison soon resigned his commission in this continuation of the war by other means, only to die suddenly while en route back to the North in the summer of 1866.³⁰

Many contemporary observers described the large influx of other northerners to New Orleans during early Reconstruction. During the war, according to Whitelaw Reid, "New Orleans had proved a rich harvest-field to a crowd of new men and miscellaneous adventurers from the North." "Hundreds had accumulated fortunes since the occupation

³⁰ George S. Denison to his uncle [D. C. Denison], June 2, 1865, in "Some Letters of George Stanton Denison, 1854-1866: Observations of a Yankee on Conditions in Louisiana and Texas," ed. James A. Padgett, *Louisiana Historical Quarterly* 23 (October 1940), 1224-25 (quotations on p. 1225); see also *ibid.*, 1137-38; Diary entries, February 22 (quotation), November 13, and December 11-12, 1866, Trombly Diary and Papers (SHC); Denison to Chase, November 6, 1863, in *Chase Correspondence*, 416.

of the city," he wrote in 1865. Similarly, Thomas W. Knox declared that "New Orleans could boast of more cotton factors than cotton" during the Banks regime, during which most business fell into "the hands of merchants from the North, who had established themselves in the city" after the occupation. "The new and enterprising merchants monopolized the cotton traffic," Knox later recalled, "and left the slavery-worshipping factors of the olden time to mourn the loss of their occupation." This rush of speculators continued even after the war's conclusion. One traveller reported that his southbound steamer from St. Louis in late 1865 was packed with "a crowd of Northern men" who intended to "establish new firms . . . or merely to 'prospect a little' with a view to future settlement."³¹

The influx of northerners to New Orleans began to slow somewhat after it became clear that what little remained of the cotton supposedly stashed throughout the region had dried up. As trade came to rely more on newly harvested or impending crops, the scales of commercial power in the Crescent City gradually began to tilt back somewhat in favor of the older resident merchants. Reid reported disparagingly on a surge of northern "toadyism" in 1866 as newly arrived entrepreneurs attempted to curry favor with those remaining merchant-elites who were able to reestablish relationships with planters in the countryside. Nonetheless, most of the old firms in the city still faced an uphill battle to reclaim their previous dominance of the regional cotton trade, and their capital shortfalls were exacerbated by a rising tide of legal difficulties, some of which pitted New Orleans factors against their quondam plantation clientele. Northern firms were now eager to recoup some of the estimated \$150 million in prewar debts owed to them by southern

³¹ J. E. Hilary Skinner, *After the Storm; or, Jonathan and His Neighbours in 1865-6* (2 vols., London, 1866), I, 308; Thomas W. Knox, *Camp-Fire and Cotton-Field: Southern Adventure in Time of War* (New York, 1865), 396; Reid, *After the War*, 240.

houses, but in order to meet these obligations, Crescent City factors had to try to settle up their open accounts and outstanding notes with planters that they still held from before the war. Even before the conflict had ended, the Creole firm of P. J. Pavy & Co. had hired an attorney in March 1865 to help collect overdue debts from the Louisiana countryside, but to do so successfully, they were sometimes required to participate in forced sales of plantation properties by their ex-clients. Furthermore, with local courts now in the hands of federal appointees disinclined to look kindly on their straitened circumstances, older commission houses often found themselves on the losing end of lawsuits. As a result, many were forced to dissolve long-standing partnerships and declare insolvency, as did the long-established Crescent City firms of R. C. Cummings and Walter Cox in 1866.³²

Most contemporary accounts of the period agree on two points: first, that New Orleans experienced a large and sudden influx of new businessmen beginning under General Banks in 1863; and second, that many resident merchants either deserted the city or failed during or just after the war. It would be useful, however, to have some quantitative evidence to test these assertions, especially given the highly politicized contexts in which they were often advanced. In Chapter 6, firms that appeared in the

³² On the dissolution of Cummings & Co., see *New Orleans Daily Crescent*, January 1, 1866; on W. Cox & Co. see *New Orleans Daily Picayune*, January 10, 1866. Nevertheless, Cox's firm was still held liable for over \$30,000 in prewar obligations in five suits decided against him during 1866–67; see Docket Nos. 16184, 16819, 17380, 18609, and 19677, Fourth U.S. District Court, New Orleans (microfilm, New Orleans Public Library). Thus bankrupted, Cox died soon thereafter; *New Orleans Daily Picayune*, May 14, 1868. On P. J. Pavy & Co. see their bill collection authorization with L. J. Gary, March 19, 1865 (Folder 60) and their 1868 co-agreement with Mrs. Phoebe Pierce (Folder 89), both in Box 7, Kuntz Collection (HTML-Tulane). See also Richard H. Kilbourne Jr., "The Ongoing Agricultural Credit Crisis in the Florida Parishes of Louisiana, 1865–1890," in *A Fierce and Fractious Frontier: The Curious Development of Louisiana's Florida Parishes, 1699–2000*, ed. Samuel C. Hyde Jr. (Baton Rouge, 2004), 128–30. On prewar debts to northern firms see Harold D. Woodman, *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800–1925* (Lexington, Ky., 1968), 203. Reid, *After the War*, 449–51 (quotation on p. 451).

1861 Gardner's city directory were compared with those listed in two subsequent wartime sources to show that nearly a quarter of the city's mercantile firms listed in business before secession still remained in operation after the initial occupation and the rush to vacate the city widely reported to have preceded it. For postbellum persistence data, listings in pre- and postwar city directories were similarly compared. The total number of firms in the New Orleans cotton trade decreased from 467 in 1861 to 403 in 1866. In order to more accurately estimate the persistence of antebellum mercantile firms in New Orleans across the war, however, an effort was made to identify firms that were reorganized during the interim yet retained one or more partners in common with the original firm. With their inclusion understood, a comparison of the directories indicates that 149 firms in 1866, or 32 percent, had been in operation in New Orleans prior to the war, and over half of these (79 firms) had persisted without any reorganization at all. Given all their difficulties, it is somewhat surprising that a third of the mercantile firms from 1861 were still in operation, even if reorganized, five war-torn years later.³³

It is hard to be similarly precise as to the number of city firms recently established by northerners during early Reconstruction. The above data read in reverse show that up to 68 percent of the business listed in 1866 were new ones, which seems to confirm a significant amount of wartime turnover in the composition of the city's business elites.

³³ The data that follows in the text were compiled using Gardner's New Orleans city directories for 1861 and 1866 (HTML-Tulane). Unfortunately there are no other comparably complete sources for the number of businesses as the municipal census of merchants conducted in 1854 (which was discussed in Chapter 1). Nevertheless, city directories at least provide a listing of merchants that, while incomplete, can be used to obtain minimum baseline data. One could also reasonably estimate that the directories undercounted the actual number of firms by 20 percent or so, especially if the relatively consistent percentages of firms that appeared in the embargo circulars or Butler's Schedule B but *not* in the 1861 directory are an accurate guide. It is also interesting to note that, despite whatever punitive treatment may have been directed toward them by Federal authorities, over 40 percent of the 149 persisting firms had been signatories to the July 1861 embargo circular. This may indicate a correlation between larger, more stable firms with sufficient financial resources to withstand the war and those that had publicly backed the Confederacy.

However, these figures should be adjusted downward to account for still-extant resident firms not included in the directory, as well as ones that had been reorganized but are not easily identifiable as such. Even with these adjustments, a reasonable estimate still indicates somewhere around half the firms in the New Orleans commodities trade in 1866 were composed of recent arrivals to the city. The directory data thus does seem to provide provisional quantitative confirmation of the copious anecdotal evidence about the large numbers of northern newcomers in the city's business circles after the occupation.³⁴

For the cotton merchants of New Orleans, the intrusion of so many northern opportunists into their commercial bailiwick held direct consequences for their ability to resume business-as-usual, particularly as they all struggled to secure a share of a shrunken pie during the first five years after the war, when production struggled to regain a semblance of antebellum levels. But problems arising from new northern involvement in the cotton trade was not limited only to competition from private interests. The increased role of the federal government in the cotton trade, which had begun during the war years, also remained far more extensive than it had been before, with the military, the Freedmen's Bureau, and especially Treasury Department agents continuing to insinuate themselves into commerce in unwelcome ways. The various excise taxes that had been

³⁴ In order to identify older firms that had been reorganized, the city directories were used to cross-reference partnerships featuring fairly unique surnames and/or unchanged addresses. This is not always possible, however, when such identifying characteristics are not obvious. (W. Cox & Co., for example, was reorganized in 1866 under the auspices of Cox's son-in-law to become Johnson, Denegre & Penn, even though neither firm is listed in the 1866 directory; see *New Orleans Times*, January 10, 1866.) But if earlier evidence indicating that many firms had dissolved or left the city by 1862 is considered in conjunction with the percentage of quondam firms that are clearly identifiable as persisting through 1866 (32 percent), then it would seem that any downward revision of the number of "brand-new" firms in the city should be fairly limited. It is unlikely, for example, that "unidentifiable" reorganized firms were equal in number to those that can be identified (whether reorganized or not); if that were the case, then the proportion of older firms still in operation as of 1866 would rise to 64 percent. A more conservative adjustment might assume that unidentifiable reorganized older firms amounted to half the total number of identifiable ones. By that measure, the number of persisting antebellum firms in New Orleans would have constituted just under half (48 percent) of the 403 total firms listed in the 1866 directory—although in my judgment, that revised estimate probably errs on the high side.

imposed on cotton during the war, which had sometimes represented up to 40 percent of the already-inflated market value of the staple, were perhaps the most pressing concern, and by 1866 cotton merchants in both sections were complaining about the inequities of such duties. The New York Chamber of Commerce, for example, protested to Congress that federal taxes on cotton were both slowing the resumption of southern production and helping producers overseas to maintain their newfound price advantages, all to the detriment of the U.S. domestic economy.³⁵

The New York petition also tapped into the long-standing American disdain for excise taxes in general to buttress its arguments, a point that Crescent City merchant-banker Jacob Barker expanded on in an October 1866 letter. In light of the South's continued exclusion from the federal government, he wrote, "To tax us without representation is a terrible outrage . . ." For the most part, however, New Orleans merchants seemed surprisingly inclined to accept the inevitability of such taxes, and in a lengthy 1866 petition to the Secretary of the Treasury, they limited their complaints to "the oppressiveness of the system for collecting the Direct Tax upon Cotton." As drawn up by a committee of eight long-time city factors that included A. H. May, John Watt, S. B. Buckner, and Aristide Miltenberger, this memorial did not seek the abolition of cotton excise taxes, as had the New York petition; instead, it focused on the dispersed nature of their collection and suggested their consolidation under a single city-based authority. As matters stood, taxes were being gathered by federal agents at points all along the cotton production and distribution chain, which created "a strong temptation for Government agents" to commit "extensive frauds" during the revenue-collection process. The

³⁵ New York Chamber of Commerce (1866), repr. as "A Tax on Cotton; or, How to Kill the Goose that Lays the Golden Egg," *De Bow's Review* 2d ser., 2 (July 1866), 76-79. On wartime federal cotton taxes see Surdam, *Northern Naval Superiority*, 190-91.

prevalence of petty corruption among federal authorities in the Louisiana countryside had been noted by Charles Squires from Shreveport the previous year. "A more perfect and outrageous swindle was never concocted," he later recalled of one scheme.³⁶

Such pervasive corruption demonstrates the interwoven nature of complaints about the influx of so-called carpetbaggers to New Orleans and its hinterlands during early Reconstruction. As the city directory data seems to show, such grievances were not merely another convenient excuse for the postwar surge of anti-federal sentiment in the city and state. But even if claims about influence of opportunistic northern "speculators" and their federal cohorts in New Orleans during these years had proven to be overstated, merely the widespread perception that Yankee arrivistes now exercised inordinate power over the city's commerce made an enormous difference. As sociologist Max Weber noted, "dominance [that] originates in the market" is often "felt to be much more oppressive" than other types of authority, in part because of its diffuse, less formalized character. In this sense, anxieties about "carpetbagger" businessmen and the cronyism that favored them constituted another important strand in the web of deep-seated racial prejudices and lingering anti-Federal resentments that soon elevated the hostility felt by most native Crescent City whites to pathological proportions. Animosity toward carpetbaggers rapidly became a common refrain of reactionary political rhetoric in postwar Louisiana. Conservative governor James Madison Wells declared of northern businessmen in 1865 that "no miserable thieving Yankee shall rob us with impunity."³⁷

³⁶ Squires autobiography, III, 12; New Orleans merchants' memorial to the U.S. Secretary of the Treasury, repr. as "The Southern Cotton Trade and the Excise Laws," *De Bow's Review* 2d ser., 2 (November 1866), 527-30 (quotations on p. 527); Jacob Barker to William A. Baker, October 2, 1866, in Jacob Barker Letters (Ms 183, HTML-Tulane).

³⁷ Governor Wells, as quoted in Ted Tunnell, *Crucible of Reconstruction: War, Radicalism, and Race in Louisiana, 1862-1877* (Baton Rouge, 1984), 98; Max Weber, *Economy and Society*, eds. Guenther Roth

Such statements help reveal the degree to which economic developments in New Orleans during Reconstruction were inseparable from—and in many respects, subordinate to—conditions in the highly unstable realm of politics. As had been the case ever since secession, Crescent City merchants did not always speak with one voice in state and local political affairs, which can make generalizations about their behavior difficult. Some merchants had made considerable efforts to collaborate with Federal authorities after the city's occupation, and although some seemed to cooperate for reasons of self-aggrandizement, others apparently did so mainly to help smooth the transition to a post-Confederate regime that they now saw as inevitable. Factor Aristide Miltenberger, for example, had agreed to serve on a commission organized by General Banks to oversee the reorganization of the city's financial institutions, but he soon found himself frustrated by the general's seemingly vindictive desire to force most of them into liquidation. Private banker Jacob Barker, whose outspoken moderation had made him a target of mob violence in early 1862, participated in city politics during the occupation years, but despite his Unionist loyalties and his support for local factions beholden to the ambitions of Treasury Secretary Chase, the fiercely independent old financier proved to be as much a thorn in the side of Federal authorities as he had to Confederate partisans.³⁸

Even such grudgingly offered "cooperation" by businessmen like Barker and Miltenberger was exceptional, however. Most merchants withheld active support for early federal efforts to reconstruct local government along pro-Union, much less pro-Republican, lines. George Denison admitted as much in 1864 when he informed Chase

and Claus Wittich (2 vols.; Berkeley, Calif., and other cities, 1978), II, 946. Interestingly, Weber was discussing the example of commercial New York's disproportionate influence over U.S. national politics.

³⁸ On Jacob Barker see Reid, *After the War*, 230–31; and Denison to Chase, February 5, 1864, in *Chase Correspondence*, II, 431. On Aristide Miltenberger see Capers, *Occupied City*, 159; and Johnson, *Red River Campaign*, 77.

that Benjamin Flanders, recently installed as the Unionist mayor of New Orleans, did not have any friends "among the business men of this city." The paucity of mercantile support has also been revealed in two recent studies of early Reconstruction politics in Louisiana. Historian Ted Tunnell identified 172 of the most prominent Reconstruction-era Unionists in the state by occupation; only 16 of them (9 percent) were merchants. Similarly, although Peyton McCrary characterized the social background of delegates to the 1864 state constitutional convention as "strictly bourgeois," his own data shows that the merchants who participated in the convention were mostly small shopkeepers; out of ninety-six delegates, only four were commission merchants.³⁹

For the most part, then, men who had been prominent in the New Orleans cotton trade before the war were reticent to publicly ally themselves with federal Reconstruction efforts. However, most merchants did not assume a leadership role in the growing resistance to these efforts either, which might have antagonized the officials who now exercised considerable authority over regional commerce. During the period of reaction after the accession of J. Madison Wells to the governorship in 1865, which culminated with the riot of late July 1866, a handful of merchants who had backed the local secession movement briefly served in the municipal government, among them long-time city factor Glendy Burke and banker Hugh Kennedy. But although such men were still respected, they represented the rather quixotic hopes for a revival of staid old Whig 'government by gentlemen,' like that which Kennedy described in a September 1865 letter to President Johnson. It was far too late for all that, however. Instead, most of the serious resistance to

³⁹ McCrary, *Abraham Lincoln and Reconstruction*, 245-48 (quotation on p. 245) and Appendix B (pp. 370-71); Tunnell, *Crucible of Reconstruction*, Appendix I (pp. 219-28). Attorneys were the most common occupational group among the Louisiana Unionists identified by Tunnell. Denison to Chase, October 8, 1864, in *Chase Correspondence*, II, 448.

federal authority in New Orleans now flourished underground in the form of secret societies, 'neighborhood protection associations,' and other loosely organized paramilitary units. The authorities were quite aware of these groupscales: in late 1865 President Johnson was advised of their growing influence by Thomas W. Conway, the former head of the state's Freedmen's Bureau, and even Governor Wells publicly condemned their extralegal activities. It had been rumored for years that some city merchants played a significant behind-the-scenes role in funding such covert groups. In 1865, when one Union captain warned John R. Dennett, a northern reporter, about the power of "secret societies" in New Orleans, he insisted that their membership "ain't your rapsCALLIONS either." "Some of the first merchants in town belong" to them, he claimed.⁴⁰

Some probably did, especially when their support could be quietly channelled through innocuous forms like their private social clubs; the Pickwick Club in particular would remain a hotbed of political resistance throughout the Reconstruction period. But for the most part, the old merchant-elites who still remained from antebellum days did not participate in local splinter groups like the "Southern Cross Association No. 9"; most of them preferred to remain firmly seated on the fence of political moderation, at least publicly. Despite the Union officer's report, for example, John Dennett reported that "all the men of wealth and influence" he had met in New Orleans were "disposed to be loyal, and to behave like good citizens." Despite whatever sympathies they may have felt for their goals, considerations of self-interest probably led many to keep their distance from

⁴⁰ John Richard Dennett, *The South As It Is, 1865-1866*, ed. Henry M. Christman (Athens, Ga., and London, 1986), 308; Governor Wells's message to the legislature (November 23, 1865), repr. in *New Orleans Daily Picayune*, November 30, 1865; testimony of Thomas W. Conway, January 26, 1867, in *Report of the [House] Select Committee on the New Orleans Riots* (Washington, D.C., 1867), 528; Hugh Kennedy to President Andrew Johnson, September 16, 1865, cited in Tunnell, *Crucible of Reconstruction*, 99; George S. Denison to Salmon P. Chase, March 21, 1865, in *Chase Correspondence*, II, 456-57; *New Orleans Times*, June 10, 1865; Capers, *Occupied City*, 143.

extremist elements. Moreover, just as when municipal politics had passed through a similar period of violence during the 1850s, most gentleman-merchants tended to reflexively fear and reject all manifestations of "mob rule," for which they had nothing but high-minded Whiggish disdain.⁴¹

Thus was the torch of political leadership in Reconstruction-era New Orleans passed off to a younger generation composed mainly of battle-hardened and highly racist Confederate veterans. "Everywhere one observed the same signs of reaction," Whitlaw Reid reported from New Orleans in the summer of 1865. "The returning Rebel soldiers," he wrote, "called into active utterance all the hostility to Northerners that for nearly four years had laid latent." Edward Atkinson also described the leadership of ex-CSA officers among those now inclined to "molest Northern settlers" and freedpeople. Paramilitary groups often posed as veterans' mutual-aid societies, as did the Hays Brigade Relief Society led by Orleans Parish sheriff and Pickwick Club member Harry T. Hays, a former Confederate brigadier general. Of course, some merchants were Civil War veterans as well. Among the Louisiana merchants listed in one late nineteenth-century source, for example, 72 percent of those who were eligible had served in the Confederate military. But many merchants, both rural and urban, had availed themselves of the controversial practice of paying substitutes to serve in their stead; and furthermore, the most prominent Crescent City factors had simply been too old for military service when the war began. After the war, although young Charles Squires soon became a junior partner in a New Orleans wholesale grocery firm, it was his distinguished record as an officer in the

⁴¹ Dennett, *South As It Is*, 307; Augusto P. Miceli, *The Pickwick Club of New Orleans* (New Orleans, 1964), 55–71. On the Southern Cross Association No. 9, see *Report of the [House] Select Committee*, 520–21; the group's membership roster as reprinted therein is dominated by men identified as gamblers, clerks, butchers, and firemen—and one "cotton sampler." On merchants and "mob rule" in prewar New Orleans politics see William Howard Russell, *My Diary North and South* (Boston, 1863), 252.

Washington Artillery rather than his mercantile connections that caused him to be pressed into leadership of a local citizens' militia in 1867.⁴²

As politics in New Orleans during Reconstruction devolved into an armed truce punctuated by outbreaks of well-organized, racially motivated violence, many merchant-elites grew increasingly concerned by the deterioration of civic order. Their political moderation in the face of escalating racial violence led by extremist CSA veterans was first made clear in the wake of the riot of July 30, 1866, in which at least forty-eight persons were killed and hundreds wounded, most of them blacks. Several prominent city merchants were subsequently called to testify before a House committee investigating the incident, which provoked national outrage and helped set the stage for the advent of Radical Reconstruction. Few of them sought to make excuses for the violence, and most condemned it. Jacob Barker, for example, claimed that New Orleans citizens had deplored the riot "almost unanimously." "I do not drink and smoke with the rebels," he also testified. Still, in private, even the independent-minded Barker sang a different tune. In an October 1866 letter, the octogenarian banker blamed "a few designing men" for inciting "their colored brethren" to seek "control of the affairs of the State by force"—plans that were only "quashed by the prompt interference of the Mayor and police."⁴³

⁴² Squires autobiography, III, 19–20; George W. Cable, "New Orleans Before the Capture," in *Battles and Leaders of the Civil War*, eds. Robert U. Johnson and Clarence C. Buel (4 vols., 1887; repr., New York, 1956), II, 18. For West Feliciana Parish storekeeper Felix V. Leake's use of a substitute, see the letter from Evan to "Sister," December 22, 1863, in Box 7, Folder 31, Kuntz Collection (HTML-Tulane). The data sample on Louisiana merchants' CSA service was collected from *Biographical and Historical Memoirs of Louisiana* (2 vols.; Chicago, 1892), I, *passim*. James G. Hollandsworth Jr., *An Absolute Massacre: The New Orleans Race Riot of July 30, 1866* (Baton Rouge, 2001), 74; Miceli, *Pickwick Club of New Orleans*, 48–50; Edward Atkinson, "The Cotton Resources of the South, Present and Future," *De Bow's Review* 2d ser., 2 (August 1866), 139; Reid, *After the War*, 237.

⁴³ Jacob Barker to William A. Baker, October 2, 1866, in Barker Letters (HTML-Tulane); Barker testimony, in *Report of the [House] Committee*, 227–32 (first quotation on p. 229; second on p. 230); Hollandsworth, *Absolute Massacre*, 140–41, 148–50.

In many ways, Jacob Barker's two-faced stance typified how New Orleans merchants found themselves trapped between the proverbial 'rock and a hard place' in the highly charged local political atmosphere during Reconstruction. Many of them realized that the city's steadily growing reputation as a sort of American banana republic did not present a very attractive climate for doing business. But rather than taking the lead in confronting the city's violent political milieu, many instead chose to aid and abet white extremism in private while piously preaching the need for good, orderly government in public. Indeed, the chief issue on which most New Orleans merchants proved willing to take a firm political stand during Reconstruction was corruption, which directly affected them in their pocketbooks. They especially condemned the growth of a Republican political machine in Louisiana that was centered on the city's federal Custom-house, which they felt was staffed by "inexperienced and incompetent men" who had only obtained their positions "as a reward for partisan services." To a large degree, this was probably an accurate assessment—yet when the beleaguered Republican governor Henry C. Warmoth, the *bête noire* of the Custom-house faction, sought to form a pro-business, reform coalition with old resident Whigs during the late 1860s and early 1870s, very few businessmen proved willing to lend him their much-needed support. Disenchanted with fractious municipal affairs and struggling to stay afloat commercially, too many Crescent City merchants increasingly began to view themselves as standing above the fray of politics, for which the New Orleans *Picayune* chided them in 1875. "The real cause of our misfortunes is the stolid indifference with which the educated classes have regarded the progress of the corruption which they so loudly bewail," the conservative newspaper editorialized. In searching for the reasons why their political

“influence . . . has declined,” it continued, New Orleans businessmen should first take full responsibility for their own “persistent inaction.”⁴⁴

To be fair, however, the *Picayune*'s editors here displayed a conveniently short memory, for their own support had been late and lukewarm when, only two summers before, city businessmen had been the prime movers behind a remarkable but short-lived “Unification Movement” in Louisiana. This group had sought a biracial solution to the state's growing political stalemate after the controversial elections of late 1872 resulted in the accession of the Custom-house ring to power under despised carpetbag governor William Pitt Kellogg—a result obtained only after federal intervention personally authorized by President Ulysses S. Grant, whose brother-in-law James F. Casey was a prominent member of the faction. Although fraud and intimidation had been rampant on both sides during the election season, a broad-based coalition of Liberal Republicans, conservative Democrats, and other assorted reformers was widely believed to have “won,” and for several months afterward, defeated gubernatorial candidate John D. McEnery led a rump legislature that claimed legitimate authority over Louisiana.⁴⁵

The divisive effects of this competition for power were especially pronounced in New Orleans, which served as the state capital for both governments. Building on the discontent with politics-as-usual that had been reflected in the “Reform Party” in 1872 (one of several such ephemeral business-led parties in late nineteenth-century New

⁴⁴ “The Business Man in Politics,” New Orleans *Daily Picayune*, June 6, 1875; H. C. Warmoth, *War, Politics and Reconstruction: Stormy Days in Louisiana* (New York, 1930), 81; Michael A. Ross, “Resisting the New South: Commercial Crisis and Decline in New Orleans, 1865–85,” *American Nineteenth-Century History* 4 (Spring 2003), 63–64. For complaints about Custom-house corruption see “Transit of Goods to and from the Interior, via New Orleans,” *De Bow's Review* 2d ser., 5 (November 1868), 1031–41 (first quotation on p. 1031); and “Report to the [New Orleans] Chamber of Commerce on the Appointments of Inspectors,” *De Bow's Review* 2d ser., 5 (October 1868), 970–71 (second quotation on p. 971).

⁴⁵ Taylor, *Louisiana Reconstructed*, 255–76; Tunnell, *Crucible of Reconstruction*, 170–72.

Orleans), long-time resident wholesale merchant Isaac N. Marks began organizing a new coalition during the spring of 1873. In mid-June a committee of one hundred prominent local citizens—fifty members each from the black and white communities—presented a lengthy document to the public whose provisions were intended as “a basis of co-operation for the redemption of the state.” In summary, they proposed that equal rights for blacks be immediately and fully recognized by white citizens—not only suffrage rights but also in education, property-ownership, and public accommodations. The quid pro quo was that the state’s black majority would then join with the mass of reform-minded whites in restoring able, honest, and native government to Louisiana. But although the movement soon gained many more endorsements from community leaders, as well as most of the city’s newspapers (including the grudging support of the conservative *Picayune*), it proved extremely unpopular among whites in the country parishes in the northern parts of the state, where racism was especially virulent. Their opposition helped cause the fragile biracial coalition to fall apart even more suddenly than it had sprung into being. During a mass meeting in mid-July, several black speakers made speeches that were widely regarded as overly assertive and insufficiently deferential by most whites, even among supporters of the Unification Movement, and thus what historian T. Harry Williams first recognized as “a bold new departure” from the usual reactionary fare of southern politics during the Reconstruction era quickly came to an ignominious end.⁴⁶

⁴⁶ T. Harry Williams, *Romance and Realism in Southern Politics* (1961; repr., Baton Rouge, 1966), 22 (quotation); see also Williams, “The Louisiana Unification Movement of 1873,” *Journal of Southern History* 11 (August 1945), 349–69. Surprisingly, the movement merits only a paragraph in Eric Foner’s monumental history of the period; see Foner, *Reconstruction*, 547. The original manifesto of the movement was published in the New Orleans *Daily Picayune*, June 17, 1873 (quotation); see also the extensive coverage of the July meeting and its aftermath in *ibid.*, July 15, 16, and 18, 1873. On businessmen’s short-

Williams also rightly pointed out that the Unification Movement was led by “another group whose importance has not been recognized” by historians: businessmen, who comprised most of the signatories to the original document. Even so, banking, insurance, legal, and real estate interests seemed overrepresented on the “Committee of 100” compared with those from the commodities trades. Furthermore, in keeping with the tendency for Civil War veterans to provide political leadership, by far the best-known public face of the Unification Movement was the popular ex-Confederate general P. G. T. Beauregard. The dashing Creole engineer had successfully established himself in New Orleans after the war as a railroad executive, among other interests, and his counsel on all matters affecting Louisiana (whether solicited or not) became a staple of the city’s postbellum political culture. (However, Beauregard himself would never hold elective office, having lost a bitter mayoral election to the Know-Nothings in 1858.) But although he had been presented as chairman of the group in its June debut, Beauregard perhaps sensed the impending disaster and opted to steer clear of the July 15 mass meeting that put the nail in the movement’s coffin.⁴⁷

General Beauregard’s successful business career provides an interesting counterpoint to that of another famous Confederate general in postbellum New Orleans, James Longstreet, the “scalawag” whose outspoken alliance with the local Republican Party after the war was responsible, or so he felt, for his failure to become securely

lived and mostly unsuccessful reform party efforts in late nineteenth-century New Orleans, see Joy J. Jackson, *New Orleans in the Gilded Age: Politics and Urban Progress, 1880–1896*, 2d ed. (Lafayette, La., 1997), 18–30; and Eric Arnesen, *Waterfront Workers of New Orleans: Race, Class, and Politics, 1863–1923* (Urbana and Chicago, 1991), 79–80.

⁴⁷ T. Harry Williams, *P. G. T. Beauregard: Napoleon in Gray* (1955; repr., Baton Rouge, 1995), 43–44, 268–71, and chap. 17. Beauregard’s name was conspicuously absent among both the speakers and the vice-presidents of the group seated on the platform at the July 15 meeting, which was chaired by Isaac N. Marks; see New Orleans *Daily Picayune*, July 16, 1873. Williams, “Louisiana Unification Movement,” 356–57, 369 (quotation).

established in the city's cotton trade. More importantly, the public's embrace of Beaugard also reflected another trend in New Orleans commercial circles during Reconstruction: the further attenuation of the long-standing rivalry between Creole and American businessmen. Their reconciliation, which had already started to become apparent during the 1850s, had been strengthened in the cauldron of war, and this solidarity was further engendered during the harsh occupation years and, after the war, by the common foe of carpetbagery. By 1868 *De Bow's Review* could praise Creole businessmen, formerly scorned for their ostensible indolence, as "invaluable allies" who were "temperate, steady, and polite," although the journal also noted that they had lost greatly from the recent decimation of sugar and banking interests. Although many Creoles had been among the most vociferous defenders of southern slavery, their own multiethnic heritages had also long made them more racially tolerant in general, and their influence in this regard may have helped to initially convince some Anglo-American businessmen to join them in support of the brief-lived Unification Movement.⁴⁸

The family and business associations of cotton factor Michel Musson illustrates this evolution of Anglo-Creole relationships in mid-nineteenth-century New Orleans.

Musson, as has already been discussed in the introduction, was the subject of two 1873

⁴⁸ "Transit of Goods to and from the Interior, via New Orleans," 1038-39 (quotations). For an example of a famous Creole complaining to a fellow American resident about their common postwar foe, the "stinking puritan" of the North, see Charles Gayarre to J. D. B. De Bow, July 4, 1866, quoted in Joseph G. Tregle Jr., "Creoles and Americans," in *Creole New Orleans: Race and Americanization*, eds. Arnold R. Hirsch and Joseph Logsdon (Baton Rouge, 1992), 170. George Washington Cable, however, must have never gotten the American memo rehabilitating their Creole neighbors' reputations, for he continued to heap scorn on them in his fictional and historical works about New Orleans during the late nineteenth century; see esp. Cable, *The Creoles of Louisiana* (1884; repr., New York, 1970). In this book, Cable argued that "the two types [had] lost some of their points of difference" during the 1850s, by which time the Americans of New Orleans also "had learned some of the Creole's lethargy" (262). On the other hand, Cable was rather unusual himself, insofar as he was basically run out of town due to his own outspoken support of civic equality for blacks. On General James Longstreet's career in postbellum New Orleans see his memoir, *From Manassas to Appomattox: Memoirs of the Civil War in America* (1896; repr., Bloomington, Ind., 1960), chap. 44, esp. p. 637; and William L. Richter, "James Longstreet: From Rebel to Scalawag," *Louisiana History* 11 (Spring 1970), 215-30.

paintings by his nephew Edgar Degas; although Musson is the most prominent figure in both, in the more famous of the two, *A Cotton Office in New Orleans*, he is seated in the left foreground pensively inspecting cotton. Musson had come to New Orleans from France sometime in the 1840s, and in the 1850s the Creole émigré became a partner in John Watt & Co., an American firm linked to Glendy Burke, one of the best-known cotton factors in what George Washington Cable called “a city of merchants.” Musson assimilated easily and fully into the city’s Anglo-American commercial milieu. He built a mansion in the American district before the war, and his son-in-law William A. Bell was an American merchant, as was his later partner James A. Prestidge, both of whom would join Musson in the cotton firm he formed after John Watt’s death in 1867.⁴⁹

Upon the outbreak of the Civil War, Musson enlisted in the Confederate army and served locally as a quartermaster’s assistant until the occupation. He and his family also became heavily invested in the southern cause in other ways—literally. Musson not only purchased large quantities of Confederate bonds himself during the war, but he also convinced his brother Auguste, a private banker back in France (and Edgar Degas’s father), to do likewise, which was eventually the cause of great financial loss to them all. His family’s investments in slavery were similarly literal but figurative as well. Michel Musson owned seven slaves in 1860, and another brother, Eugène Musson, who had lived in New Orleans for years but was back on the Continent during the Civil War, published

⁴⁹ Marilyn R. Brown, *Degas and the Business of Art: A Cotton Office in New Orleans* (University Park, Pa., 1994), 28–33; Christopher Benfey, *Degas in New Orleans: Encounters in the Creole World of Kate Chopin and George Washington Cable* (Berkeley, Calif., and other cities, 1997). See also Gail Feigenbaum [ed.], *Degas and New Orleans: A French Impressionist in America* (New Orleans, 1999), which includes two essays by Brown and one by Benfey. John Watt’s antebellum business connections with Glendy Burke are indicated in letters in the folders devoted to G. Burke & Co., Cotton Trade Series, No. 1 (HTML-Tulane).

a passionate 1862 letter in support of southern slavery addressed to the French monarch Napoleon III, which he subtitled "from a Creole of Louisiana."⁵⁰

Again, as was discussed in the introduction, at the very moment that his nephew was painting the portrait of his office in late January 1873, Michel Musson's cotton factorage firm was facing insolvency. The New Orleans *Picayune* published a notice on February 1 that the firm was dissolved and its business would be conducted thenceforth under the management of a new firm headed by Musson's former American partner, James A. Prestidge. Fortunately, the old Creole merchant still had other interests to sustain him. Ancillary services that Musson had previously offered as a cotton factor would now become his primary occupation for the next several years, during which he acted as an agent for the New Orleans Mutual Insurance Association. Even so, his personal fortunes would generally continue to decline over the next decade.⁵¹

Even as his firm was being dissolved that February, perhaps Musson was able to take some solace from the impending Mardi Gras season, whose festivities had become

⁵⁰ [Eugène Musson], *Letter to Napoleon III on Slavery in the Southern States, by a Creole of Louisiana* (London, 1862); Marilyn R. Brown, "A Tale of Two Families: The De Gas-Musson Correspondence at Tulane University," in Feigenbaum [ed.], *Degas and New Orleans*, 78-81; Brown, *Degas and the Business of Art*, 28; George Washington Cable, "Madame Delphine," in *Old Creole Days* (1885 ed.; repr., New York, 1979), 15.

⁵¹ Marilyn R. Brown, "Franco-American Aspects of Degas's *A Cotton Office in New Orleans*," in Feigenbaum [ed.], *Degas and New Orleans*, 55-56, and 63n.38. (The notice from the New Orleans *Daily Picayune*, February 1, 1873, is reproduced on p. 56.) Here it is worth applauding the fine, extensive work in primary documents that the art historian Brown did in order to reconstruct Musson's various business interests. Furthermore, her discussions of the wider context of the postbellum decline of New Orleans's factorage sector are usually accurate and solidly grounded. One minor exception is her suggestion that the formation of the New Orleans Cotton Exchange in 1871 somehow represented "the most immediate economic challenge to the old factorage system"; see Brown, *Degas and the Business of Art*, 34-35 (quotation on p. 34). However, Michel Musson's increasing postwar involvement with insurance services may suggest another trend perhaps more directly related to the decline of city-based factorage. The number of insurance companies and their agents seems to have greatly multiplied in postwar New Orleans. As will be discussed at greater length in a subsequent chapter, cotton increasingly arrived to the Crescent City not for marketing but solely for trans-shipment elsewhere on through bills of lading. With their ability to derive profits from the actual sale of cotton thus suppressed, former factors like Musson (and Joseph Slemmons Copes, whose activities in this field also grew after the war; see his collected papers at HTML-Tulane) may have begun to rely more heavily on insurance commissions for their income.

another source of growing reconciliation between Creoles and Americans in New Orleans ever since the late antebellum era. Mardi Gras was also celebrated in other southern cities with sizable Catholic communities, most notably in Mobile, but “Carnivale” was associated with New Orleans more than anywhere else in the United States. However, although the boisterous festival season preceding the advent of Lent was an occasion for a great deal of interclass and even crossracial revelry, there was always a very strong elite component to the celebrations as well. This aspect was probably clearest in the exclusive, invitation-only galas and balls thrown by the various “krewes” during Mardi Gras, which represented the climax of the social season in caste-conscious New Orleans (and in many ways, still does today). Moreover, then as now, Mardi Gras was big business. Although natives like Crescent City historian Henry Rightor took pains to emphasize the sincerity and “genuine emotion” that lay behind the celebrations, even he had to admit that Mardi Gras “sets in motion powerful commercial activities.” Another contemporary festival historian described “the material profit of mystic mummery” in more detail. Mardi Gras, wrote T. C. DeLeon, prompts an “influx . . . of smaller merchants and business men” from the hinterlands, and “these classes spend money liberally, to the advantage of caterers, retailers, and the petty trades.” To thus entice spendthrift visitors to combine business with pleasure presages the synergy between professional conventions and tourist debauchery that was a mainstay of New Orleans’s economy in the twentieth century.⁵²

Regardless, not only did Mardi Gras depend on the backing of “the solid financial element,” according to DeLeon, but the changing annual themes of particular pageants,

⁵² T. C. DeLeon, *Our Creole Carnivals: Their Origin, History, Progress, and Results* (Mobile, Ala., 1890), 33; Henry Rightor, “The Carnival of New Orleans,” in Rightor, ed., *Standard History of New Orleans* (Chicago, 1900), 629. On the growth of tourism in New Orleans’s economy during the twentieth century, see Anthony J. Stanonis, *Creating the Big Easy: New Orleans and the Emergence of Modern Tourism, 1918–1945* (Athens, Ga., 2006).

which were usually planned for months in advance, necessarily always reflected the “culture and taste” of their wealthy sponsors. This latter point was especially significant for celebrations of Mardi Gras in New Orleans during the Reconstruction era. With federal military authorities still close at hand and the usual political channels dominated by opposing cliques of corrupt outsiders and violent youths, the latent function of carnival pageants as a barometer of upper-class opinion became all the more important. A few examples will suffice. When Comus, the “king” of Mardi Gras, first reemerged from four years of wartime exile to great popular interest in 1866, the theme of his initial reappearance was an elaborate paean to peace and sectional reconciliation. Like other newspapers, the *Picayune* praised this “Beautiful Allegory” and also emphasized that its sentiments were those held by “a large number of our best citizens,” including many who were recently “identified with the unsuccessful struggle of an independent South.”⁵³

Perhaps that was so, yet such optimistic demonstrations of incipient New South consciousness on the part of Comus and his retinue would not soon be repeated. By 1868 local authorities were so concerned that the King’s appearance would spark widespread rebellion that they banned the wearing of masks on the streets after sunset. Similar concerns abounded in the spring of 1873 during the tense crisis of legitimacy between the dueling Kellogg and McEnery governments, but that season’s most noteworthy political agitation proved to be its Comus pageant. Taking their cue from ongoing controversies over Darwin’s *Origin of Species*, the Mystick Krewe of Comus paraded a variety of

⁵³ Perry Young, *The Mistick Krewe: Chronicles of Comus and His Kin* (New Orleans, 1931), 82–84 (New Orleans *Daily Picayune* [n.d., February 1866], as quoted on p. 84), 87; DeLeon, *Our Creole Carnivals*, 33. Several recent scholars have fruitfully explored the rich iconography of carnival pageantry in late nineteenth-century New Orleans; see Reid Mitchell, *All on a Mardi Gras Day: Episodes in the History of New Orleans Carnival* (Cambridge, Mass., 1995), chaps. 4–7; James Gill, *Lords of Misrule: Mardi Gras and the Politics of Race in New Orleans* (Jackson, Ms., 1997), 76–165; and Samuel Kinser, *Carnival, American Style: Mardi Gras at New Orleans and Mobile* (Chicago and London, 1990), 97–118.

“Missing Links” that lampooned various political bogeymen: President Grant was a tobacco grub; their old scourge Ben Butler, a hyena; the carpetbagger, a fox; and, somewhat inevitably, the freedman was caricatured as half-human, half-ape. One of Michel Musson’s other nephews, René De Gas (who is the slouched, rather slothful looking man perusing the *Picayune* in his brother Edgar’s cotton office painting; Plate 1), was closely involved with this provocative production by the Comus krewe, which was an offshoot of the Pickwick Club to which he belonged. A few years later, the Krewe of Momus further upped the ante of sedition by portraying many of the same figures, including Grant, as citizens of hell. But although such iconography may appear heavy-handed from the standpoint of our more sophisticated visual culture today, Crescent City elites were then engaging in what was still an effective and popular form of public theatre, one that subversively signaled their contempt for federal authority and its perceived offshoots, and in terms that were no less scathing for being peaceably expressed. Still, seen from another perspective, the reduction of elite opposition to such culturally performative types of protest seems to confirm the essential powerlessness of the city’s gentlemen merchants during Reconstruction, when their economic dominance was clearly on the wane and their political prospects were otherwise circumscribed.⁵⁴

In the summer of 1873, a few months after Mardi Gras, Michel Musson’s name appeared near the top of the list of the “Committee of 100” among the many prominent Creole businessmen who backed the nascent Louisiana Unification Movement. But despite his support for biracial cooperation, Musson seemed to have little problem

⁵⁴ Kinser, *Carnival, American Style*, 93–94, 100–101; Benfey, *Degas in New Orleans*, 171–79; Miceli, *Pickwick Club of New Orleans*, 62–66 and Appendix H; Mitchell, *All in a Mardi Gras Day*, 65–80. Edgar Degas’s two brothers in New Orleans, René and Achille, were in partnership together as cotton buyers, and both spelled their surname “De Gas”; see Brown, *Degas and the Business of Art*, 30–31.

executing an apparent ideological *volte face* with regard to “the race question” in the wake of the movement’s sudden failure. Musson, along with his nephew René De Gas and his son-in-law William A. Bell, were supporters of the White League, a resistance group that had grown out of the Crescent City Democratic Club, one of the city’s many all-white vigilante factions during the late 1860s. After the controversial accession of Governor Kellogg in 1873, the White League had formed as an umbrella paramilitary organization to encompass all of the white splinter groups in New Orleans. On September 14, 1874, political tensions exploded into violence after the White League called for a public assembly at the statue of Henry Clay on Canal Street. Thousands turned out, and the first speaker called to the podium to address the crowd was none other than Michel Musson. Well-disciplined White League units under the command of charismatic general Fred N. Ogden, who was also associated in the cotton bagging business with Bell, then successfully fanned out to seize the seat of government from the Metropolitans, a police militia led by the scalawag ex-CSA general James Longstreet. Dozens from both sides were killed, but although their victory was short-lived, the White League had made its point: puppet regimes like Kellogg’s that enjoyed no popular backing could only be maintained by outside military force. Once again, New Orleans played a decisive role in the evolution of federal Reconstruction policy. Just as the race riots of 1866 had helped bring about Radical Reconstruction, the “Battle of Liberty Place” less than a decade later (in which racially oriented violence actually played little part) prompted northern public opinion to finally coalesce against continued federal support for corrupt, unwelcome regimes throughout the South. As the *Nation*, a New York-based reformist journal, declared on September 24, “the insurgents had more plainly the right on their side.” The

White League remained an organized if latent presence in the city until, just over two years later, it helped supervise Louisiana's transition to a "redeemed" Democratic government after the national electoral Compromise of 1876.⁵⁵

Given the wide extent of white support for the League's coup against Kellogg, it is perhaps less surprising that New Orleans businessmen like Musson figured more prominently in the incident than they had in previous mob-like actions. At least two of the White League fatalities on September 14 were from the merchant community: factor E. A. Toledano and S. B. Newman Jr., son of one of the city's most powerful cotton brokers. The New Orleans Cotton Exchange posted a notice that it was closing early the following day as "a mark of sympathy" with the insurgency, and in two telegrams that week, leaders from the financial and commercial sectors (among them, once again, Michel Musson) collectively sought to reassure President Grant that "business men [were] greatly encouraged" by the outcome of the battle. Nevertheless, as historian James K. Hogue has recently shown, both the leadership and the rank-and-file of the White League was composed mainly of CSA veterans. During the post-Reconstruction era, the primary political beneficiaries of the battle of Liberty Place were General Ogden, whose role in the cotton trade seems to have been confined to his bagging business with William Bell, and General William J. Behan, a petit-bourgeois grocer who would be elected mayor of New Orleans in 1882.⁵⁶

⁵⁵ *Nation*, September 24, 1874, quoted in Foner, *Reconstruction*, 551; Taylor, *Louisiana Reconstructed*, 283–84, 291–96; Benfey, *Degas in New Orleans*, 184–92; Walter Prichard, ed., "The Origin and Activities of the 'White League' in New Orleans (Reminiscences of a Participant in the Movement)," *Louisiana Historical Quarterly* 23 (April 1940), 525–43.

⁵⁶ Jackson, *New Orleans in the Gilded Age*, 58; Prichard, ed., "Origin and Activities of the White League," 528; James K. Hogue, *Uncivil Wars: Five New Orleans Street Battles and the Rise and Fall of Radical Reconstruction* (Baton Rouge, 2006), 129–31; Stuart Omer Landry, *The Battle of Liberty Place: The Overthrow of Carpet-Bag Rule in New Orleans, September 14, 1874* (New Orleans, 1955), 140–41 (both quotations), 201–3, 232–40. See also Lawrence N. Powell, "Reinventing Tradition: Liberty Place,

The events of late Reconstruction and afterward thus continued to provide evidence that political leadership in postwar New Orleans had passed to a younger generation, one for whom the Crescent City's days of commercial glory were often a distant memory at best. Many of the older resident merchants, broken up financially and perhaps spiritually too, began passing away in droves during these years, such as John Watt in 1867, Walter Cox in 1868, Glendy Burke in 1878, and Joseph Slemmons Copes in 1885—the same year that Michel Musson died, insolvent. But although such merchant-elites had often collaborated with the new generation in making late nineteenth-century New Orleans into what historian Michael A. Ross called “a national byword for reactionary upheaval,” most of them tended to follow the conservative drift of public opinion rather than shaping it during Reconstruction. Their loud opposition to corruption often served to obscure the advent of race-based politics in much the same way that secession had sometimes been defended as a dispute over state sovereignty rather than a means of preserving slavery. That they generally resisted the advent of a “New South,” however, was clear in their support for groups like the White League as well as in their lavish Mardi Gras theatrics.⁵⁷

Indeed, the resistance of Crescent City elites to the much-heralded sectional reconciliation being promoted with increasing enthusiasm in other southern cities was still on display during carnival season in 1881. John F. Cowan, an officer who had led his New York regiment to New Orleans for a half-hearted celebration of fraternal veteran unity, later naively described that year's Comus parade, whose theme was “Myths of the Northland.” Among the various tableaux derived from Norse mythology were “The

Historical Memory, and Silk-Stocking Vigilantism in New Orleans Politics,” *Slavery & Abolition* 20 (April 1999), 127–49.

⁵⁷ Ross, “Resisting the New South,” 65 (quotation).

Workshop of the Dwarves” and “The Hell of the Northland,” with the fall of the Niblung dramatically depicted as “The Twilight of the Gods.” The political allegory must have seemed abundantly clear to most Crescent City residents, but perhaps distracted amidst all the pomp and circumstance, Comus’s barbed arrows somehow flew unnoticed past the rather clueless Yankee captain. On the other hand, when not engaged in staging such elaborate insults directed toward the Northland of the reunited nation, New Orleans merchants were still preoccupied with the economic *Götterdämmerung* they had suffered themselves during the Civil War and its aftermath. Their city’s rapid fall from commercial grace and its still-unfolding implications during and after Reconstruction are the subject of the next chapter.⁵⁸

⁵⁸ John F. Cowan, *A New Invasion of the South: Being a Narrative of the Expedition of the Seventy-First Infantry, National Guard, Through the Southern States to New Orleans* (New York, 1881), 68–69; cf. Mitchell, *All in a Mardi Gras Day*, 82–85.

Chapter 8

The Economic Decline of Postbellum New Orleans

Although businessmen in Reconstruction-era New Orleans were united behind the need for “good government,” they had no political party to call their own. With the Whig Party long since defunct, conservatives and reformers alike had few available alternatives. Since the Republicans were discredited by their northern and federal associations, the default option was the Democratic Party, which was true for most white southerners. But in New Orleans, that party was firmly controlled by “Ring” politicians who generally courted working-class supporters, not gentlemen merchants. Furthermore, when businessmen did try to intervene in state and municipal politics to address some of their increasingly pressing commercial concerns, they usually found themselves inexorably drawn onto the unforgiving terrain of “the race question.” Thus had the momentary biracial promise of the elite-supported Louisiana Unification Movement in 1873 been swiftly followed by the “lily-white” counterrevolution at Liberty Place in 1874. These events had confirmed the grim reality that, as historian Joe Gray Taylor put it, “the problem of race overrode all other Louisiana problems, political or economic,” during the post-Civil War period.¹

The fractious, hopeless condition of city and state politics as faced by “its most substantial citizens” drew increasing sympathy from outsiders like Charles Nordhoff, a Republican journalist who visited Louisiana in 1875. However, some observers closer to

¹ Joe Gray Taylor, *Louisiana Reconstructed, 1863–1877* (Baton Rouge, 1974), 279. On machine-dominated politics in postbellum New Orleans, see Joy J. Jackson, *New Orleans in the Gilded Age: Politics and Urban Progress, 1880–1896*, 2d ed. (Lafayette, La., 1997); and Eric Arnesen, *Waterfront Workers of New Orleans: Race, Class, and Politics, 1863–1923* (Urbana and Chicago, 1991), chap. 3.

home blamed northerners for orchestrating the state's political chaos for their own advantage. In an 1873 letter to the New Orleans *Daily Picayune*, an Opelousas resident wrote that the state had "pined" for several years to convince "northern capital" to move southward—until very recently, he added sarcastically, when Louisianians had come to the realization that it had "then got us." Earlier that same week, the *Picayune* had printed an excerpt from the Memphis *Appeal* titled "Why New Orleans Was Destroyed." Its author blamed Louisiana's political turmoil on "adventurers" sent at "the instigation of Eastern monopolists," who sought to make the Crescent City "so repulsive . . . that commerce will be driven away forever."²

Other contemporaries took a somewhat less conspiratorial view of affairs and sought to assign a portion of blame for New Orleans's declining condition on its own citizens. Robert Somers, a sympathetic Scotsman who toured the South in the early 1870s, noted that Crescent City businessmen had resumed their old habit of relying on the river to bring trade to their doorsteps. Yet "so busily has the Mississippi been working out the fortune of New Orleans," Somers added, that these same merchants "may not have been turning it all to the best account." A local commentator, Durant Daponte, had been more blunt about businessmen's responsibility for the city's failures in an 1869 article in *De Bow's Review*, arguing that they had not demonstrated "the sagacity" to adopt any of the "improved methods which the commercial necessities of the times demand," particularly with regard to railroad development. But for their part, city merchants pronounced themselves largely helpless in the face of new economic circumstances that they could neither completely understand nor control. In its "Annual

² "Why New Orleans Was Destroyed," New Orleans *Daily Picayune*, July 16, 1873; letter from "B.J.S." (Opelousas, La.), in *ibid.*, July 19, 1873; Charles Nordhoff, *The Cotton States in the Spring and Summer of 1875* (1876; repr., New York, 1971), 41–44 (quotation on p. 42).

Review of the New Orleans Market" the year before, the same commercial journal had noted that southern planters were desperately beseeching their former city factors for credit, but "the most serious obstacles intervene," since the factors themselves faced a severe shortage of bank-supplied capital, the lack of which circumscribed their ability to furnish their clients in the interior. Therefore, the journal had declared, "our commerce must still be regarded as in a transition state."³

Exactly what southern commerce was "in transition" toward, however, no one seemed quite able to foresee. Nevertheless, to some degree, all of these Reconstruction-era commentators had made valid and important points about the reasons for what Durant Daponte already recognized by 1869 as "the relative decrease of the commerce of New Orleans." Most of these conditions would grow progressively worse and persist for decades to come. State and municipal government was indeed bankrupt, both literally and often ethically, and partly in consequence, politics was faction-ridden and prone to demagoguery. Opportunistic northern capitalists had helped foster a culture of corruption that made the inbred "gentlemanly capitalism" of old seem like a golden age. Modern commercial institutions remained slow to develop, and the port's infrastructure weak. Businessmen's support for much-needed urban reforms and improvements was grudging, sporadic, and now often further stymied by political factionalism. Industrial development continued to generate little more than lip service from local investors, and such alternative economic prospects now also suffered from a pronounced regional capital shortage. Merchants still relied complacently on the river trade, as was revealed not only

³ "Annual Review of the New Orleans Market," *De Bow's Review* 2d ser., 5 (September 1868), 877. For a similar view by a former New Orleans bank president, see Robert M. Davis, *The Southern Planter, the Factor, and the Banker* (New Orleans, 1871). Durant Daponte, "New Orleans and Ship Island Ship Canal," *De Bow's Review*, 2d ser., 6 (January 1869), 21-22; Robert Somers, *The Southern States Since the War, 1870-71* (1871; repr., University, Ala., 1965), 191-92 (quotation on p. 192).

in their continued dependence on cotton, but also by their efforts to resecure the midwestern grain trade they had lost decades before. But merchants were also confused and seemingly powerless to influence the deep structures that were undermining their formerly thriving commercial milieu and forcing the once-proud Crescent City ever further down onto the dependent lower rungs of the American urban system.⁴

This chapter examines New Orleans's rapidly deteriorating economic situation during the late nineteenth century, as well as reasons like these that lay behind it. Many of these contributing factors had roots in the antebellum period, but the Civil War and Reconstruction exacerbated and accelerated them while also adding new ones to the mix. Very recently, Hurricane Katrina made it clear to a shocked nation that life in the "Big Easy" was anything but easy for most of its largely impoverished and predominantly African American residents. But more than a century before, New Orleans had already been hit by the economic equivalent of a 'perfect storm' during the Civil War and its aftermath: a deadly combination of short-sighted commercial hubris, corrupt and reactionary government, and overarching changes to both the internal structure of southern agriculture and the broad, external trade flows that constituted the American urban system.

The state of Louisiana had never enjoyed much of a reputation for thrift or efficiency in its political affairs, but these conditions worsened during the Reconstruction era. In October 1873 the New Orleans *Daily Picayune* informed its readers that "bad government is the sole cause of the universal wretchedness of the people of Louisiana."

⁴ Daponte, "New Orleans and Ship Island Canal," 22.

Given the paper's staunch opposition to the successive federally backed administrations that ruled the state, their somewhat hyperbolic stance was unsurprising. But even the Republican governor Henry C. Warmoth later admitted that "corruption [was] the fashion" in postwar Louisiana politics, and most observers agreed. After visiting New Orleans, the state capital, in 1875 (the seat of government would be moved back to Baton Rouge in 1882), Charles Nordhoff catalogued a litany of complaints from local citizens, most of which centered around patronage, bribery, and similar abuses of power by officials. Moreover, although tax rates in New Orleans were particularly high, Nordhoff noted that the city continued to suffer from a pronounced lack of adequate municipal services, from its crumbling riverfront to drainage and sanitation problems. On the other hand, apparently believing in the adage that things had to get worse before they could get better, white conservatives often obstructed Republican efforts to clean up the notoriously filthy city, and these problems would contribute to a severe outbreak of yellow fever in 1878 that helped frighten away potential investors in post-"Redemption" New Orleans. Furthermore, a large proportion of government revenues were devoted to paying down the enormous state and municipal bonded debt, and elite bankers, fearing the wrath of northern and foreign bondholders, successfully resisted calls to scale back or repudiate this debt to free up funds for improved city services.⁵

⁵ William Ivy Hair, *Bourbonism and Agrarian Protest: Louisiana Politics, 1877-1900* (Baton Rouge, 1969), 99-101; J. Mills Thornton, "Fiscal Policy and the Failure of Radical Reconstruction in the Lower South," in *Region, Race, and Reconstruction: Essays in Honor of C. Vann Woodward*, eds. J. Morgan Kousser and James M. McPherson (New York, 1982), 351, 383-84; Michael A. Ross, "Resisting the New South: Commercial Crisis and Decline in New Orleans, 1865-85," *American Nineteenth-Century History* 4 (Spring 2003), 67; Nordhoff, *Cotton States in 1875*, pp. 59-61. See also Edward King, *The Great South; A Journey through Louisiana, . . .* (Hartford, Conn, 1875), chaps. 1-8. H. C. Warmoth, *War, Politics and Reconstruction: Stormy Days in Louisiana* (New York, 1930), 79-80; *New Orleans Daily Picayune*, October 29, 1873. In 1881 the *Picayune* published statistics showing that New Orleans ranked last in municipal services compared with five other U.S. cities; see the chart compiled from this data in Jackson, *New Orleans in the Gilded Age*, 97-98.

The New Orleans banking community had been especially devastated by the Civil War, and with much of its dwindling capital still tied up in government debt instruments, it also had a direct stake in avoiding their repudiation. In the meantime, New Orleans banks sought to establish new institutional safeguards against the periodic financial crises that made the regional economy all the more precarious. The ripple effect of such problems had once again become apparent during the national financial panic of 1873, which quickly squelched the moderate regional economic recovery that the city had enjoyed over the previous few years. After years of negotiations, by 1875 city banks had managed to create the New Orleans Clearing House Association, a centralized institution that offered them some degree of mutual protection for their various financial operations. Other private-sector groups in New Orleans also established badly needed trade associations and exchanges during the late nineteenth century: the Produce Exchange (1880); the Mechanics, Dealers, and Lumbermen's Exchange (1881); the Mexican and South American Exchange (1882); and the Louisiana Sugar Exchange (1883).⁶

The most significant such association, however, was the New Orleans Cotton Exchange, which was finally formed in 1871. New Orleans had lagged far behind other commercial cities like New York and Chicago in the establishment of commodities exchanges during the antebellum era, and despite scattered efforts, cotton merchants' inability to create an institutional mechanism to smooth the flow of commerce had been a frequent source of public criticism. This chorus of complaints resumed after the war, and for some observers, merchants' continuing failure to establish an exchange highlighted the fragmented, incohesive nature of this most important "class" of New Orleans

⁶ Andrew Morrison, *The Industries of New Orleans . . . Historical, Descriptive, Statistical* (New Orleans, 1885), 27–29; Taylor, *Louisiana Reconstructed*, 358–61; Davis, *Southern Planter, Factor, and Banker*, 5–6; "Annual Review of the New Orleans Market" [1868], 889.

businessmen. As one writer complained to a local paper in 1866, the lack of a cotton exchange meant that "business must be got through in a lame and halting . . . style totally unworthy of a city that aspires to be the metropolis of the Mississippi Valley," and he could only blame its absence on some "unexplained idiosyncrasy in the character of our mercantile population." But although reports circulated about an impending convention of cotton factors to discuss the formation of an exchange, it took another five years before the long-delayed institution was finally established.⁷

Under the stewardship of a young newspaperman-turned-statistician named Henry G. Hester, one of the most immediate practical effects of the new cotton exchange was to systematically organize and synthesize the hundreds of crop reports that came in from the southern hinterlands, which were vital for determining impending production trends on which prices depended. It proved more difficult for the Exchange to establish reliable, adequate communications with the buyers in northern and European markets who comprised the other end of the commodity chain, since northern-controlled telegraph monopolies initially preferred to maintain the higher volume of business they had enjoyed with hundreds of individual firms in the Crescent City rather than having them intermediated through the auspices of a single institution. Furthermore, although the Exchange quickly filled a long-standing need for a central authority to standardize weighing, baling, and grading procedures, it took more time to inculcate the habits and benefits of collective discipline among New Orleans cotton merchants accustomed to

⁷ New Orleans *Daily Crescent*, January 6 and 10 (quotations), March 13, 1866; James E. Boyle, *Cotton and the New Orleans Cotton Exchange: A Century of Commercial Evolution* (Garden City, N.Y., 1934), 68-71. See also L. Tuffly Ellis, "The New Orleans Cotton Exchange: The Formative Years, 1871-1880," *Journal of Southern History* 39 (November 1973), 545-64. Antebellum merchants' failure to establish a cotton exchange were discussed in chapter 1 above; see also "Cotton at New Orleans," *Hunt's Merchants' Magazine* 42 (January 1860), 105-6.

highly individuated market behaviors, especially in light of the steady contraction of port trade during the 1870s. In 1875, for example, members squabbled over a proposed 20 percent increase in the per-bale charges assessed to cover Exchange operations, a proposal that had been advanced because the revenues then being generated were proving “insufficient . . . in consequence of the great falling off in [New Orleans] receipts of cotton.”⁸

In other instances, the Exchange was unable to correct the wide variety of abuses and irregularities associated with crop marketing at the port, in large part because its enforcement power as a private-sector institution was limited. Although complaints about falsely packed cotton were a matter of grave concern, for example, the practice was already prohibited under existing laws that fell under the jurisdiction of civil authorities; the Exchange could thus only “earnestly call upon each planter and country merchant to aid in stopping this criminal practice.” (The Exchange also seemed to take some comfort in noting that similar abuses occurred in New York.) The political toothlessness of the Exchange was sometimes revealed even in its seemingly innocuous information-gathering functions. When significant discrepancies in the port’s export statistics came to light in 1876, the Exchange criticized “the unreliability of Customhouse official records,” but it could do little else about the federal authorities responsible for the problem.⁹

Problems with the patronage-ridden U.S. Custom-house were among the many issues that continued to plague the port of New Orleans during Reconstruction. There was

⁸ Minute Book B [April-May 1875], pp. 142–151, 205 (quotation on p. 143), in New Orleans Cotton Exchange Collection (Howard-Tilton Memorial Library, Tulane University; cited hereinafter as NOCEX Records, HTML-Tulane); Ellis, “New Orleans Cotton Exchange,” 548–51.

⁹ Minute Book B (November 29, 1876), p. 292; August 1873 circular in *ibid.*, p. 43, both in NOCEX Records (HTML-Tulane). In November 1876 Exchange president Willaim C. Black noted “how far from peculiar to New Orleans were the irregularities” in the cotton trade; *ibid.*, p. 311–12; the New Orleans *Daily Picayune*, June 25 and 27, 1879, also waxed smug about cotton thievery in New York markets.

no unified administration over the chaotic system of wharves, levees, and warehouses that comprised the riverfront until the formation of the New Orleans Dock Board in 1896. Until then, the city typically parceled out riverfront sections on short-term leases to private concerns, and these companies had little incentive to invest in improvements, especially when concessions were often little more than patronage grants subject to rapidly shifting political tides. Between such dubious private interests (there were others too, like the tugboat monopoly) and the numerous municipal, state, and federal agencies that jealously guarded their stakes in various riverfront operations, it was no wonder that late nineteenth-century New Orleans maintained its long-standing reputation as one of the most expensive and inefficient commercial ports in the nation. According to an 1869 estimate, it cost over three times as much to ship 100 tons of seagoing freight out of New Orleans as it did from New York or Boston. Northern-born shipping magnate Charles Morgan, who had run extensive operations out of New Orleans since the 1840s, finally grew so frustrated with city and state surcharges and other political chicanery during Reconstruction that he built a port of his own near the Atchafalaya Bay southwest of New Orleans, which he then successfully connected to Crescent City markets by means of a short-line railroad. Also making a bad situation even worse, at least from a commercial perspective, was the steady rise in conflicts with organized labor on the New Orleans docks during the post-Civil War decades.¹⁰

¹⁰ Arnesen, *Waterfront Workers of New Orleans*, 42–73; James P. Baughman, *Charles Morgan and the Development of Southern Transportation* (Nashville, 1968), 172–77; Taylor, *Louisiana Reconstructed*, 353. The comparative estimate of shipping costs is from Daponte, “New Orleans and the Ship Island Ship Canal,” 26–27; for similar postwar complaints about port costs and operations see “Through Freights and Close Connections,” *De Bow’s Review*, 2d ser., 6 (July 1869), 571–74; and *New Orleans Daily Crescent*, January 6, 1866. On the tugboat monopoly see the critical article from the *Chicago Tribune* reprinted in *New Orleans Daily Picayune*, July 22, 1873. Raymond J. Martinez, *The Story of the River Front at New Orleans* (New Orleans, 1955), 33–36.

Port development in late nineteenth-century New Orleans was also stymied by intense political struggles over the wider regional infrastructural framework, most notably levee and railroad systems. In terms of the former, the New Orleans Cotton Exchange took a keen interest in levee development, often lobbying local officials to remove obstructions and otherwise maintain this vital aspect of the city's riverfront. The Exchange also sought to influence federal policy toward levee construction all along the Mississippi River, as did state and municipal authorities. Even prominent citizens, especially the ubiquitous former engineer and CSA general P. G. T. Beauregard, became closely involved with levees and associated projects like canal-dredging. But in turn, Reconstruction-era levee construction was itself the subject of bitter infighting among officials from the U.S. Army Corps of Engineers, with controversies raging around the dual purposes of levees as a means of flood control and for scouring deeper channels for the Mississippi River. The construction of jetties below New Orleans during the late 1870s soon proved effective in removing the natural obstructions that had long impeded the access of deep-draft oceangoing vessels to the port, which was a considerable boon for commerce. Over the long term, however, Corps policies remained oriented mainly toward levees along the Mississippi rather than spillways, and this would eventually produce disastrous results during the great flood of 1927, and even afterward.¹¹

Political corruption and favoritism were even more rife in post-Civil War Louisiana railroad development than in river improvements. Louisiana had ranked last in

¹¹ George S. Pabis, "Delaying the Deluge: The Engineering Debate over Flood Control on the Lower Mississippi River, 1846-1861," *Journal of Southern History* 64 (August 1998), 423-25, 450-54; John M. Barry, *Rising Tide: The Great Mississippi Flood of 1927 and How It Changed America* (New York, 1997), chaps. 1-6; Nordhoff, *Cotton States in 1875*, pp. 58-59. For examples of General Beauregard's high-profile meddling with river policies see *New Orleans Daily Picayune*, June 15, 1873, and June 28, 1879; see also T. Harry Williams, *P. G. T. Beauregard: Napoleon in Gray* (1955; repr., Baton Rouge, 1995), 288-90. On the New Orleans Cotton Exchange and levees see Minute Book B, pp. 19-20, 70, NOCEX Records (HTML-Tulane).

the South in railroad mileage before the war, and afterward, the state mainly had a plethora of unconsolidated and often uncompleted short-line railroads, most of them in poor condition and already heavily encumbered with debt. Compared with other parts of the country, even its fellow southern states, postbellum Louisiana seemed especially reluctant to cede control over railroad development to private capitalists, perhaps because doing so would have decreased its politicians' opportunities for ill-gotten gains. The most pressing need, as the merchants of the New Orleans Cotton Exchange and others were quick to recognize after the war, was to bring the rapidly expanding cotton production of Texas firmly into the Crescent City's commercial orbit. Journalist Edward King noted that "the good burghers of New Orleans must look to a speedy completion of their new railways if they wish to cope successfully with the wily and self-reliant Texan." But since even the Exchange's directors resolved that such east-west lines should be "owned and controlled in Louisiana," Yankee transportation tycoons like Charles Morgan and Thomas Scott often found their efforts blocked by litigation and other obstacles thrown up with legislative connivance. Consequently, as will be discussed below, by the mid-1870s the vast Texas market was already lost to New Orleans.¹²

The city had greater success in securing rail access to the burgeoning plantation districts of the Mississippi Delta, largely because most of that line had previously been constructed under James Robb's leadership during the 1850s. Even there, however, political obstructionism reared its head: in 1870 Henry McComb, perhaps the foremost

¹² James P. Baughman, "The Evolution of Rail-Water Transportation Systems in the Gulf Southwest, 1836-1890," *Journal of Southern History* 34 (August 1968), 372-73; Minute Book B, pp. 9-10, 88 (quotation), 122-23, NOCEX Records (HTML-Tulane); Edward King, *The Great South; A Journey through Louisiana*, . . . (Hartford, Conn, 1875), 51; Warmoth, *War, Politics and Reconstruction*, 81-84; "Railroad Policy for the South," *De Bow's Review* 2d ser., 5 (July 1868), 607-11; *New Orleans Daily True Delta*, December 3, 1865; Nordhoff, *Cotton States in 1875*, p. 58. See also Mark W. Summers, *Railroads, Reconstruction, and the Gospel of Prosperity: Aid under the Radical Republicans, 1865-1877* (Princeton, N.J., 1984).

southern railroad developer of the day, was arrested in New Orleans when he tried to assume control of the line, of which he thought he was the new rightful owner. Although the Crescent City's developmental problems with regard to railroads were long compounded by its relatively inaccessible location in the swampy terrain of the lower Mississippi Delta, the inability of its leaders to even reach agreement on a central railroad terminus helps illustrate that shortsighted, self-interested politicians should probably bear the brunt of responsibility for these failures. Rail connections with the hinterlands would gradually improve by the early twentieth century, but by then, New Orleans had lost enormous commercial ground to its competitors, which it would never recover.¹³

Seen from another perspective, the lack of locally based railroad development also reflected the city's continued overreliance on port-generated commerce and the related failure to diversify its economic base after the Civil War. In a recent study of the performance of various securities offered on the New Orleans Stock Exchange, economic historians John B. Legler and Richard Sylla claimed that "a broad range of stocks tied to the local economy" was traded on the exchange during the late nineteenth century. In fact, among the stocks offered prior to 1900, two-thirds were clustered in the financial sector (banking and insurance); all six "railroads" traded were actually only city streetcar lines; and perhaps most significantly, there was not a single manufacturing concern among the six "miscellaneous" companies in their study. This absence was similarly striking in other data that they presented from earlier stock listings on the New Orleans

¹³ Peirce F. Lewis, *New Orleans: The Making of an Urban Landscape* (2nd ed., Santa Fe, N.Mex., and Harrisonburg, Va., 2003), 55–56 and Figure 11; Jackson, *New Orleans in the Gilded Age*, 149; Ari Kelman, *A River and Its City: The Nature of Landscape in New Orleans* (Berkeley, Calif., and other cities, 2003), 136–50; Ross, "Resisting the New South," 65–67. For a brief, acerbic account of state railroad development in the nineteenth century, see George Washington Cable, *The Creoles of Louisiana* (1884; repr., New York, 1970), 246–52.

and Charleston exchanges. In 1865–66 the New Orleans exchange had also been dominated by financial institutions, two of the three railroads listed were urban short-lines, and there were no manufacturers. The Charleston exchange, by contrast, already traded fourteen railroads from throughout the Southeast, as well as six manufacturing and mining companies.¹⁴

Although it goes unacknowledged by Legler and Sylla, their data provides a fine illustration of the widely neglected difference between postwar economic growth in the “New South” states of the Atlantic seaboard and the more conservative, even backward, pace of development in the former “Deep South” region centered on New Orleans. In particular, the much-ballyhooed cotton-mill craze that swept the Southeast beginning in the late nineteenth century never generated much more than a few small establishments and several notable failures in postbellum New Orleans. Cotton exchange statistician Henry G. Hester reported that Louisiana mills consumed only 16,420 bales of cotton in 1900; the state itself harvested 625,000 bales that same year. Overall, as historian Joy J. Jackson noted, “most of the major industries in [New Orleans] were adjuncts of some commercial interest” at the turn of the century, and as had long been the case, such firms typically engaged in low value-added, first-stage agricultural processing. Furthermore, both the number of manufacturing concerns in the city and the workers they employed actually fell between 1890 and 1900.¹⁵

¹⁴ John B. Legler and Richard Sylla, “Integration of U.S. Capital Markets: Southern Stock Markets and the Case of New Orleans, 1871–1913,” in *Finance, Intermediaries, and Economic Development*, eds. Stanley L. Engerman et al. (New York, 2003), 136–39 and Appendix 5.1 (quotation on p. 139).

¹⁵ Jackson, *New Orleans in the Gilded Age*, 157; New Orleans Cotton Exchange report appended to Henry G. Hester to Alcee Fortier, October 4, 1900, in Series 5, Cotton Trade Series (Mss 537; HTML-Tulane); Norman Walker, “Manufactures,” in Rightor, ed., *Standard History of New Orleans* [1900], 532–33. In fact, the overall pace of cotton mill growth in the late nineteenth-century “New South” has been overstated by some historians, as is reflected in regional data on cotton retained for domestic consumption. Compared to late antebellum figures, the total crop retained in the South actually fell in proportion to that used by the

Any survey of New Orleans's postbellum political economy would be incomplete without at least mentioning what was easily the biggest non-agricultural business in the city and state during the late nineteenth century: the Louisiana State Lottery Company. Incorporated by the Republican-dominated state legislature in 1868, this company was the brainchild of a group of New Yorkers closely connected with Tammany Hall politicians of that city. Although tickets for its monthly prize drawings were sold by mail throughout the nation (in fact, 90 percent of its sales came from out of state), its rapidly growing political influence was limited mainly to Louisiana, and especially its home base of New Orleans. The Lottery Company sought to cover its controversial tracks by making a wide variety of charitable and other contributions to state coffers—not least among them the dollars with which it lined the pockets of politicians from both parties. In addition to cultivating such “bipartisan” support, the company burnished its public relations aura by employing local Confederate hero P. G. T. Beauregard to conduct its prize drawings at a salary of \$30,000, and the co-sponsorship of the city's leading banks lent it a further measure of commercial legitimacy as well. At its height during the 1880s, the Lottery Company, by its own account, was generating an incredible \$29 million in income, an annual figure that represented more than triple the total capital invested in manufacturing in Orleans Parish. Over a quarter of this income was pure profit, most of which left the state to be distributed nationally among its shareholders and New York-based officers. After years of increasing local and national controversy, Congress finally took successful aim at the “Lottery Trust” in the early 1890s by prohibiting the use of interstate mails for the company's purposes, but in the meantime, a great deal of political

North during Reconstruction, when the ratio was about 10:1 in the North's favor. At the end of the century southern consumption of cotton was still less than half that used by northern mills.; see *Statistical Abstract of the United States*, No. 22 (1899; repr., New York, 1964), Table 72 (p. 331).

capital had been squandered over anti-Lottery reform efforts in Louisiana. A harbinger of the casino interests that would be invited to play an enormous and similarly controversial role in the state's economy a century later, this emblematic Gilded Age institution successfully tapped into the speculative currents that had long characterized the commodity-based business culture of nineteenth-century New Orleans.¹⁶

The long-playing scandals over the Lottery Company helped solidify the state's growing national reputation as a banana republic, a reputation that was perhaps further reinforced by New Orleans's well-known Creole community as well as the city's frequent entanglements in Latin American affairs. In fact, after the Lottery Company was finally banished from the city, it sought refuge in Honduras, from which it attempted unsuccessfully to resuscitate its fortunes. But just as before (and even during) the Civil War, the city's underdeveloped trading potential with Latin America remained a common refrain among globally ambitious Crescent City businessmen. Although even the New Orleans Cotton Exchange lent its imprimatur to such efforts during the 1870s, the best-known champion of increased Latin American trade during and after Reconstruction was the shady Ring politico "Major" Edward A. Burke, whose New Orleans *Times-Democrat* tirelessly promoted the Crescent City's opportunities for enrichment from other countries that rimmed the Gulf of Mexico. New Orleans would indeed increase its commerce with Latin America during the late nineteenth century, but although imports of bananas and coffee proved lucrative for emergent trusts like the United and Standard Fruit Companies,

¹⁶ A detailed account of the history of the Louisiana Lottery Company by a contemporary 'muckraking' journalist is Clarence C. Buel, "The Degradation of a State; or, The Charitable Career of the Louisiana Lottery," *The Century Magazine* 43 (February 1892), 618-33. See also Berthold C. Alwes, "The History of the Louisiana State Lottery Company," *Louisiana Historical Quarterly* 27 (October 1944), 933-1118, esp. 1020-23; and Williams, *P. G. T. Beauregard*, 291-303. Data on the total capital invested in Orleans Parish manufacturing is from the 1880 U.S. census, as available through the University of Virginia Libraries' Historical Census Browser, located online at <http://fisher.lib.virginia.edu/collections/stats/histcensus/> (accessed October 24, 2006).

they were hardly a panacea for the city's many economic woes. As for Major Burke, who had first established his reputation as one of the "heroes" of the white resistance at Liberty Place in 1874, his fortunes ended up linked rather more ignominiously to Latin America. After serving for several years as state treasurer and also playing a key role in that spectacular failure, the New Orleans World Cotton Exposition of 1884, it came to light in 1889 that Burke had embezzled hundreds of thousands of dollars from the Louisiana treasury by means of an ongoing fraudulent bond scheme. Burke managed to avoid justice by fleeing to Honduras, as had the Louisiana Lottery Company, where he lived out his years as a landowning grandee.¹⁷

In the stifling local political atmosphere during Reconstruction, many New Orleans businessmen may have taken solace from grandiose commercial visions that offered them hope of renewed importance in the postwar global economic order. But at the end of the day, the Mississippi River still remained "the axis on which all the whirl of life in the city of New Orleans revolves," as visitor Robert Somers put it in 1871. Crescent City merchants continued to expect the river to deliver the products of the sprawling Mississippi Valley to their doorsteps, and their complacency in the face of economic circumstances that were obviously changing for the worse drew increasing criticism. "The larger part of our old Southern business is now done outside New Orleans instead of inside," observed the New Orleans *Picayune* in the summer of 1873. The paper

¹⁷ Jackson, *New Orleans in the Gilded Age*, 19, 25–27; Ellis, "New Orleans Cotton Exchange," 559; Ross, "Resisting the New South," 68. See also [Illinois Central Railroad], *The Commercial, Industrial, and Financial Outlook for New Orleans* (Cedar Rapids, Iowa, 1894), 10; Morrison, *Industries of New Orleans*, 13–15; and typescript history (c. 1966), in Folder 1, Box 1, Standard Fruit & Steamship Company Papers (Ms 653; HTML-Tulane). On New Orleans merchants' efforts to establish themselves in the cotton trade from Mexico during the Civil War, see *Report of the Joint Committee on the Conduct of the War*, 38 Cong., 2 Sess. (3 vols., Washington, D.C., 1865), III, 17–19; and James W. Daddysman, *The Matamoros Trade: Confederate Commerce, Diplomacy, and Intrigue* (Newark, Del., 1984), 61–63.

agreed that there were numerous legitimate excuses for the dullness of local commerce, but nevertheless:

While giving full weight to these influences, we are convinced that many of our own folk are at fault. They will not properly work for prosperity; they lack that driving energy that goes out into the highways of the land and compels business to come in; they wait for it, instead of going for it, and the result is that less advantageous markets and inferior men, by sheer brass and impudent assertion, combined with astonishing enterprise, carry the day.

It was an all-too-familiar theme. As the more philosophical Creole residents among them might have been inclined to sigh, “Plus ça change, plus c’est la même chose.”¹⁸

Such observers might also have been forgiven if the sudden surge of postwar interest in reclaiming the midwestern grain trade for New Orleans provoked a similar sense of déjà vu. Although it was but another extension of Crescent City merchants’ habitual reliance on the river, the depressed state of southern cotton production immediately following the war prompted many to once again cast a covetous eye toward the farm products of the upper Mississippi and Ohio Valleys—a trade they had largely abandoned to new lake-canal and east-west railroad routes during the cotton boom of the 1850s. But western discontent with emergent rail monopolies was already growing before the war, and some believed that might serve as a basis for uniting the two great agricultural sections of the U.S. against a common northeastern foe. Even during the war, Confederate general Braxton Bragg had declared in Kentucky that “a community of interest will force a commercial and social coalition between the great grain and stock-growing states . . . and the cotton, tobacco, and sugar regions of the South.” *De Bow’s Review* chose to reprint Bragg’s address in 1869 as part of a general barrage of publicity

¹⁸ “New Orleans at Rest,” *New Orleans Daily Picayune*, July 14, 1873; Somers, *Southern States in 1870–71*, p. 191. See also Lawrence H. Larsen, “New Orleans and the River Trade: Reinterpreting the Role of the Business Community,” *Wisconsin Magazine of History* 61 (Winter 1977–78), 112–24.

about the mutual advantages of river transport for midwestern farmers and Crescent City merchants alike. Although there was still a tendency to fall back on the tired old saw that New Orleans was the upper valley's "natural depot and outlet to the markets of the world," grain producers were now also assured that shipping their products downriver would offer them price relief from "elevator and railroad rings." At a commercial convention held in New Orleans in May 1869, westerners seemed intrigued by this new antimonopolistic tack, but they made it clear that they expected more reciprocal benefits if they were to trade with Crescent City merchants, who were urged to offer a greater range of imported goods at more competitive prices, which they could do by establishing direct ocean connections with European markets. Still, delegates from both sections easily reached agreement that the federal government should be pressed to undertake extensive improvements to make the river more suitable for increased two-way traffic.¹⁹

The renewed interest of New Orleans merchants in the western grain trade necessarily brought them into greater contact with the commercial community of their upriver sister city, St. Louis. The border state of Missouri had been badly divided during the Civil War, and although the Lincoln administration had managed to hold it in the Union camp, pro-Confederate sentiment had always remained high, particularly in St. Louis. Indeed, by the end of the war, the majority of the state's white citizens seemed more aligned than ever with their neighbors to the south, a tilt that had already become apparent among St. Louis business interests during the late antebellum period. The city had been steadily losing ground to its rapidly expanding urban rival to the north, Chicago,

¹⁹ "An Abstract of . . . the New Orleans Commercial Convention, May 1869," *De Bow's Review* 2d ser., 6 (August 1869), 688–95; see also "The Bulk Grain Trade," *De Bow's Review* 2d ser., 6 (May 1869), 837–45. "Chicago and the Mississippi Outlet," *De Bow's Review* 2d ser., 6 (March 1869), 251–56 (quotations on pp. 252–53); Braxton Bragg, "The South and the Northwest" [1862], *De Bow's Review* 2d ser., 6 (August 1869), 696–99 (quotation on p. 698).

whose growth had been spurred by virtue of its closer connections with New York–based capital. St. Louis’s relationship with the Crescent City ran deeper than just the extensive commercial ties promoted by steamboat traffic between the two cities. Nearly half of St. Louis’s population were Catholics, and as one visiting journalist observed in 1867, “the languor and carelessness induced” by slaveholding still remained apparent among the city’s “old and wealthy families,” whose influential (and formerly pro-secessionist) French Creole presence lent the town “something of the style of New Orleans.”²⁰

The resumption of steamboat connections between St. Louis and New Orleans during the late occupation period continued to provide the most consistent source of port traffic in the years immediately following the war, and with the concomitant slowdown in cotton receipts, many Crescent City businessmen began aggressively touting St. Louis as an upriver ally in their efforts to resecure the still-booming grain trade. With the southern plantation trade facing an uncertain future due to both unsettled labor arrangements in the countryside and the influx of politically favored northern speculators to New Orleans, some former cotton factors now reoriented their operations partly or entirely toward the western produce business, as did the firms of S. H. Kennedy, E. K. Converse, and Aristide Miltenberger. After a brief postwar foray as a purchasing agent for a New Orleans cotton merchant, young Charles W. Squires became a junior partner in a new

²⁰ James Parton, “The City of St. Louis,” *Atlantic Monthly* 19 (June 1867), 658 (quotations), 662, 670–71. Parton was familiar with Civil War–era New Orleans due to his recent collaboration with Benjamin F. Butler on a highly sympathetic account of the general’s eight-month rule over the city; see Parton, *General Butler in New Orleans; Being a History of the Administration of the Department of the Gulf in the Year 1862* (New York, 1864). On pro-southern sympathizers in St. Louis and Missouri, see also Thomas W. Knox, *Camp-Fire and Cotton-Field: Southern Adventure in Time of War* (New York, 1865), 23–34, 55–56; and Christopher Phillips, *Missouri’s Confederate Governor: Claiborne Fox Jackson and the Creation of Southern Identity in the Border West* (Columbia, Mo., 2000), esp. 290–94. On St. Louis businessmen’s late antebellum competition with Chicago and their tilt toward the South, see Jeffrey S. Adler, *Yankee Merchants and the Making of the Urban West* (New York and other cities, 1991), 172–74; Wyatt W. Belcher, *The Economic Rivalry between St. Louis and Chicago, 1850–1880* (New York, 1947), 101–25; and William Cronon, *Nature’s Metropolis: Chicago and the Great West* (New York, 1991), 295–309.

wholesale grocery business established in 1866 by former cotton factor James Cammack Sr. "In New Orleans," he later recalled, "I met with signal success at selling pork and bacon," but as economic and political conditions in the city went "from bad to worse" during Reconstruction, Squires took the skills and connections he had established and moved to St. Louis, where he "opened up a produce house" in late 1873.²¹

Squires's example helps show that the city's attempt to cultivate a closer relationship with postbellum St. Louis was a double-edged sword. For one thing, it fostered the same sort of dangerous dependency on external capital that antebellum New Orleans businessmen had frequently bemoaned with regard to New York City. Locked into their own desperate commercial rivalry with Chicago, St. Louis businessmen were just as likely to encroach on New Orleans's former southern hinterlands as they were to serve as allies in a resuscitated river trade. More broadly, Crescent City merchants' desire to resecure the midwestern grain trade also represented the persistence of their reflexive overreliance on the Mississippi River. By centering many of their hopes for increased river trade around steamboats (which, despite an early postwar surge, quickly became an outmoded form of transport), their pursuit of much-needed railroad development was only delayed all the longer. Furthermore, the grain trade necessitated greater investments

²¹ Autobiographical manuscript of Charles Winder Squires (3 vols.), III, 19–20, 23–25 (quotations on pp. 23 and 25), in W. H. T. Squires Papers (Mss 1644-Z, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill; hereinafter cited as SHC). For the shift of other New Orleans cotton factors into the western trade, see the signatories to the notice published by "Western Produce Merchants," *New Orleans Daily Picayune*, June 15, 1873. On the rapid postwar resumption of river trade between St. Louis and New Orleans, see J. E. Hilary Skinner, *After the Storm; or, Jonathan and His Neighbours in 1865–6* (2 vols., London, 1866), I, 299–300; and Oscar O. Winther, *The Transportation Frontier: Trans-Mississippi West, 1865–1890* (New York and other cities, 1964), 74–75. Examples of New Orleans's sudden infatuation with the possibilities of trade with St. Louis are "St. Louis, a Port of Entry," *De Bow's Review* 2d ser., 1 (March 1866), 309–10; S. Waterhouse, "St. Louis, the Future Capital of the United States," *De Bow's Review* 2d ser., 5 (December 1868), 1096–1100; "The Grain Movement," *De Bow's Review* 2d ser., 6 (May 1869), 440; and William M. Burwell, "Plan of Through Trade between St. Louis and Liverpool by Way of New Orleans," *De Bow's Review* 2d ser., 6 (August 1869), 633–42.

in riverfront infrastructure from capital-starved New Orleans in order to prevent crop spoilage in the city's damp climate, which had already been a significant problem during the antebellum era. Finally, the full benefits of a revived grain trade still depended in large part on conditions in the southern countryside, a dilemma that led one St. Louis merchant to remind his Crescent City brethren at the 1869 commercial convention that "cotton and wheat go hand in hand." The New Orleans *Price Current* had noted in 1865 that "the ability of the Southern planter to pay for Western produce must depend upon the degree of his success in the culture of cotton and sugar." As staple-crop production in the Louisiana interior remained stagnant and prices began their steady postwar decline, many planters pursued greater self-sufficiency in foodstuffs by laying in more grain crops, which thus obviated their need to purchase from urban markets. But if New Orleans were to serve mainly as a trans-shipping point for exports of western produce, which soon proved to be the case, then the economic advantages that the city could derive from increasing its share of the grain trade would be severely limited.²²

However, despite such dabbling with the upper Mississippi Valley trade, New Orleans merchants' hopes for a commercial revival during Reconstruction continued to rest mainly on the recovery of their old southern plantation markets, and by the early 1870s there were some encouraging signs of growth in cotton production. Sharecropping contracts between white landowners and freedpeople were becoming entrenched as the preferred mode of resuming staple-crop production, finally lending a measure of stability

²² New Orleans *Price Current*, September 1, 1865, quoted in William E. Highsmith, "Louisiana Landholding during War and Reconstruction," *Louisiana Historical Quarterly* 38 (January 1955), 43; see also "Annual Review of the Mobile Cotton Market," *De Bow's Review* 2d ser., 5 (October 1868), 972. "Abstract of the New Orleans Commercial Convention," 692 (quotation); Belcher, *Economic Rivalry between St. Louis and Chicago*, 101–2; Winther, *Transportation Frontier*, 84–85; Ross, "Resisting the New South," 61–62.

to labor conditions after several years of uncertainty and stagnation in the southern countryside. Charles Nordhoff reported in 1875 that the former slaves he encountered in Louisiana seemed well-informed and attentive to their new responsibilities as sharecroppers. Short of ownership, Nordhoff wrote, “the great majority” of freedpeople “prefer to cultivate the land on shares . . . and they make handsome returns in this way.” He further noted that blacks had already earned a reputation with “petty shopkeepers, of whom the country is full,” as better debtors than their white neighbors. Further boosting regional output of cotton were these white yeoman households, many of whom had begun concentrating more on staple-crop production after being initially attracted by high market prices during the early postwar years. Whitelaw Reid described this trend from Mississippi in 1866, also noting that these “tobacco-chewing, muddy-footed men from the hills were among the best customers the Natchez merchants had.”²³

From the perspective of the quondam mercantile elite of New Orleans, however, there were still many disturbing signs that commercial conditions remained poor and might never return to ‘normal,’ regardless of whether regional agriculture continued its gradual revival. But visitors to the city during the 1870s, perhaps overly impressed by the busy appearance of the riverfront, often seemed slow to grasp the damaging changes that the war and its aftermath had already wrought on the city’s commerce. Robert Somers believed that he had witnessed the “rapid re-establishment” of the cotton business in New

²³ Whitelaw Reid, *After the War: A Tour of the Southern States, 1865–1866* (1866; repr., New York, 1965), 482; Nordhoff, *Cotton States in 1875*, pp. 70–71; Taylor, *Louisiana Reconstructed*, 374–80. On the emergence of sharecropping as the dominant mode of production in the South during Reconstruction, see Gerald David Jaynes, *Branches without Roots: Genesis of the Black Working Class in the American South, 1862–1882* (New York, 1986); and Scott P. Marler, “Labor Systems,” in *Encyclopedia of the Reconstruction Era*, ed. Richard Zuczek (2 vols., Westport, Conn., 2006), I, 367–70. The entrance of white yeoman farmers into postwar cotton production is described in Steven Hahn, *The Roots of Southern Populism: Yeoman Farmers and the Transformation of the Georgia Upcountry, 1850–1890* (New York and other cities, 1983); for the similar but more gradual trend in Louisiana see Roger W. Shugg, *Origins of Class Struggle in Louisiana* (1939; repr., Baton Rouge, 1968), 269–73.

Orleans, which he felt “had all the more probability of continuing” in light of the “natural” advantages of river transport. Edwin De Leon chose to highlight the Crescent City in his optimistic account of “the New South” for *Harper’s Magazine* in 1874. “The wonder is that [New Orleans] . . . has so rapidly recovered lost ground, commercially,” De Leon declared. But local merchants, particularly those who had been around before the war, knew better. Although Somers waxed enthusiastically over the fact that the city had handled “about one-third” of the South’s cotton output in 1870–71, more seasoned observers recalled that New Orleans receipts had averaged over half of total production during the 1850s. Furthermore, prices were trending downward, and many were rightly concerned that the entrance of new foreign suppliers into global cotton markets only bode continuing ills in this regard. The persistent shortfall of capital in the city’s crucial banking sector, which had been the rock of the South’s antebellum financial system, was also deeply worrisome to New Orleans businessmen during the early 1870s.²⁴

Incidentally, though, both Charles Nordhoff and Whitelaw Reid had called attention to what was the most troubling development of all from the perspective of New Orleans cotton merchants: the newly enhanced institutional role of the “country store” in the former plantation districts. As was discussed in chapter 3 above, these rural and small-town stores had become increasingly important in Louisiana during the antebellum era, when many of them began purchasing and consolidating small farmers’ staple-crop production for resale in Crescent City markets. But the majority of cotton was then still produced on slave plantations, whose owners were the primary clientele for hundreds of

²⁴ Davis, *Southern Planter, Factor, and Banker*; “Monthly Markets,” *De Bow’s Review* 2d ser., 6 (May 1869), 442; Edwin De Leon, “The New South,” *Harper’s New Monthly Magazine* 49 (September 1874), 557; Somers, *Southern States in 1870–71*, p. 197. On New Orleans receipts as a proportion of total antebellum cotton production, see the discussion in chapters 1 and 2 above, esp. Figures 1.4 and 2.1.

New Orleans-based factorage firms. Although planters often complained about high prices, interest charges, and other aspects of the factorage system, city merchants thrived for decades by handling crop sales and supplying plantations with foodstuffs and a wide range of other goods. For the most part, antebellum factorage had been a comfortable and lucrative arrangement for both parties, but slave emancipation and its aftermath profoundly altered the terms of this long-balanced commercial equation. For one thing, the abolition of property rights in human beings essentially wiped out what had served, along with land, as one of the twin pillars of southern capital stock before the war, and the rolling annual loans that had been extended by factors to their clients had depended on bank credit that was collateralized mainly by this slave property. At the same time, landholdings could not replace this sudden capital deficit, due to both greatly depressed postwar values and new national restrictions on real estate mortgages as a form of bank capital creation. But perhaps most importantly, even if there had not been a severe regional capital shortage, the dispersal of postemancipation agricultural production among thousands of individual small-farming units under sharecropping now made it nearly impossible for distant city factors to furnish supplies on credit as they had before, not only from the standpoint of prudent risk management, but also because of the insurmountable logistical difficulties involved.²⁵

Into this breach stepped rural storekeepers, whose increased role in southern crop production and marketing gradually became clear to New Orleans merchants during

²⁵ For the impact of emancipation and sharecropping on the postbellum southern financial system, see Roger L. Ransom and Richard Sutch, *One Kind of Freedom: The Economic Consequences of Emancipation* (2nd ed.; New York and other cities, 2001), 51–52, 87–113; and John A. James, “Financial Underdevelopment in the Postbellum South,” *Journal of Interdisciplinary History* 11 (Winter 1981), 443–54. Richard H. Kilbourne Jr. emphasizes the role of slave collateral in his *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish, Louisiana, 1825–1885* (Tuscaloosa, Ala., and London, 1995).

Reconstruction. In 1871, for example, the New Orleans *Price Current*, the semi-weekly organ of the mercantile elite, offered an analysis of how business relationships between bankers, factors, and planters had “materially changed” since the war. Although landowners were still seeking supplies on credit from their former factors in order to help their tenants lay in crops, such arrangements were now deemed “too precarious” by city merchants and their banker allies. The risks involved in extending loans guaranteed solely by future crops, whose production and value were themselves subject to numerous contingencies, were no longer justifiable from the standpoint of factors, who only stood to earn 2.5 percent commission from their eventual sale. Banker Robert M. Davis agreed that same year, arguing that “the difficulty of collecting in the country is so great that credit to planters is refused in the city unless some tangible city security” were offered as collateral. However, the *Price Current* continued, “the advance of merchandize on account” prior to the harvest and marketing season instead “may be made by the country merchant, who is taking somewhat the place of the factor, with superior facilities of saving himself by watching the crop growing and gathered.” Two years later the *Picayune* confirmed the changed state of commercial affairs in the wake of emancipation that now favored country stores. Since the end of the war, the paper noted, “This class of dealers have become the ‘middle-men’ between the crop raiser and the final purchaser,” and as a result, rural merchants were now doing an “astonishing” volume of business that earned them “very large” profits.²⁶

²⁶ New Orleans *Daily Picayune*, July 14, 1873; Davis, *Southern Planter, Factor, and Banker*, 10; “The Factor and the Planter,” New Orleans *Price Current*, March 15, 1871. See also Somers, *Southern States in 1870–71*, p. 198; Richard H. Kilbourne Jr., “The Ongoing Agricultural Credit Crisis in the Florida Parishes of Louisiana, 1865–1890,” in *A Fierce and Fractious Frontier: The Curious Development of Louisiana’s Florida Parishes, 1699–2000*, ed. Samuel C. Hyde Jr. (Baton Rouge, 2004), 128–30; Ransom and Sutch, *One Kind of Freedom*, 117–28; and Harold D. Woodman, *King Cotton and His Retainers: Financing and*

Had these country merchants merely been making advances to sharecroppers, collecting their output, and forwarding it to New Orleans markets, then their relationships with city factors might not have been significantly different from that of antebellum planters. With this in mind, a few Crescent City merchants with sufficient foresight (and capital) shrewdly bankrolled subsidiary stores under the management of kinfolk or close associates at strategic points throughout the countryside; such was the relationship, for example, between Moses Mann and the Fischer Brothers of West Feliciana Parish during the early 1870s. Conversely, some wealthier landowners, occasionally with the support of their former city factors, established “plantation stores” exclusively to furnish their tenants and gather their crops. In both instances, the crop marketing functions of New Orleans merchants could often be preserved largely intact. However, such relationships were the exception, not the rule. More frequently, interior stores were independent operations, and their owners were free to make whatever arrangements would net them the most profit. In light of the many disadvantages of New Orleans as a marketing center—conditions that, as we have seen, either did not improve or worsened during Reconstruction—many of these rural and small-town merchants now began exploiting various new alternatives that allowed them to boost their own bottom lines without the need to share profits with Crescent City intermediaries.²⁷

Marketing the Cotton Crop of the South, 1800–1925 (Lexington, Ky., 1968), 296–303. Rural furnishing merchants and their operations in postbellum Louisiana are discussed further in subsequent chapters herein.
²⁷ On the Mann–Fischer Brothers relationship see Mann, Fischer & Co. Account Books, 1869–1880 (Mss 896, Louisiana and Lower Mississippi Valley Collection, Hill Memorial Library, Louisiana State University, Baton Rouge, La.); see the similar arrangements in East Feliciana Parish described in Kilbourne, *Debt, Investment, Slaves*, 110–29, 141–51; and Elliott Ashkenazi, *The Business of Jews in Louisiana, 1840–1875* (Tuscaloosa and London, 1988), 67–91. “Plantation stores” seem to have been most common in the rich alluvial parishes that bordered the Natchez District; see Michael Wayne, *The Reshaping of Plantation Society: The Natchez District, 1860–1880* (1983; repr., Urbana and Chicago, 1990), 186–91.

To avoid the high costs long associated with New Orleans, rural merchants took greater control of crop marketing and processing. By increasingly ginning, pressing, baling, and weighing cotton either at their own on-site facilities or ones nearby, they obviated the necessity for such expensive processing in the Cresecent City. Interior storekeepers also began availing themselves of improved telegraphic connections that allowed them to market cotton directly to buyers in distant markets like New York and Boston; similarly, they were able to sell it to the manufacturers' agents who started appearing more frequently in the southern countryside during the late nineteenth century. Ironically, the organization of trading in futures contracts under New Orleans Cotton Exchange auspices only hastened this process of direct sales from the interior. Although Crescent City merchants initially resisted the practice as "mere gambling," by the early 1880s the majority of southern crop production was marketed through futures contracts. In any case, if cotton had already been sold in advance, it could then be shipped via New Orleans on through bills of lading, thus circumventing city merchants' commission fees and many port surcharges as well.²⁸

The easiest way to avoid New Orleans's drawbacks, however, was simply not to ship cotton there at all. For many years, the "natural advantages" of downriver transport and the relative lack of cost- and time-efficient alternatives had made New Orleans the default option when it came to crop marketing in the Southwest. Although the city had seen its trading territory shrink before the Civil War, most notably in its loss of upper Mississippi Valley commerce, it had made up for it through an increased volume of trade with its southern plantation hinterlands, especially during the boom years of the 1850s.

²⁸ Boyle, *Cotton and the New Orleans Cotton Exchange*, 99–100 (quotation on p. 100), 104–9, 164; M. B. Hammond, *The Cotton Industry: An Essay in American Economic History. Part I: The Cotton Culture and the Cotton Trade* (New York, 1897), 291–99; Woodman, *King Cotton and His Retainers*, 273–77.

But as historians John Legler and Richard Sylla recently noted, “after 1870, the volume of trade in [New Orleans’s] remaining territory also began to decrease.” However, as was discussed in chapter 7, the outlines of this trend could actually be traced to the Civil War years themselves. With occupied New Orleans and its federal Custom-house a font of bureaucracy, toll-taking, and corruption, overland shipments direct to East Coast markets became a more attractive and common option, and semi-sanctioned interbelligent trading helped spur the growth of interior cities like Memphis and Louisville. These trends gained momentum during Reconstruction, to the further detriment of New Orleans commerce and the factors who relied on it. Overland transportation routes became more extensive and efficient, especially as a result of railroad development. With massive aid from northern capital, the southern railroad system, which had still been in its infancy before the war (except in South Carolina and Georgia), was rapidly rebuilt and further developed throughout much of the interior after the war. In particular, new east-west lines significantly altered the previous flows of commercial traffic. As a result of these new rail connections to seaboard markets, by 1875 one observer already listed “the diversion of trade from old routes” throughout the lower South as “among the many striking changes wrought by the war.”²⁹

Railroad development not only prompted the growth of small interior market towns during and after Reconstruction, but larger cities around the southern periphery also began encroaching on New Orleans’s former plantation hinterlands with increasing success. To the east, the rival port of Mobile was fighting its own battle for commercial

²⁹ De Leon, “New South,” 558; John F. Stover, *The Railroads of the South, 1865–1890: A Study in Finance and Control* (Chapel Hill, 1955), 190–93; Hammond, *Cotton Industry*, 298–300; E. Merton Coulter, “Commercial Intercourse with the Confederacy in the Mississippi Valley, 1861–1865,” *Mississippi Valley Historical Review* 5 (March 1919), 385–87; Legler and Sylla, “Integration of U.S. Capital Markets,” 151.

survival as railroads based in South Carolina and Georgia reached into the cotton-growing districts of northern Alabama, Tennessee, and eastern Mississippi. To the west, the port of Galveston Island, with considerable backing from New York-based capital and extensive rail connections centered on Houston to its north, thrived on Texas's burgeoning cotton and sugar production. To the immediate north, along the east bank of the Mississippi, the cities of Natchez, Vicksburg, and Greenville became important cotton marketing centers in their own right; and farther north in Tennessee, Nashville joined Memphis in rapid rail-fostered commercial growth, as did Louisville, Kentucky. Finally, erstwhile upriver ally St. Louis quickly became "an aggressive competitor" for the Crescent City's southern trade during Reconstruction. Rail connections between St. Louis and the cotton regions of Arkansas and eastern Texas, which were completed by 1873, put the nail in the coffin of New Orleans's hopes of holding onto the Red River Valley trade. As St. Louis grew into the third largest cotton market in the nation by 1880, even Crescent City business refugee Charles Squires abandoned western produce to get back into the cotton trade.³⁰

In 1885 a comprehensive federal government report confirmed how interior marketing, new transportation outlets, and competition from other cities had reshaped domestic trade patterns to the Crescent City's disadvantage. Only 14,000 bales of cotton had been transported to market via overland routes in 1860; just two decades later, over a

³⁰ Squires autobiographical manuscript, III, 25; Ross, "Resisting the New South," 61–62 (quotation on p. 62), 67. For early Crescent City expressions of concern over St. Louis's designs on the Red River Valley trade, see "Railroad Connections between Texas and Missouri," *De Bow's Review* 2d ser., 1 (March 1866), 319–20; and "Trade between St. Louis and Arkansas," *De Bow's Review* 2d ser., 1 (April 1866), 424–25. On urban and commercial growth in postbellum Mississippi, see John C. Willis, *Forgotten Time: The Yazoo-Mississippi Delta after the Civil War* (Charlottesville, Va., 2000), 80–113; on Tennessee and Alabama see Don H. Doyle, *New Men, New Cities, New South: Atlanta, Nashville, Charleston, Mobile, 1860–1910* (Chapel Hill and London, 1990), 76–110. On Galveston, Houston, and the Texas trade see Baughman, *Charles Morgan and the Development of Southern Transportation*, 191–97; see also *New Orleans Daily True Delta*, December 3, 1865. Woodman, *King Cotton and His Retainers*, 274–75.

million bales were moved overland. This growth was attributed mainly to the expansion of cotton production in Texas and Arkansas, most of which was shipped by rail to points on the Ohio and upper Mississippi Rivers. The report also noted that “a large percentage of the shipments overland consists of purchases at interior points in the Southern States by agents of northern mills or by agents in eastern cities,” because “local charges at many interior towns are lower than those at southern seaports” Not all southern seaports were suffering, however: although “there has been a considerable falling off in the receipts of cotton at the Gulf ports,” improved east-west rail connections with the southern interior had prompted “a very large increase in the receipts at the South Atlantic ports” such as Savannah, Charleston, and Norfolk. The general decline in cotton receipts at Gulf Coast ports would have been even greater if not for the steadily increasing trade of Galveston, although the report failed to explicitly recognize its contribution.³¹

With the help of data furnished by cotton statistician Henry G. Hester, however, the report did take special note of the steep proportional decline of cotton receipts at New Orleans—a drop that was “mainly attributable to the diversion overland of the crops of Mississippi and Arkansas.” During the 1860–61 crop season, the last before the war, New Orleans had received 53.8 percent of the South’s aggregate cotton production of 3.66 million bales, a figure consistent with those over the previous decade, when the city’s receipts had averaged just over half of total annual regional output. A quarter-century later, the South was producing around six million bales of cotton per year, but now less

³¹ Joseph Nimmo Jr., *Report on the Internal Commerce of the United States*, 48 Cong., 2d Sess., Ex.Doc. 7, Part 3 (Washington, D.C., 1885), 77–85 (first and second quotations on p. 79; third quotation on p. 82). See also Emory R. Johnson et al., *History of the Domestic and Foreign Commerce of the United States* (2 vols.; Washington, D.C., 1915), I, 278–81. Cotton receipts at Galveston roughly doubled every decade between 1870 and 1900. In 1899, its cotton exports briefly surpassed those of New Orleans for the first time, but after the island port was laid flat by a hurricane in September 1900, its commerce never fully recovered; see *Statistical Abstract of the U.S.* (1899), Table 57 (p. 282).

than a third of those crops passed through New Orleans. It was not until 1889 that New Orleans cotton receipts equalled their previous record set during the 1859–60 season. Furthermore, this decline was even worse than it appeared at first glance, because of the crops that were still received at New Orleans, an increasing share arrived to the city on through bills of lading. Between 1881 and 1884 alone, the percentage of total New Orleans cotton receipts thus designated “in transit” rose from 24.7 percent to 35.5 percent. These crops had already been sold, and stripped of the modest multiplier effects that came from being marketed locally, they contributed relatively little to the city’s economy. Such receipts certainly contributed even less to local merchants, for whom this trend marked the final blow to the formerly lucrative dual functions of cotton factorage. First, New Orleans merchants had been forced to cede their role as plantation purchasing agents to country storekeepers after the war. Now, with less than 20 percent of the region’s cotton actually being sold in New Orleans, few could rely on income from marketing the diminishing amount of crops that still passed through their city, and the advent of futures trading reinforced a trend toward the consolidation of business in the hands of larger brokerage firms.³²

The city’s former stranglehold on the southern trade had been broken forever, and with it, the days of the independent entrepreneur and rampant commodities speculation in New Orleans were at an end. In any case, during a period when cotton prices were routinely struggling to reach ten cents per pound, merchants’ standard 2.5 percent commission looked paltry indeed. Yet despite declining prices, cotton production had

³² Nimmo, *Report on Internal Commerce*, 79–80, 85 (quotation on p. 85); Woodman, *King Cotton and His Retainers*, 288–94. The 1860–61 crop figures are from E. J. Donnell, *Chronological and Statistical History of Cotton* (1872; repr., Wilmington, Del., 1973), 503–5. On New Orleans crop receipts during the 1850s see the discussion in chapter 1 above.

“recovered” by 1880, at least in the sense of surpassing its antebellum levels, and it would continue to grow for several decades to come. Interestingly, however, the late nineteenth-century recovery of cotton production held true everywhere in the South except in Louisiana (Figure 8.1); indeed, the 1885 federal report had partly attributed the decline in New Orleans receipts to “reduced production in Louisiana.”

FIGURE 8.1: *Cotton Production (in Hundred Thousand Bales) by State, Ten-Year Intervals, 1860–1900*

STATE	1860	1870	1880	1890	1900
Alabama	990	429	700	915	1,104
Arkansas	367	248	608	691	719
Georgia	702	438	814	1,192	1,297
Louisiana	778	351	509	659	709
Mississippi	1,203	565	963	1,155	1,264
N. Carolina	146	145	390	336	473
S. Carolina	353	225	523	747	877
Tennessee	296	182	331	191	215
Texas	431	351	805	1,471	2,659
TOTAL U.S.	5,387	3,012	5,755	7,473	9,436

SOURCE: Data derived from James L. Watkins, *King Cotton: A Historical and Statistical Review, 1790 to 1908* (1908; repr., New York, 1969). The nine states listed never accounted for less than 97 percent of total U.S. production during the period. The drop in Tennessee’s production in 1890 was anomalous; state cotton production averaged about 300,000 bales annually during both the 1880s and 1890s.

Despite the fact that most of the southern portion of the state had been devoted to sugar or livestock raising, Louisiana had been the fourth-ranked producer of cotton in 1860. But alone among the southern states that accounted for nearly all of U.S. production during the late nineteenth century, Louisiana’s cotton output in 1900 failed to surpass its 1860 levels (although it did briefly pass that level once, just barely, in 1898). If Louisiana had matched the 77 percent combined growth rate of the major cotton-producing states during the period, its production would have increased to 1.38 million bales in 1900; and had it only kept pace with the other four “cotton states” of the lower South (Alabama,

Georgia, Mississippi, and South Carolina), its production would have grown 40 percent by 1900 to 1.09 million bales.³³

In light of Louisiana's uniquely poor agricultural recovery during the late nineteenth century (its sugar sector was just as slow to recuperate), it is reasonable to ask what relationship there was, if any, between this performance and the economic decline of postbellum New Orleans. Although the developmental linkages were weaker than the self-sustaining forms of economic growth promoted between city and countryside elsewhere (for example, in the case of nineteenth-century Chicago), New Orleans nevertheless exerted a profound gravitational pull on its Louisiana plantation hinterlands, especially with regard to the financial support it offered in the form of agricultural credit. In this sense, the devastation to capital stock represented by emancipation had far worse effects in Louisiana than in Texas, where slavery had not become as entrenched before the war, which helps explain the Lone Star State's impressive postwar growth. Largely as a result of emancipation, New Orleans had suffered the near-total destruction of its crucial banking sector, which had underpinned the prewar factorage system. But although the elimination of slave property as a basis for capital augmentation also affected other southern states like neighboring Mississippi, unlike there or in New South states along the seaboard, Louisiana, and especially New Orleans, failed to rebuild its financial or agricultural sectors after the war with the aid of outside capital. The state's notorious political instability frightened off potential investors during Reconstruction. Furthermore, many city elites continued to resist the importation of northern capital even after Redemption; Louisiana, as the *Picayune* stubbornly insisted in 1878, "can save herself,

³³ All figures are calculated from the data in Figure 8.1. The "five cotton states" are those identified as such in Ransom and Sutch, *One Kind of Freedom*; see Appendix A herein for further discussion of this and other methodological aspects of their important study. Nimmo, *Report on Internal Commerce*, 85 (quotation).

and stand alone, without a dollar of capital from other states.” Such attitudes were belied by the facts, however, as Louisiana plummeted from second to thirty-seventh in the nation in per capita wealth between 1860 and 1880. The lack of local enthusiasm for the incipient New South movement was further demonstrated during the World Cotton Exposition mounted by the city in 1884. Although “many northern capitalists” visited New Orleans during the Exposition, even one later boosterist pamphlet had to admit that the city’s poor condition “did not leave a good impression as to the business character and enterprise” of its citizens.³⁴

Thus, while the New South of the late nineteenth century was finally developing a network of towns and cities more linked into the interdependent American urban system, New Orleans was being left by the wayside in the process. Certainly, reactionary and counterproductive attitudes among its business elites played a part, but the wartime destruction of its financial sector proved especially damaging to the city’s declining fortunes and those of the state as well. Probably the final blow to the city’s hopes of regaining the prominence as a southern banking center it had enjoyed just a half-century before came in 1914, when New Orleans, despite an intensive lobbying effort, was surprisingly passed over in favor of Dallas as a location for one of the new Federal

³⁴ [Illinois Central Railroad], *Commercial, Industrial, and Financial Outlook for New Orleans*, 4; Ross, “Resisting the New South,” 71–73; New Orleans *Daily Picayune*, January 6, 1878, quoted in *ibid.*, 67; Stephen A. Caldwell, *A Banking History of Louisiana* (Baton Rouge, 1935), 111. On the participation of outside capital in the postwar southern agricultural sector, see C. Vann Woodward, *Origins of the New South, 1877–1913* (1951; repr., Baton Rouge, 1971), 118–20. As Woodward notes, development of the lumber industry in western Louisiana during the late nineteenth century was sponsored by outside capital, but most profits were siphoned off to Texas-based interests backed by English investors. The postwar economic trajectories of Louisiana and Texas are suggestively compared in Linda Kay Murphy, “The Shifting Economic Relationships of the Cotton South: A Study of the Financial Relationships of the South During Its Industrial Development, 1864–1913” (Ph.D. diss., Texas A&M University, 1999), 76–78. Aggregate bank capital in New Orleans fell from \$24 million in 1860 to \$8 million in 1865, \$4 million in 1875, and under \$2.5 million in 1897; Caldwell, *op. cit.*, Appendix II (p. 128). On the developmental symbiosis between nineteenth-century Chicago and its hinterlands see Cronon, *Nature’s Metropolis*.

Reserve System's twelve regional banks. In the typically reserved tones of economic historians, John Legler and Richard Sylla conclude that New Orleans was "slow" to attract outside investment and "not well integrated" with national markets during the half-century following the Civil War. But this is an understatement: the sundering of the city's financial ties with its plantation hinterlands led historian Joy J. Jackson to declare more emphatically that "no other major port showed such a radical change in trade patterns" during the late nineteenth century as did New Orleans.³⁵

The gradual revivification of the midwestern grain trade in New Orleans exemplified the limited commercial benefits it derived from serving as a mere waystation for commodities produced and marketed elsewhere. The city's role in the postbellum grain trade, which has been overemphasized by some recent historians, mainly occurred during the twentieth century after a series of extensive port reforms were finally undertaken. But New Orleans's share of national grain exports barely reached 20 percent of those handled by northern ports by the turn of the century; cotton long remained "king" among the commodities that the city handled, with low-value bulk agricultural imports from Latin America approaching quickly from behind. Furthermore, the city's failure to get in on the ground floor of the fast-expanding grain trade during the antebellum era had long-term effects. What proved crucial about this trade for the economic development of cities like Chicago and St. Louis were the early linkages that it established with the northeastern financial sector. In the integrated national marketplace

³⁵ Jackson, *New Orleans in the Gilded Age*, 150–51 (quotation on p. 150); Legler and Sylla, "Integration of U.S. Capital Markets," 153. For New Orleans's rapid descent from a first-order U.S. banking center to third-rank status at best, see James, "Financial Underdevelopment in the Postbellum South," 446–47, 453–54; and Michael P. Conzen, "The Maturing Urban System of the United States, 1840–1910," *Annals of the Association of American Geographers* 67 (March 1977), 88–108. The reinscribed map of regional banking imposed by the Federal Reserve was also telling: not only were northern Louisiana's cotton parishes assigned to Dallas's supervision, but New Orleans itself was relegated to the administration of Atlanta. The pace and character of urbanization in the postbellum South are discussed in the epilogue herein.

that emerged during the late nineteenth century, interregional flows of capital were much more important than the physical movement of commodities themselves.³⁶

New Orleans businessmen were painfully slow to learn this lesson, however. As late as the Second World War, a local reformer (named, rather ironically, Henry Grady Meador) bemoaned the Crescent City's lack of industrial development, yet he and others continued to champion further expansion of the city's ties with the Midwest and Latin America as a panacea for its economic woes. Any port in a storm, as it were—but at least Meador recognized that the city's failure to diversify its economic base was a result of its long-time overreliance on products from its southern "trade territory," which was "just beginning to emerge from the thrall of the plantation system." "Surely it does not suffice," Meador argued in 1942, "that we take a toll on this traffic, produce nothing ourselves, and add nothing to the value of the raw materials which we handle through the Port." Again, it was a depressingly familiar tale. In 1869 a critic had already lambasted city merchants' habitual dependence on the southern commodities trade for making New Orleans into "a monument to commercial isolation." By then, the rapid postwar dispersal of merchant capital into the Louisiana countryside, the subject of the next chapter, was forever altering the Crescent City's vampire-like ability to draw economic sustenance from its agricultural hinterlands.³⁷

³⁶ For data on the composition of New Orleans commerce and its relative position compared with other ports at the turn of the century, see *Statistical Abstract of the U.S.* (1899), 136, 145, 364, 366; on the grain trade see also U.S. Treasury Department, Bureau of Statistics, *Monthly Summary of Commerce and Finance of the United States, January 1900* (Washington, D.C., 1900), 1981–83. Historian Ari Kelman places questionable emphasis on the postbellum grain trade as a spur to local economic development in *A River and Its City*, esp. pp. 135–36; cf. Larsen, "New Orleans and the River Trade," 124. On port reforms during and after the 1890s see Boyle, *Cotton and the New Orleans Cotton Exchange*, 135–36; and Jackson, *New Orleans in the Gilded Age*, 153–57.

³⁷ Daponte, "New Orleans and Ship Island Ship Canal," 26; H[enry] Grady Meador, "Port Commerce and the Industrial Development of New Orleans," *Port Record* 1 (September 1942), 17; see also Richard Tate, "Latin American Trade Will Help Unify New Orleans and the Mid-West," *Port Record* 1 (April 1943), 28.

Chapter 9

Rural Merchants and the Reconstruction of Louisiana Agriculture

After the Civil War, many southerners were quick to recognize that the North's military victory carried wide-ranging ramifications for the region's political economy. Most obvious among them was slave emancipation, which meant that the South now had to reorganize the labor system that had successfully underpinned plantation production for many decades. George Fitzhugh, who had been one of the most influential pro-slavery apologists of the antebellum era, mixed sarcasm and realism in equal measures in an 1866 *De Bow's Review* article that explored some of the consequences of emancipation. Long a harsh critic of the North's free-labor regimes, Fitzhugh observed bitterly that "the abolition of the relation of master and slave begets the relation of debtor and creditor." "Let us accept as true, humane, and Christian, what all the world says is so," he now urged his fellow southerners, "and apply the lash of capital or debt to the negro, just as strenuously as it is applied elsewhere to the white laboring man."¹

Like many former slaveholders throughout the South, commercial elites in New Orleans initially hoped that slavery could be replaced with a similar "new labor system to be proscribed and enforced by the State," but federal authorities made it clear that government-sponsored efforts like the "Black Codes" of 1865–66 would not be tolerated. Who then would wield the whip that administered "the lash of capital"? Due to the severe postwar capital shortage that affected rural landholders and city merchants alike, a labor

¹ [George Fitzhugh], "National Debt a National Blessing," *De Bow's Review* 2d ser., II (October 1866), 399–402 (quotations on pp. 399–400). On Fitzhugh's pro-slavery, anticapitalist thought see Eugene D. Genovese, *The World the Slaveholders Made: Two Essays in Interpretation* (1969; repr., Middletown, Conn., 1988), 165–234.

system based on regular wage payments soon proved unworkable. Instead, makeshift arrangements that featured a division of crop sale proceeds between land owners and small-farm households rapidly replaced the former gang-labor production of plantation slavery in the cotton-growing regions of the South. But these various forms of tenant farming, collectively known as sharecropping, still required some party to furnish farmers with supplies during the months prior to the harvest and marketing season. Most city merchants were unable fill this role, not only because of their own capital deficits, but also because the decentralization of production now entailed too many risks for them to assume. But neither could most land owners furnish their tenants, mostly for the same reasons they were incapable of paying wages. As a result, according to one Crescent City newspaper in 1873, “a new era began” with the end of the Civil War, which was when “the cross-road country store commenced its mission.”²

Other contemporaries soon realized that the “lash of capital” in the postbellum South had fallen into the hands of rural and small-town storekeepers, with serious consequences for the New Orleans-based factorage system that had previously thrived on the cotton production of the lower Mississippi Valley. In 1871, for example, the New Orleans *Price-Current* noted that the rural merchant “is taking . . . the place of the factor, with superior facilities of saving himself by watching the crop growing and gathered.” Some of the groundwork for this expanded role had been laid during the antebellum decades, when increasing numbers of country store owners in Louisiana had begun tailoring their operations toward the thousands of small farming households whose operations did not merit much attention from plantation-oriented New Orleans merchants.

² New Orleans *Daily Picayune*, July 14, 1873; New Orleans *Price-Current*, September 1, 1865 (first quotation). On the “Black Codes” of 1865–66, see William Cohen, *At Freedom's Edge: Black Mobility and the Southern White Quest for Racial Control, 1861–1915* (Baton Rouge, 1991), 28–43.

As was discussed in Chapter 3, many of these rural storekeepers had not only sold goods to small farmers on credit, but they had handled the marketing of their growing staple crop production as well. After the Civil War, many rural and small-town Louisiana merchants were thus already well-positioned to step into the credit-provisioning breach created by the sudden dispersal of crop production under sharecropping and other forms of tenancy. However, their own lack of access to bank capital, as well as defaults caused by crop failures and absconding debtors, prompted most storekeepers to charge extremely high rates of interest for the supplies they furnished. By the last decade of the nineteenth century, when such credit-furnishing merchants had become an ubiquitous local presence in the everyday lives of black and white southern farmers alike, their business practices came to shoulder much of the blame assessed by contemporaries for the explosion of agrarian discontent in the 1890s known as the Populist movement.³

Many later historians also recognized the importance of these merchants to the economy of the post-Civil War South. Even though monographic treatments of country stores have been surprisingly scarce, scholars like C. Vann Woodward and Harold D. Woodman have emphasized postbellum rural and small-town merchants' provision of seasonal agricultural credit, especially in cotton-growing regions—credit that was secured via the legal mechanism of the crop lien. Both Woodman and Woodward condemned the cycle of debt fostered among sharecroppers and other small farmers by the lien system, yet they were also reasonably temperate in their criticisms of southern storekeepers. Woodward judiciously concluded, for example, that it “would be a mistake

³ New Orleans *Price-Current*, March 15, 1871; see also Robert Somers, *The Southern States Since the War, 1870–71* (1871; repr., University, Ala., 1965), 198. For two critical late nineteenth-century views of the rural furnishing merchant in the South, see Charles H. Otken, *The Ills of the South* (New York and London, 1894), 12–57; and M. B. Hammond, *The Cotton Industry: An Essay in American Economic History. Part I: The Cotton Culture and the Cotton Trade* (New York, 1897), 141–65.

to make the supply merchant the villain in the piece” since he was “only a bucket on an endless chain by which the agricultural well of a tributary region was drained of its flow.” With the advent of the “new social history” in the 1970s, however, such balanced views became less common as a spate of largely persuasive studies once again thrust rural merchants into a pivotal role in the class structure of the late nineteenth-century South.⁴

Woodward seemed to understand that furnishing merchants labored under many disadvantages that rendered them inadequate to the functions they were suddenly expected to perform. Some of these disadvantages were related to the fact that most of them operated what should be termed small businesses. The small business sector has long presented a challenge for economic historians. While most would agree that small businesses have been a significant presence in American economic life, their ephemeral nature (most small businesses, it has been widely noted, fail in their first year of operation) has made most attempts to better substantiate their institutional functions seem almost oxymoronic. Also complicating efforts to quantify their contributions to economic development have been the paucity of available records left by small businesses, as well as the related difficulty of aggregating what there is into a satisfactory whole suitable for

⁴ C. Vann Woodward, *Origins of the New South, 1877–1913* (Baton Rouge, 1951), chap. 7 (quotation on pp. 184–85); Harold D. Woodman, *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800–1925* (Lexington, Ky., 1968), 295–314. See also Jacqueline P. Bull, “The General Merchant in the Economic History of the New South,” *Journal of Southern History* 18 (February 1952), 37–59. The only monograph devoted to postbellum southern merchants remains Thomas D. Clark, *Pills, Petticoats, and Plows: The Southern Country Store* (1944; repr. Norman, Ok., 1989). Examples of class conflict-oriented “new social histories” that emphasized the role of rural merchants in the postbellum South are Michael Schwartz, *Radical Protest and Social Structure: The Southern Farmers' Alliance and Cotton Tenancy, 1880–1890* (New York, 1976); Lawrence Goodwyn, *Democratic Promise: The Populist Moment in America* (New York and Oxford, 1976); Michael Wayne, *The Reshaping of Plantation Society: The Natchez District, 1860–1880* (1980; repr., Urbana and Chicago, 1990); and Jonathan M. Wiener, *Social Origins of the New South: Alabama, 1860–1885* (Baton Rouge and London, 1978); see also Wiener, “Class Structure and Economic Development in the American South, 1865–1955,” *American Historical Review* 84 (October 1979), 970–1006, which includes a rebuttal by Woodman (*ibid.*, 997–1001). In “*Man Over Money*”: *The Southern Populist Critique of American Capitalism* (Chapel Hill, 1980), Bruce Palmer carefully examined some of the ambiguities of Populist ideology, such as attitudes toward merchants as fellow independent proprietors; see esp. pp. 172–73, 208–15.

empirical analysis. The lack of “transparency” displayed by most of these businesses (which were usually family-owned and/or partnerships, and almost never incorporated) further exacerbates such problems.⁵

The consequences of the failure to accord small business a more lasting measure of historical significance are nowhere greater than in the realm of distribution and marketing. In his classic study of organizational development in nineteenth-century American business, Alfred D. Chandler explicitly linked the consolidation of mass production to evolving marketing structures, but his insight has rarely been pursued with regard to the small retail establishments that remained the predominant intermediaries between producers and consumers well into the twentieth century, especially in the rural regions where a majority of the population continued to reside through 1920. Despite some promising older contributions, recent economic historians have tended to relegate distribution networks to the sidelines in favor of more production-oriented investigations, with the small-business sector still barely registering on their radar.⁶

⁵ William A. Brock and David S. Evans attempted to evaluate the economic role played by the small-business sector in *The Economics of Small Businesses: Their Role and Regulation in the American Economy* (New York, 1986). See also Mansel G. Blackford, *A History of Small Business in America* (New York, 1991); and Stuart Bruchey, ed., *Small Business in American Life* (New York, 1980). On the lack of “transparency” among small entrepreneurial firms, see Rowena Olegario, “That Mysterious People’: Jewish Merchants, Transparency, and Community in Mid-Nineteenth-Century America,” *Business History Review* 73 (Summer 1999), 161–89.

⁶ Alfred D. Chandler Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass., 1977), esp. chap. 7. The most valuable history of American distribution remains Glenn Porter and Harold C. Livesay, *Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing* (Baltimore, 1971; repr. Chicago, 1989); see also George L. Mehren, “Market Organization and Economic Development,” *Journal of Farm Economics* 41 (1959), 1307–1315; Harold Barger, *Distribution’s Place in the American Economy since 1869*, National Bureau of Economic Research, General Series No. 58 (Princeton, N.J., 1955); Lance E. Davis and Douglass C. North, *Institutional Change and American Economic Growth* (New York and London, 1971), esp. chap. 9. To the extent that recent historians have focused on marketing developments, their attention has been mostly on the creation of American consumer culture from the late nineteenth century forward, with the result being a plethora of studies that usually pay little heed to small businesses, instead tending to focus on emergent, often-incorporated organizational forms such as department stores and mail-order houses; see, for example, Richard S. Tedlow, *New and Improved: The Story of Mass Marketing in America* (New York, 1990) and Susan Strasser, *Satisfaction Guaranteed: The Making of the American Mass Market* (New York, 1989).

In the case of the post-Civil War South, the most detailed and sophisticated attempt to elaborate the role of rural and small-town merchants has been that of economic historians Roger L. Ransom and Richard Sutch in their 1977 study, *One Kind of Freedom*—or, as the popular shorthand refers to it, “1KF.” Like the new social historians with whom their book was contemporaneous, Ransom and Sutch assigned postbellum furnishing merchants a great deal of responsibility for persistent regional poverty after emancipation. For example, they sought to demonstrate that the rates of interest charged by furnishing merchants were unjustifiably high. The conceptual weight of this and other such arguments was borne mainly by their characterization of country stores as the beneficiaries of “territorial monopolies.” Ransom and Sutch maintained that the South was “partitioned . . . into literally thousands of separate territorial monopolies, each one dominated by a local merchant” (1KF, p. 137). Given the lack of competitive restraints that would have acted as a check on their economic behavior, rural merchants had free rein to charge as much interest as their consciences would bear. But although their study thus seemed to confirm much of the ‘merchant-as-villain’ thesis, Ransom and Sutch neither endorsed nor engaged with class-conflict explanatory models in their study. Instead, they couched their analysis in the moderate discourse of mainstream economics: stores were criticized for being “flawed economic institutions” (1KF, p. 2) rather than sites of class-based exploitation.⁷

⁷ Roger L. Ransom and Richard Sutch, *One Kind of Freedom: The Economic Consequences of Emancipation* (2nd ed.; New York and other cities, 2001), esp. chaps. 6–8 (quotation on p. 137). This work will be cited parenthetically in the text hereinafter as 1KF. Although Ransom and Sutch eschewed class-conflict frameworks in their study—nor did they discuss such approaches at all—a few years later, they provided a rare, telling insight into their position in a footnote buried in a rejoinder to their critics. Commenting on Claudia Dale Goldin’s citation of Jonathan Wiener’s work in support of her objection to 1KF’s characterization of “a coincidence of interest between landlords and merchants,” Ransom and Sutch wrote, “[W]e interpret the conflict which Wiener focuses on as being political and social rather than economic in nature.” This is an excellent example of the walls that economic historians have stubbornly

One Kind of Freedom provoked polite scholarly controversy after its release, much of which continues to this day. In particular, their thesis that postbellum merchants owed their powerful economic positions to the establishment of localized “territorial monopolies” over agricultural credit in the Cotton South has come under close scrutiny. Using evidence from the records of the R. G. Dun & Co. credit-reporting agency (which was also used and described in Chapter 3 above), as well as geographic models derived from economic anthropology, Ransom and Sutch based their conclusions about southern country stores during Reconstruction on a sample of twenty-two counties drawn from the five-state region they identified as the “Cotton South” (Alabama, Georgia, Louisiana, Mississippi, and South Carolina). In fact, although their arguments were persuasively couched as applicable to the entire “Cotton South,” some of their key contentions about stores were actually predicated on an even smaller subset comprised of only six counties.⁸

This chapter will analyze and compare a set of state and parish-level data on Louisiana stores similar to those compiled by Ransom and Sutch. Like theirs, most of this evidence is also drawn mainly from the records of the Dun credit-reporting agency.

built between the quantitative data on which they rely and the messy, ‘real-world’ intrusions of “political and social” structures. Ransom and Sutch, “Credit Merchandising in the Post-Emancipation South: Structure, Conduct, and Performance,” in *Market Institutions and Economic Progress in the New South, 1865–1900*, eds. Gary M. Walton and James F. Shepherd (New York, 1981), 62 n.10. Ironically, though, Ransom and Sutch’s arguments in *1KF* about “the trap of debt peonage” (chap. 8) and sharecropping as a form of tenancy (chap. 5) are highly congruent with the conclusions of the new social historians. Nevertheless, both characterizations have been steadily replaced in recent scholarship by a consensus that sharecroppers actually represented a mobile, wage-earning, free-labor force in a postbellum South ostensibly permeated by capitalist institutions and mentalités. This historiography is discussed in my article “Fables of the Reconstruction: Reconstruction of the Fables,” *Journal of the Historical Society* 4 (Winter 2004), 113–37.

⁸ Some of the methodological shortcomings of *1KF* are discussed in more detail in Appendix A herein. For other criticisms of *IKF* see the essays collected in Walton and Shepherd, eds., *Market Institutions and Economic Progress in the New South*; and Gavin Wright, *Old South, New South: Revolutions in the Southern Economy Since the Civil War* (New York, 1986), 110–15. A 1999 symposium on the second (and mostly unrevised) 2001 edition of *IKF* featured contributions by Wright, Peter A. Coclanis, Harold Woodman, Stanley Engerman, and Ransom and Sutch; it was published as a special issue of *Explorations in Economic History* 38 (January 2001).

Hundreds of Louisiana firms that appear in the Dun sources have been carefully evaluated and categorized in the hope of compiling satisfactory aggregate data. More so than elsewhere herein, this chapter will rely heavily on quantitative analysis, although some anecdotal examples will also be presented. However, conceding that the credit-provisioning role of postbellum merchants and their consequent importance to the New South economy is already well established, the focus herein will be on how the collected aggregate data indicates the basic structural conditions that affected such small firms in Reconstruction-era Louisiana. The numbers of stores established, persistence rates, capitalization, and other characteristics will be discussed. In addition, the notion of territorial monopolies will be tested by using the same procedures as Ransom and Sutch did in their study, although in so doing, some of the possible flaws in their construction of spatial density estimates will also be examined.⁹

As new systems of organizing agricultural production in the absence of slave labor were taking shape in Louisiana during the Reconstruction era, differences between cotton- and sugar-producing parishes became increasingly pronounced. This chapter will examine these differences by focusing most intensely on data culled from two carefully selected Louisiana parishes, Ascension and West Feliciana. For example, in West Feliciana Parish, where cotton was the main crop, postwar planter-landowners rapidly adopted (or acceded to) a share-tenancy system of decentralized production units composed mainly of freedpeople's households. In Ascension Parish, by contrast, sugar was the dominant staple crop. For various reasons, growing and processing cane proved

⁹ As defined in this study, the Reconstruction period in Louisiana extends from 1863 (after which most of the state was effectively under Union control) to about 1879 (two years after the final withdrawal of Federal troops and also the year when the most complete records of the Dun agency end). On the history of Reconstruction-era Louisiana in general, see Joe Gray Taylor, *Louisiana Reconstructed, 1863-1877* (Baton Rouge, 1974).

far less well suited to production on small tenant farms; hence, planters were obliged to come to terms almost immediately with the realities attendant to “free labor”—not just as “non-slaves” but as wage-earning workers. In so doing, large landowners in the Louisiana “sugar bowl” presided over a wide-ranging transformation of production that eventually made them, in essence, industrial capitalists. By comparing store development in these and other parishes, this chapter will seek to demonstrate two related propositions: first, that the roles and experiences of merchants in the rural parishes of postwar Louisiana were crucially shaped by the very different local market environments in which their stores were embedded; and second, that the data presented by Ransom and Sutch on general stores may have obscured the diverse trajectories and relative significance of these “flawed institutions” within disparate agricultural localities of the post-Civil War South. The effects of the divergent economic environments of cotton and sugar parishes on the development of rural and small-town stores will offer some striking contrasts heretofore unacknowledged by historians of the late nineteenth-century South.¹⁰

Louisiana Stores: Numbers and Growth

The pent-up demand for cotton and the resumption of agricultural production in the decade following the war meant that marketing and financial channels had to be improvised quickly to replace the antebellum factorage system that had been predicated on centralized plantation production. Agricultural production was even slower to recover

¹⁰ The economic history of postbellum Louisiana has been surprisingly neglected. A valuable overview is in Taylor, *Louisiana Reconstructed*, chaps. 8–9. Particularly lacking has been a focus on cotton production in the state, although the Natchez district, comprised of cotton-growing areas on both the Louisiana and Mississippi sides of the river, was examined in Wayne, *Reshaping of Plantation Society*. The sugar-growing regions of the state have received more attention; see J. Carlyle Sitterson, *Sugar Country: The Cane-Sugar Industry in the South, 1753–1950* (Lexington, Ky., 1953); and John A. Heitmann, *The Modernization of the Louisiana Sugar Industry, 1830–1910* (Baton Rouge, 1987). On the consequences of the shift to wage labor in postwar Louisiana sugar production, see John C. Rodrigue, *Reconstruction in the Cane Fields: From Slavery to Free Labor in Louisiana’s Sugar Parishes, 1862–1880* (Baton Rouge, 2001).

in Louisiana than in the other four major cotton states (see Figure 8.1 in Chapter 8): by 1880, the 508,569 bales produced in the state still represented just three-fourths of its total production in 1860. The situation in sugar was similar: only 171,706 hogsheads were produced in 1880 compared with 221,726 in 1860. At the same time, however, the Reconstruction era witnessed considerable growth in the number of stores the Dun agency reported operating in the state of Louisiana as a whole. Excluding heavily urban Orleans Parish, there were 1,213 general stores reported in Louisiana in 1868 (by which time Dun & Co. had agents reporting from most of the state after the interruptions of the war). A decade later, in 1878, there were 2,165 general stores in the fifty-six rural parishes of the state—an increase of 78 percent. Although this growth rate is significant, it does not represent even a doubling in the number of stores in the state and is somewhat less than might be expected from previous historiography. Historian Louis M. Kyriakoudes, for example, found a 249 percent gain in the number of stores in Alabama between 1871 and 1879. While some of the difference in Louisiana is probably related to its slow agricultural recovery, the state's lower store growth rate is also partly a function of the relatively higher base figure of establishments already operating during the antebellum period, as was discussed in Chapter 3.¹¹

¹¹ Louis M. Kyriakoudes, "Lower-Order Urbanization and Territorial Monopoly in the Southern Furnishing Trade: Alabama, 1871–1890," *Social Science History* 26 (Spring 2002), 186–87. Louisiana store totals here and below were tabulated from the R. G. Dun & Co. *Mercantile Agency Reference Books*, Vol. 27 (July 1868) and Vol. 41 (July 1878), copies of which were made from the most complete run of these volumes still extant, at the Library of Congress, Washington, D.C. There were fifty-eight total parishes in Louisiana at Reconstruction's end, but since the Dun agency did not yet recognize the 1877 division of Carroll Parish in the northeastern corner of the state into East and West Carroll, it is counted as one for purposes of the store data herein as well. With the exclusion of urban Orleans Parish, then, this chapter focuses on fifty-six total Louisiana parishes defined as rural. See also my discussion of Ransom and Sutch's spatial density estimates later in this chapter and in Appendix A. Cotton and sugar production data in the text is from the Eighth (1860) and Tenth (1880) Censuses of the United States.

There are also interesting correlations between the number of stores reported in 1878 and the agricultural production of each parish in the 1880 census (which was conducted in 1879). Seventeen of the top twenty-five parishes in total value of farm products were also in the top twenty-five in number of stores per parish. This proportion remains fairly constant if we look at the top fifteen parishes in agricultural value produced: nine of these parishes are also in the top fifteen in numbers of stores. In other words, about two-thirds of the top staple-crop producing parishes also were among the parishes with the most general stores by the end of Reconstruction.

As will be demonstrated later, this correlation is even more pronounced in the case of the amount of total capital invested in stores rather than just their numbers. But it is also telling to compare the numbers of stores by parish with the production of particular crops. Nine of the top ten sugar-producing parishes were among the top twenty-five parishes in numbers of stores, led by Ascension Parish's ninety-five stores (which ranked third overall), and six of these ten sugar parishes were in the top fifteen in total stores. These figures indicate a fairly strong correlation between the conditions that inhered to sugar production and the number of stores that a given parish was able to support, which a closer look at Ascension Parish below will further demonstrate.¹²

The situation in the top cotton-producing parishes appears significantly different. Only eight of the top fifteen parishes in cotton production were among the top twenty-five in numbers of stores, and these eight parishes tend to cluster toward the middle and bottom of the top twenty-five ranking of store numbers. The top two parishes in numbers

¹² One should also note that the top four rice-producing parishes of the state (those that produced over 2 million pounds in 1879) were among the top ten sugar-producing parishes. The Louisiana rice industry was still relatively minor during Reconstruction, but it would grow significantly in later decades, particularly in the southwestern coastal portions of the state.

of stores, St. Landry with 159 and Caddo with 100, were seventh and eighth respectively in total cotton production, but each can be discounted for different reasons. St. Landry was the second largest parish in the state, both in geographic size (behind only enormous, sparsely populated Calcasieu Parish) and population (behind only Orleans Parish, in which New Orleans was seated), so the number of stores there is better considered on a per capita basis, by which measure the parish is more in line with state averages (which will be discussed below). Caddo Parish's numbers were somewhat skewed by the rapidly growing interior urban cotton market town of Shreveport, where thirty-seven of its hundred stores were concentrated. Perhaps more telling is that three of the top five cotton parishes in the state do not rank on the list at all. Indeed, Louisiana's leading parish in cotton produced, Tensas, reported only twenty-three stores in 1878, placing it in the state's bottom third. Bossier Parish, ranked fourth in cotton produced, supported only nineteen stores. Two conclusions suggest themselves from these figures. First, unlike in the sugar parishes, there was little to no correlation between the conditions of cotton production and the number of stores its economic environment could support. The second conclusion must be more tentatively offered for now: stores in wealthy cotton parishes like Tensas, though fewer in number, tended to be more highly capitalized—a possibility that will be further explored later in this chapter.

For now, let us look more closely at store development in two representative Louisiana parishes: Ascension (sugar) and West Feliciana (cotton), which were only about fifty miles apart and connected by the Mississippi River, with the town of Baton Rouge lying roughly equidistant between them (Ascension to its southeast, West Feliciana to its northwest). A variety of factors make these two parishes well-suited for

comparative purposes. Both were almost exactly the same size (373 and 370 square miles, respectively); each contained a population of about 11,000 people in 1870, a majority of whom were ex-slaves in both; and each featured a riverside burg of about 2,000 inhabitants (Donaldsonville in Ascension Parish, and the twin towns of Bayou Sara/St. Francisville in West Feliciana). Plantation-based agriculture had long been the fulcrum of market activity in each parish, and as a result, both had been among Louisiana's wealthiest and most politically influential rural parishes prior to the war.

Figure 9.1 shows the total number of general stores reported in both Ascension and West Feliciana Parishes from the antebellum period through 1879. Obviously, there were indeed far more general stores after the war than before, which is consonant with the conventional wisdom echoed by Ransom and Sutch about the postwar proliferation of such establishments. In West Feliciana Parish there were twenty-eight general stores reported just prior to the war, and seventy-two new ones were established during the fifteen years of Reconstruction that began in 1863. Forty-three antebellum stores were reported in Ascension Parish, and 138 more were established there between 1863 and 1879. Right away, then, we are confronted with a puzzling fact: for if rural and small-town merchants were the institutional linchpin of the postbellum cotton economy, as they have long been understood, and if such merchants served less vital institutional functions in the sugar-producing region (where they were not relied on for the annual "furnish"), then one might have expected the increase in stores, *ceteris paribus* (population, size, resources), to have been greater in the cotton parish than in the sugar parish. Yet the 138 new stores established in Ascension Parish during the postemancipation years through

two reasons: there were more dollars available to purchase goods in West Feliciana; and more speculatively, Ascension's relative proximity to New Orleans markets might have drained off more local spending. However, the greater number of antebellum stores in Ascension Parish is partly attributable to the fact that it had more free households serving as a market for retail goods in 1860—almost twice as many as in West Feliciana (823 to 454). Furthermore, not only was Ascension's free population larger, but wealth distribution was less concentrated there than in West Feliciana, where the structure of antebellum marketing also prompted more planters to rely on the New Orleans-based factorage system for their purchases of household goods and plantation supplies. There were more small farm households in antebellum Ascension Parish, and such households had neither the collateral nor the credit to participate in the factorage system. Market conditions in Ascension Parish thus favored the prewar development of more local stores in which small- to mid-sized farmers could spend their dollars or barter their wares. These small, owner-operated farms, many of which were concentrated in the La Boucane Bend region a few miles upriver (and on the opposite bank) from Donaldsonville, represented a yeoman household presence in Ascension Parish that had no significant duplicate in antebellum West Feliciana Parish. Indeed, despite some decline in numbers, many small farms continued to be interspersed among Ascension Parish's large sugar plantations during the postbellum period, which was when West Feliciana's plantation system also began to decentralize production in favor of smaller tenant-farmed units.¹³

¹³ On the small farms of Ascension Parish see Samuel H. Lockett, *Louisiana As It Is: A Geographical and Topographical Description of the State*, ed. Lauren C. Post (orig. ms. 1869–72; Baton Rouge, 1969); and Roger W. Shugg, *Origins of Class Struggle in Louisiana: A Social History of White Farmers and Laborers during Slavery and After* (1939; rpt., Baton Rouge, 1968), 266. *Eighth Census of the United States, 1860*, Vol. I: *Population*, 303, 344. The more concentrated landholdings in West Feliciana Parish are discussed in Samuel C. Hyde Jr., *Pistols and Politics: The Dilemma of Democracy in Louisiana's Florida Parishes*,

Persistence Rates of Antebellum Stores

Ransom and Sutch claim that most antebellum merchants “were wiped out” by the war and that “few . . . survive[d]” (IKF, p. 117). In Louisiana, however, the picture is quite different. Many antebellum merchants, both large and small, resumed business after the war, albeit with different degrees of success (Figure 9.2).

FIGURE 9.2: *Total Number of General Stores Reported, with Persistence Rates: Ascension and West Feliciana Parishes, Louisiana, 1837–1878*

	Number of General Stores Reported in:	
	ASCENSION [sugar]	WEST FELICIANA [cotton]
Antebellum (est. <1/01/1863)	43	28
In operation, 1860	34	23
Post-1863 survivors	12 (35%)	11 (48%)
<i>Persisted >1878</i>	7 (58%)	6 (55%)
Postbellum (est. >01/01/1863)	138	72
<i>Persisted >1878</i>	62 (52%)	25 (35%)
plus anteb. survivors	150	83
<i>Persisted >1878</i>	79 (53%)	31 (37%)

SOURCE: Louisiana, Vol. II, pp. 1–77 (Ascension Parish); Vol. XXII, pp. 240–92 (West Feliciana Parish), both in R. G. Dun & Co. Collection, Baker Library, Harvard Business School, Boston, Mass.; R. G. Dun & Co., *The Mercantile Agency Reference Book, 1867–1878* (July volumes), Library of Congress, Washington, D.C. The use of the term *postbellum* here, while technically incorrect, is shorthand for the aforementioned dating of Reconstruction’s onset in Louisiana from 1863 forward.

These numbers indicate a surprising strength on the part of prewar establishments that had supposedly “existed only on the fringe of the plantation economy” (IKF, p. 117). Indeed, in both parishes, Figure 9.2 shows that over half the stores that made it across the war still remained in business as of 1878. The more successful of these businesses that had been in operation during “slavery times” also call into question the popular

1810–1899 (Baton Rouge, 1996), 26–28; and Floyd M. Clay, “Economic Survival of the Plantation System within the Feliciana Parishes, 1865–1880” (M.A. thesis, Louisiana State University, 1962). On store development in non-plantation, yeoman-dominated regions, see Scott P. Marler, “Merchants in the Transition to a New South: Central Louisiana, 1840–1880,” *Louisiana History* 42 (Spring 2001), 165–92; and Steven Hahn, *The Roots of Southern Populism: Yeoman Farmers and the Transformation of the Georgia Upcountry, 1850–1890* (New York, 1983), chap. 5.

characterization of postbellum furnishing merchants as mainly comprised of Yankees, immigrants (usually of Jewish origin), and other opportunistic newcomers.¹⁴

In Ascension Parish, twelve of the thirty-four antebellum stores (35 percent) operating in 1860 were still in business as of 1866, when the Dun agency resumed compiling reports from the South. Among these persisting prewar establishments were businesses small and large, as well as urban (that is, in Donaldsonville) and rural. For example, John Dominique's store on the river's west bank about ten miles north of Donaldsonville near the Iberville Parish line, which had been the subject of an idyllic painting by the noted artist Marie Adrien Persac in 1857, continued to serve plantations and small farmers after the war through at least the mid-1880s under his son's management. Another example is Marks Israel, who had purchased Henry Pforzheimer's interest in a store in 1859 after serving several years as his clerk. After the war Israel became one of the town's "leading merchants," with a stock estimated at some \$40,000 in 1873, when he was also said to do "an extensive credit business." He died in 1875, after which his wife Julia remained in business through at least the late 1870s. Victor Maurin had been one of the most prosperous merchants of Ascension Parish since first establishing himself there during the 1840s. Estimates of Maurin's growing wealth through his death in 1875 (after which his son carried on the business) confirmed the 1868 observation of a Dun reporter that, "though he lost largely by destruction of his property during the war, [he] has rebuilt and will soon be worth more than before." Solomon Weinschenck (who later served as mayor of Donaldsonville), J. H. Gondrau,

¹⁴ Lewis E. Atherton pointed out long ago that adaptations to business practices and organization significantly improved the strength of southern stores during the 1850s, improvements too often attributed to post-Civil War conditions; Atherton, *The Southern Country Store, 1800-1860* (Baton Rouge, 1949), 175-76.

Emile Collin, and J. B. Rodrigue were among numerous other merchants of lesser means who nevertheless managed to maintain businesses first established during the 1840s and 1850s through at least the end of Reconstruction.¹⁵

Still other postbellum Ascension Parish merchants reestablished businesses that they had first operated locally before or during the war. After roughly fifteen years in business, Jacob Lemann had sold out his Donaldsonville store in 1856, and although he continued to hold notes and real estate interests in the parish, he had departed for New York and Europe. Lemann returned with his family in 1866 to manage his newly obtained sugar plantations, at which time he also financed his son Bernard, along with then-partner Henry Loeb, in reacquiring his old store location near the riverfront in Donaldsonville. By the mid-1870s the younger Lemann was doing the “largest business in the place,” with an in-store capital estimated at over \$30,000. Henry Cook had established a store in Donaldsonville in 1863, despite the unsettled conditions of the ongoing war. He later took advantage of opportunities in the La Boucane region by opening a small branch store in the countryside; by 1871 Cook was described as “one of the richest merchants of this place,” a characterization that had not changed by 1879.¹⁶

Although there were fewer stores in cotton-producing West Feliciana Parish before 1860, the postbellum persistence rate of prewar merchants was even more pronounced there than in Ascension Parish. Nearly half of the merchants operating in

¹⁵ On Dominique’s store, see R. G. Dun & Co. Collection, Louisiana, Vol. II, p. 57 (Baker Library, Harvard Graduate School of Business Administration; cited hereinafter as Dun & Co., Louisiana, with appropriate volume and page numbers); and H. Parrott Bacot et al., *Marie Adrien Persac: Louisiana Artist* (Baton Rouge, 2000), 38–39. On Israel see Dun & Co., Louisiana, II, 19, 31; Maurin, *ibid.*, 5, 31; Weinschenck, *ibid.*, 2, 31, 34; Gondrau, *ibid.*, 18, 19, 30, 63; Collin, *ibid.*, 15, 30; and Rodrigue, *ibid.*, 6.

¹⁶ On Bernard Lemann, see Dun & Co., Louisiana, II, 21, 35, 58; see also Elliott Ashkenazi, *The Business of Jews in Louisiana, 1840–1875* (Tuscaloosa, Ala., 1988), 46 and *passim*. On the Lemanns generally, see also Leslie A. Lovett, “From Merchant to Sugar Planter: The Rise and Success of Jacob Lemann and Son” (unpublished B.A. thesis, Tulane University, 1990). On Cook see Dun & Co., Louisiana, II, 22–23.

West Feliciana in 1860 (eleven of twenty-three) remained in operation after the war, and six of them would persist through at least the end of Reconstruction. However, the war did prove fatal to the fortunes of several merchants, large and small, in the parish. Among them were Oliver P. and N. E. Robinson's commission and forwarding business on Bayou Tunica in the northwestern part of the parish, established in 1853; Charles Stoer's modest Bayou Sara grocery, also first established in the early 1850s; Horace C. Hill, a storekeeper and hotelier, who had reportedly been conniving with his "clever" wife to hide his financial disrepute since 1853; and the small produce stand of parish natives John Spear and Alex Barnett.¹⁷

Other, more substantial West Feliciana merchants, however, made it across the war in better shape, only to struggle afterward. The French Catholic immigrant Peter Lebret had been in the merchandising business in Bayou Sara since 1837, but he had increasingly attended to his plantation in the southeastern corner of the parish since the mid-1850s, leaving his wife Elise largely in charge of the family store. After the war, the financially besieged Lebrets steadily sold off their considerable real estate holdings in the region while also trying to regroup their fortunes behind the more stable income provided by their Bayou Sara store. Having pledged two thousand acres of land and sixty slaves in 1859 to wholesalers Bellocq, Nobblom & Co. of New Orleans in lieu of a \$35,000 debt, they finally managed to pay off this mortgage in 1868. But after Peter's death in the early 1870s, his son Pierre tried unsuccessfully to manage the firm in conjunction with his mother. By 1875 the Lebrets were forced to rely on friends' property to guarantee new mortgages, which enabled them to obtain credit to stock their shrinking business with

¹⁷ On the Robinsons see Dun & Co., *Louisiana*, XXII, 246–47; Stoer, *ibid.*, 248; Hill, *ibid.*, 247, 257; and Spear & Barnett, *ibid.*, 252.

“wines, liquors, and groceries,” but only on very stringent terms “not to exceed \$200 at any one time.” Their new wholesale suppliers were two prosperous Jewish newcomers to West Feliciana Parish, Picard & Weil. Nevertheless, the Lebrets’ store, nearly forty years in business, failed not long thereafter.¹⁸

In spite of sometimes frequent partnership and intrafamilial reorganizations, however, some antebellum West Feliciana merchants and their kin avoided the fate of the Lebrets and stayed prominent in parish affairs for many years—men like Conrad Bockel (who would remain in business through the 1890s), the Farrelly brothers (booksellers, general merchandisers, and later, postmasters, whose business also persisted through the 1890s), and the Wolf brothers (who maintained several country stores in the northern portions of the parish). The Whitemans were another West Feliciana Parish family that successfully steered its mercantile interests across the Civil War. John Whiteman went into merchandising in Bayou Sara during the mid-1850s, first as clerk to, then in partnership with, George Leet, finally becoming sole proprietor of the store just before secession. He was succeeded after the war by his sons Charles and Henry, then later by sons Edwin and Theodore, who bought out their siblings in 1868. A family frequently deemed “too extravagant” for their means (at least in the view of the conservative credit reporters for the Dun agency), the Whitemans were aggressive entrepreneurs nonetheless. Edwin and Theo, who were said to buy much of their inventory from St. Louis and Cincinnati wholesalers, also ran a wharf boat for short hauling and collecting, and they were known to directly beseech area planters for their cotton forwarding business—a

¹⁸ On the Lebrets’ fortunes see Dun & Co., Louisiana, XXII, 240, 254, 267; Lebet & Hearsey Record Books, 1838–1875 (Special Collections, Hill Memorial Library, Louisiana State University, Baton Rouge, La.); and West Feliciana Mortgage Records, Vol. 9, pp. 378–81 (West Feliciana Parish Courthouse, St. Francisville, La.); *ibid.*, Vol. 15, pp. 12–13.

form of “cold-calling” that may have struck some still-genteel planters as untoward behavior.¹⁹

Abraham Levy, who had overlapping interests in stores in East Feliciana Parish and elsewhere (and who reputedly enjoyed financial backing from New Orleans and New York City) also rode out the war and prospered afterward. Among the most prominent persisting antebellum merchants of West Feliciana was John F. Irvine. Having begun as a partner in a grocery with William D. Hatch prior to the war, Irvine branched out his mercantile interests into real estate afterward, and he soon became a major landlord in the reviving cotton economy of the parish. Yet he never ceased his store operations, and he added a lucrative saw mill to his “extensive commissioning and forwarding business” in the late 1870s. Later the mayor of St. Francisville and succeeded in his local business interests by his son John Jr., Irvine also enhanced his burgeoning real estate holdings in 1885 by purchasing nine town lots in Bayou Sara from the elderly widow Elise Lebet, who continued to liquidate her family’s landholdings for what seems an inordinately low price of \$45, or a mere \$5 a lot.²⁰

The relatively good conditions for those Ascension and West Feliciana Parish merchants who resumed business after the war were typical of other parishes of the state

¹⁹ On the Whitemans see Dun & Co., Louisiana, XXII, 243, 268, 291; and Whiteman Bros. to Henry McKowen, October 20, 1868, in John McKowen Papers, 1830–1898 (Mss 1353, Louisiana and Lower Mississippi Valley Collection, Hill Memorial Library, Louisiana State University; hereinafter cited as LLMVC); [St. Francisville, La.] *West Feliciana Sentinel*, August 30, 1876, p. 3. On Bockel see Dun & Co., Louisiana, XXII, 249, 271; on the Farrellys, see *ibid.*, 259, 268; and on the persistence of each into the 1890s, see [R. G. Dun & Co.], *Mercantile Agency Reference Book*, January 1890, Louisiana (Hill Memorial Library, LSU). On the Wolfs, see Dun & Co., Louisiana, XXII, 247, 278. For the importance of kinship to commercial practices in the South, see Carolyn Earle Billingsley, *Communities of Kinship: Antebellum Families and the Settlement of the Cotton Frontier* (Athens, Ga., 2004), chap. 4.

²⁰ On Irvine see Dun & Co., Louisiana, XXII, 258, 261, 264; and the permanent display on Irvine as a local “captain of industry,” West Feliciana Historical Society, St. Francisville, La. On the sale of nine Bayou Sara lots (nos. 535–46) by Lebet to Irvine on July 29, 1885, see West Feliciana Conveyance Books, Vol. 46, p. 4 (West Feliciana Parish Courthouse, St. Francisville, La.). On Abraham Levy see Dun & Co., Louisiana, XXII, 240–41, 260, 270; on his East Feliciana interests and outside connections, see also Ashkenazi, *Business of Jews in Louisiana*, Chap. 3.

as well, where many stores from the antebellum era had either managed to stay afloat during wartime or were quickly reestablished during Reconstruction. For example, in the enormous, mixed-farming parishes of Avoyelles, Rapides, and St. Landry, many merchants of antebellum renown remained in operation after the the Civil War. In Avoyelles Parish, Auguste Voinchi, a storekeeper whose “cunning” practices had prompted disdain from Dun reporters since the late 1830s (a “great old rascal,” one called him), continued to furnish local planters after the war. However, his son Alphonse, who took over their Marksville store in 1868, demonstrated none of his father’s business acumen during precarious times. Despite the elder Voinchi’s reassertion of control and attempts to revive the store, it finally failed during the depression of 1873. The many progeny of the Bordelon family also continued their antebellum activities as both planters and merchants in Avoyelles Parish after the war. Overall, of the twenty-seven stores reported in Avoyelles Parish in 1867, sixteen had been in operation before the war, and several larger firms continued to thrive through the end of Reconstruction, such as those of Edwards & Sloat, Gauthier & Trudeau, and Leander F. Roy.²¹

In Rapides Parish, Samuel J. Henarie, a wealthy merchant whose store had thrived on the Red River front in Alexandria since the 1840s, had continued doing business through the war, but afterward he soon found himself hard-pressed due to low-balling competitors as well as a devastating flood in 1867. Parish grocers such as Jacob Walker (one of Henarie’s Alexandria competitors) and Michael Paul Jr. of Hineston also maintained and expanded their operations to prosper at least through Reconstruction’s

²¹ Avoyelles Parish figures compiled from R. G. Dun & Co., *The Mercantile Agency Reference Book, 1867–1878* (July volumes) (Library of Congress, Washington, D.C.). On Edwards & Sloat, Gauthier & Trudeau, and Roy, see the ledger entries throughout Dun & Co., Louisiana, II. On Voinchi see *ibid.*, 142, 156, 171; and Marler, “Merchants in the Transition to a New South,” 179–80. On the Bordelons see also the many entries scattered throughout Dun & Co., Louisiana, II, esp. 157, 165, 176, 190.

end. Paul ran a “country store worth fully 6–9m [thousand]” before the war. He made it across the war years partly because he “had 300 bales of cotton left at surrender.” But by 1867, a Dun agent reported that Paul was struggling to stay afloat, because he had “lost a good deal of money . . . advancing supplies to others within the last two years.” Still, Paul’s store remained in business through at least 1875, when the local correspondent reported that his prospects were “very good.” The upswing in Paul’s fortunes was probably helped by his store’s service not only as a precinct polling station but as a meeting place for the “White Man’s Party” that sought to restore the local Democratic Party to power. Paul’s brother David, a popular ex-Confederate captain who clerked at the store, stood for local office in 1872 and 1874. In St. Landry Parish, just south of Rapides, Samuel Haas’s general store on Bayou Chicot successfully juggled a low inventory with consistent sales to “[hold] his own” through the upheavals of war and Reconstruction. Haas was still doing mercantile business in the parish during the 1880s.²²

Louisiana stores that had been established before the Civil War thus had a fairly good chance of resuming business afterward, in cotton, sugar, and mixed-farming parishes alike. Similar to the many studies that have demonstrated “planter persistence” after the war, many stores in rural Louisiana were still operated by the same men as before. The evidence for a radical break between either the personnel or the institutions of merchandising is not so great as has often asserted by scholars like Ransom and Sutch. Indeed, the evidence seems to show that many of these stores persisted across the war at

²² On Haas see Dun & Co., Louisiana, XX, 57; and Samuel Haas letterpress copybook, 1887 (Mss 3698, LLMVC). On Michael Paul see Dun & Co., Louisiana, XIX, 22; and Jerry Purvis Sanson, “White Man’s Failure: The Rapides Parish 1874 Election,” *Louisiana History* 31 (Winter 1990), 42, 45–47, 53. Paul also seems to have been involved in a store in nearby Elmer owned by the Rev. J. W. Carruth; see *The Carruth Journals, 1872–1902*, ed. Don C. Marler (Woodville, Tex., 1996). On Henarie see Dun & Co., Louisiana, XIX, 7; on Walker see *ibid.*, 10, 46.

rates all the more surprising given the large number of merchants who must have either lost a great deal of property or even died during the conflict. It is possible to surmise that many country storekeepers had an easier time of reviving their fortunes because, unlike planters, the bulk of their capital was not tied up in either slaves (whose value was wiped out upon emancipation) or in land (whose value plummeted after the war). Furthermore, retailing had always been a relatively low-capital vocation; hence, recovery was somewhat easier. For those postbellum rural and small-town merchants able to make the necessary adjustments, new opportunities in furnishing supplies and crop marketing, which had now devolved toward the hinterlands as a result of the rapid decline of the factorage system, would help keep them afloat for many years to come.²³

Postbellum Persistence Rates

Particularly for small businesses, a large number of which tend not to survive past their first year in operation, the ability to simply remain in business—or “persist”—over time is an important yardstick of healthy commercial conditions, a measure perhaps even more basic than profit-and-loss. Indeed, Donald N. McCloskey has even used the example of southern country stores to typify the importance of persistence rates—or what he called the conditions of “entry and exit”—to economic analysis.²⁴

With this in mind, Figure 9.3 shows the overall persistence (or “exit”) picture for Ascension and West Feliciana Parishes during Reconstruction. The lower persistence rates of stores established after 1863 are more in line with conventional wisdom, but

²³ On the microeconomics of retailing see Harold Barger, “Income Originating in Trade, 1869–1929,” in National Bureau of Economic Research, *Trends in the American Economy in the Nineteenth Century* (Princeton, N.J., 1960), 329. For an analysis of changed investment, credit, and marketing structures after the war emphasizing the gradual decline of factorage, see Richard H. Kilbourne Jr., *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish, Louisiana, 1825-1885* (Tuscaloosa and London, 1995); see also Woodman, *King Cotton and His Retainers*, esp. chaps. 23 and 24.

²⁴ Donald N. McCloskey, “The Economics of Choice,” in *Economics and the Historian*, eds. Thomas G. Rawski et al. (Berkeley, Calif., and other cites, 1996), 131–33.

again, not only were nearly twice as many stores established in non-sharecropped Ascension Parish after the war, but postbellum stores there consistently demonstrated an ability to persist longer than their West Feliciana cotton-parish brethren, despite operating in a market area more crowded with such establishments.

FIGURE 9.3: *Number of Postbellum General Stores Established by Five-Year Groups, with Persistence Rates: Ascension and West Feliciana Parishes, Louisiana, 1863–1878*

	Number of Stores Established in:	
	ASCENSION	WEST FELICIANA
Established 1863–1867	24	13
<i>Persisted >1878</i>	14 (58%)	4 (31%)
<i>Failed 1868–70</i>	2	6
<i>Failed 1870–72</i>	2	2
<i>Failed 1873–75</i>	3	0
<i>Failed 1876–78</i>	3	1
Established 1868–1872	79	33
<i>Persisted >1878</i>	31 (39%)	7 (21%)
<i>Failed 1873–75</i>	27 (34%)	18 (55%)
<i>Failed 1876–78</i>	21 (27%)	8 (24%)
Established 1873–1877	26	26
<i>Persisted >1878</i>	18 (69%)	14 (54%)
<i>Failed <1879</i>	8 (31%)	12 (46%)
Established 1878	9	0
<i>Persisted >1878</i>	9	0

TOTALS	1863–1878:	138 (100%)	72 (100%)
	1863–1867:	24 (17%)	13 (18%)
	1868–1872:	79 (57%)	33 (46%)
	1873–1877:	26 (19%)	26 (36%)
	1878:	9 (7%)	0 (0%)

SOURCE: Louisiana, Vol. II, pp. 1–77 (Ascension Parish); Vol. XXII, pp. 240–92 (West Feliciana Parish), both in R. G. Dun & Co. Collection, Baker Library, Harvard Business School, Boston, Mass.; R. G. Dun & Co., *The Mercantile Agency Reference Book, 1867–1878* (July volumes).

A remarkable 52 percent of general stores established in Ascension Parish after 1863 persisted through 1878 (72 of 138), compared to 35 percent in West Feliciana (25 of 72).

(If we add in the aforementioned antebellum “survivors,” the figures rise to 53 and 37 percent respectively.) In other words, the average store among the greater number established in postemancipation Ascension Parish had twice the chance of surviving through Reconstruction’s end than the average one established in West Feliciana. Clearly, conditions of “entry and exit” were superior in the postbellum sugar parish.

Figure 9.3 also divides these establishment and persistence rates into five-year intervals to see how conditions of “entry and exit” changed over the Reconstruction era. Relatively few stores were established between 1863 and 1867 in either parish, under 20 percent of the postwar total established in each. In Ascension Parish this initial group of stores had a persistence rate through 1878 equivalent to that of the established antebellum survivors (58 percent). In West Feliciana, however, this first group of thirteen new postwar establishments was slightly less likely to persist through 1878 (31 percent) than the eleven stores that had made it across the war. Indeed, eight of West Feliciana’s unlucky group of thirteen pioneers would fail before the end of 1872, as compared to only four pre-1873 failures among the twenty-four stores in the same group in Ascension. A notable exception, however, was Picard & Weil, a dry goods store established during the summer of 1866 by two newcomers to Bayou Sara from Mobile, Alabama. Their store would grow to become one of the parish’s largest by Reconstruction’s end, and it was still thriving in 1890.²⁵

The greatest number of new stores in each parish were established between 1868 and 1872. This was obviously the most precarious period in which to establish a store in either parish, although this fact is perhaps only clear with the benefit of hindsight. Again,

²⁵ On Picard & Weil see Dun & Co., Louisiana, XXII, 264–65, 279, 290; and [R. G. Dun & Co.], *Mercantile Agency Reference Book*, January 1890.

West Feliciana led the way: just under half of all new stores there were established during this five-year period, but nearly four out of five of them failed before 1879 (26 of 33, or 79 percent). However, several stores were established during these years that would play a central role in West Feliciana commerce for decades to come. Most prominent among them was that of Julius Freyhan, a former clerk and small shopkeeper who had left the parish during the war. He returned in 1869, opening a small store that was reported to have a modest \$3,000 in stock the following year. His fortunes improved rapidly: by 1874 Freyhan had added a steam gin and was "doing a very large business, perhaps the largest in this parish." By 1878 his estimated worth was over \$50,000, "clear" of any debts or claims, and he would prosper even further through the turn of the century.²⁶

Freyhan reportedly had some financial backing from the East Feliciana Parish firm of Levi & Adler, which was itself closely tied to interests in New Orleans and New York. Similarly, Moses Mann, a resident of New Orleans allied with the Crescent City wholesale firm of Katz & Barnett, managed or maintained interests in several West Feliciana stores. Among them was a store established in 1869 that he held in absentee partnership with brothers Max and August Fischer, and to whom he sold his interest, on credit, in 1877. The strong external urban connections of firms in West Feliciana like Freyhan & Co. and the Fischer Brothers, as well as others elsewhere in rural Louisiana, offer a striking contrast to Ransom and Sutch's study, in which they encountered "only a single case where a firm was controlled or backed by other than local individuals" (1KF, p. 140).²⁷

²⁶ On Freyhan see Dun & Co., Louisiana, XXII, 258-59, 282; see also the listing for J. Freyhan and Co. in [R. G. Dun & Co.], *Mercantile Agency Reference Book*, January 1890.

²⁷ On the Fischer brothers see Dun & Co., Louisiana, XXII, 282; on Mann see *ibid.*, 276. See also Mann, Fischer, & Co. Account Books, 1869-80 (Mss 896, LLMVC). On Katz & Barnett of New Orleans, as well

In Ascension Parish, of the seventy-nine stores established between 1868 and 1872 (which represented 58 percent of the postbellum total of 138 new establishments), nearly two-thirds failed before 1879 (48 of 79, or 61 percent); and in fact, this group represented 68 percent of the total failures for the entire 1863–79 period in the parish, including antebellum persisters. In the final five-year interval, 1873–77, Ascension's persistence rate for new stores rebounded to 69 percent, and to 77 percent if the nine new stores reported there in 1878, the last year in my sample, are included. West Feliciana's persistence rate also improved: over half of the new stores established between 1873 and 1877 persisted through the end of 1878. However, the shorter chronological frame for which this sample can measure forward in time means that the significance of persistence rates for this final five-year group of new stores should be discounted somewhat.

Thus concentrating on the first two groups of five-year samples, 1863–67 and 1868–72, it is clear that the chances of failure were highest in a new store's first few years of operation in West Feliciana Parish. Of forty-six stores established in these two intervals, twenty-four failed during the first subsequent three-year period (52 percent). Ascension Parish stores, by contrast, did not exhibit the same pronounced tendency toward initial instability. Of the combined 103 new stores established there in the two same intervals, only 29 failed in the first subsequent three-year period (28 percent), even though 58 of them eventually failed overall (56 percent).

The more stable conditions for stores in Ascension Parish are also reflected in the far lower numbers of reorganized firms reported there during Reconstruction. Like Ransom and Sutch, this study has counted businesses as "reorganized"—not as "new"—

as their connections to Ascension Parish's Jacob Lemann, see Ashkenazi, *Business of Jews in Louisiana*, 63.

when their proprietors took on or jettisoned partners, sold out to a new owner, or (a fairly common occurrence) revived their sagging financial fortunes by declaring bankruptcy while remaining in business under their wives' names. In West Feliciana, thirty of the eighty-three stores that operated between 1863 and 1879 underwent one or more reorganizations, which is fairly consistent with the number of reorganized firms counted by Ransom and Sutch in their six-county sample of stores in the Cotton South from 1870-80 (1KF, Table 7.8, p. 143). In Ascension Parish, however, only 16 of 150 stores reported modifications to their original ownership status.

Figure 9.1 also showed the number of "entries and exits" for each year between 1863 and 1878. The number of general stores in West Feliciana peaked at forty-five in 1873, and at ninety-nine in Ascension Parish in 1872. At the close of the ten-year period that began in 1869 (by which point the Dun agency's coverage of the region had fully resumed after the disruptions of the war), West Feliciana showed a net gain of only two stores: twenty-nine were in operation in 1869 and thirty-one in 1878 (although the parish had averaged thirty-six stores in operation annually over the decade). But again, the relatively stronger commercial environment for stores in Ascension Parish is indicated by contrasting figures for the same decade. Ascension had seventy-nine stores in 1878, a net increase of twenty-five stores (or 46 percent) over the fifty-four stores operating in 1869. (The parish had averaged eighty-one stores in operation annually during the decade.)

Overall, then, Ascension Parish's stores were demonstrably more stable than West Feliciana's during Reconstruction in terms of their persistence rates and ownership characteristics. Furthermore, the sugar parish also managed to support over twice as many general stores as did cotton-growing West Feliciana—and it did so despite the

aforementioned relative equality in population and geographic area between the two parishes. In terms of population, there was one store for every 449 inhabitants (including slaves) in West Feliciana Parish in 1859 (when the 1860 census figures were gathered), and one store for every 261 people in Ascension Parish. By the end of 1878 (but using 1880 census figures on population), West Feliciana had only improved to one store per 400 people, whereas Ascension, despite experiencing a greater real and proportionate population increase, had one store for every 186 residents at the end of 1878. The figures for the state as a whole (again, excluding urbanized Orleans Parish) fall in between these two: one store for every 334 inhabitants at Reconstruction's end.

Ransom and Sutch also expressed such per capita figures in terms of stores per farm. They calculated an 1880 "Cotton South" average of under seventy farms per general store (1KF, p. 137), despite incongruities in the ways that the census bureau counted individual farm units under the tenancy system into the twentieth century. Even while accepting their caveats as to the accuracy of the 1880 census's farm count, the equivalent figures for the two Louisiana parishes at the end of Reconstruction are once again significantly different: one store for every thirty-two West Feliciana farms, and an incredible average of one store for every four farm units in Ascension Parish. In the latter parish, productive landholdings were becoming steadily more concentrated as the sugar industry was "colonized" by northern capital. Nevertheless, such figures indicate the crucial difference made to a local business environment by a mass of wage-earning free laborers with disposable incomes.²⁸

²⁸ Again, these numbers are subject to the provision that the end date for my store sample is 1878 rather than 1880; but mitigated somewhat by the fact that the data for the Tenth Census of 1880 was gathered in 1879.

More important in light of the “territorial monopoly” thesis that underlies Ransom and Sutch’s characterization of postbellum country stores is the geographic density of these stores. Ransom and Sutch calculated that there was at least one store location for every 70.3 square miles of the five-state “Cotton South,” from which they extrapolated a hypothetical “minimum average distance” between evenly spaced store locations of 5.5 to 9.0 miles. (They also expressed their belief that the greater distance in this range was probably more nearly accurate—and perhaps even “too low” [1KF, p. 136].) Oddly, however, Ransom and Sutch chose to calculate their estimates of spatial density—which are so essential to their highly localized “territorial monopoly” thesis—based on their total count of nearly 8,000 stores throughout the 200,000-plus square miles of the entire Cotton South, a great deal of whose territory remained underdeveloped as of 1880 (1KF, p. 132). For reasons unexplained, they chose not to test these estimates by using the more detailed county-level samples of stores on which they otherwise relied.

Performing these same geographic estimates with data from Reconstruction-era Louisiana indicates that there was a far greater spatial density of stores in the rural parishes of the state than was claimed by Ransom and Sutch for the Cotton South. In West Feliciana Parish, there was one store for every 11.9 square miles in 1878; in Ascension Parish, one for every 4.7 square miles. Using Ransom and Sutch’s formula, this results in a hypothetical “minimum average distance” between evenly spaced store locations of 3.7 miles in West Feliciana Parish, and 2.3 miles in Ascension Parish (Figure 9.4-A). This hypothetical distance increases a little more if we consider all 2,165 stores in rural Louisiana as a whole: approximately 4.9 miles between evenly spaced stores. But

all of these figures, which are derived from the same formulas as those used by Ransom and Sutch, come in significantly under their preferred estimate of 9 miles or more.²⁹

FIGURE 9.4-A: *Spatial Density of General Stores, 1878–80^a: Ascension and West Feliciana Parishes, Louisiana, compared with Ransom and Sutch’s Cotton South Estimates^b*

ASCENSION PARISH (373 sq. miles)			WEST FELICIANA PARISH (370 sq. miles)			“COTTON SOUTH” [1KF] (206,419 sq. miles)		
<i>No. of stores</i>	<i>Per sq. mile</i>	<i>Avg. min. distance^c</i>	<i>No. of stores</i>	<i>Per sq. mile</i>	<i>Avg. min. distance</i>	<i>No. of stores</i>	<i>Per sq. mile</i>	<i>Avg. min. distance</i>
79	4.7	2.3	32	11.9	3.7	7,977 ^d	25.9	5.5
						2,937 ^e	70.3	9.0

SOURCE: Louisiana, Vol. II, pp. 1–77 (Ascension Parish); Vol. XXII, pp. 240–92 (West Feliciana Parish), both in R. G. Dun & Co. Collection, Baker Library, Harvard Business School, Boston, Mass.; R. G. Dun & Co., *The Mercantile Agency Reference Book*, July 1878; Roger L. Ransom and Richard Sutch, *One Kind of Freedom: The Economic Consequences of Emancipation* (2nd ed.; New York, 2001), 132–37.

NOTES (FIGURE 9.4-A):

- West Feliciana and Ascension Parish figures represent the total number of general stores in operation as of the end of 1878 and were compiled from cross-comparison of both the Dun *Reference Books* and ledgers; Ransom and Sutch’s Cotton South estimates are based on a total count of stores in the 1880 *Reference Book*, excluding those in thirty-one Class I and II urban centers of the Cotton South (1KF, p. 132; and Appendix G, Table G-16 and p. 300).
- Ransom and Sutch, *One Kind of Freedom*, pp. 132–37.
- Estimated minimum average distance in miles between hypothetically evenly dispersed store locations; for the formula on which these estimates are based, see 1KF, pp. 136 and 389 n.19.
- Total number of general stores, Cotton South, 1880 (1KF, p. 132).
- Total number of locations reporting one or more general stores, Cotton South, 1880 (1KF, p. 132).

To throw another curveball into this geographic strike zone: Parishes and counties are not, of course, closed territories; neither markets nor customers pay heed to such

²⁹ See 1KF, pp. 136 and 389 n.19. The formula they use is to divide the area square mileage by the number of stores, with the result being (A); the square root of the product of 1.1547 multiplied by (A) then gives the hypothetical minimum average distance between evenly spaced stores. However, here it becomes apparent that Ransom and Sutch’s choice to exclude stores in areas they deemed “urban” may have affected their estimates; see the discussion in Appendix A herein. Also, Ransom and Sutch claimed that the field reports in the Dun ledgers (from which the *Mercantile Agency Reference Books* were compiled) continued to be transcribed until “around 1880” (1KF, p. 309). However, in my examination of the transcribed reports for Louisiana parishes in the Dun ledgers, February 1879 was the last date of transcriptions for the overwhelming majority, and most ended in 1878. Although my study has also sought to combine data from both the Dun ledgers and their published *Reference Books*, the end dates for my samples are thus slightly before Ransom and Sutch’s.

political subdivisions unless they are somehow enforced. An Ascension Parish consumer in 1878—say, one who resided along Bayou LaFourche about five miles south of the parish seat of Donaldsonville and its thirty-seven stores—was under no obligation to shop within his own parish. In this instance, he or she might choose to wander instead a few miles further south to a store in Painscourtville (three miles; seven general stores) or Napoleonville (six miles; twelve general stores), even though both towns were located in neighboring Assumption Parish. Furthermore, Baton Rouge, a town of about 7,000 inhabitants and sixty-one stores in 1878, was only about twenty-five miles along the river from either parish seat.³⁰

The point should be obvious: there were more stores available to consumers in a given geographic area than simply those in their parish of residence. With this in mind, one could draw a hypothetical thirty-mile square centered roughly on each parish seat in order to add non-parish stores in towns located on the same side of the river within each consequent territory—neither of which would include nearby Baton Rouge's seventy-five stores in 1878. Figure 9.4-B shows that this would add twenty-two more stores to the thirty-one in West Feliciana Parish in 1878; and if one were to push this hypothetical square slightly eastward (a reasonable adjustment for several reasons), it would add another twenty general stores located in the town of Clinton in East Feliciana Parish, which was connected to Bayou Sara/St. Francisville by a well-travelled road, for a total of seventy-three. Placing Donaldsonville at the center of a similar hypothetical square for Ascension Parish—for which there were even closer, more accessible towns in

³⁰ The number of stores in Donaldsonville and other towns are derived from the listings in the July 1878 *Mercantile Agency Reference Book*. In 1867 Jacob Lemann, a merchant of Ascension Parish, had reported that there were "about thirty stores in Donaldsonville." Lemann letter book, November 24, 1867, quoted in Elliott Ashkenazi, *The Business of Jews in Louisiana, 1840–1875* (Tuscaloosa, Ala., 1988), 46.

contiguous parishes—results in an additional fifty-five stores (not counting Convent's thirty-two stores, only ten miles southeast but on the east bank of the river) added to Ascension's seventy-nine, for an 1878 total of 134 stores.³¹

FIGURE 9.4-B: *Spatial Density of General Stores, 1878: Ascension and West Feliciana Parishes, Louisiana, including Selected Contiguous-Parish Towns*

ASCENSION PARISH ^a			WEST FELICIANA PARISH ^b		
<i>No. of stores</i>	<i>Per sq. mile^c</i>	<i>Avg. min. distance</i>	<i>No. of stores</i>	<i>Per sq. mile</i>	<i>Avg. min. distance</i>
134	6.7	2.8	73	12.3	3.8

SOURCE: Louisiana, Vol. II, pp. 1–77 (Ascension Parish); Vol. XXII, pp. 240–92 (West Feliciana Parish), both in R. G. Dun & Co. Collection, Baker Library, Harvard Business School, Boston, Mass.; R. G. Dun & Co., *The Mercantile Agency Reference Book*, July 1878.

NOTES (FIGURE 9.4-B):

- The selected towns in contiguous parishes for which 55 general stores were added to Ascension Parish totals as of the end of 1878 (79 stores) are: Paincourtville and Napoleonville (8 and 10 miles south of Donaldsonville, in Assumption Parish; 7 and 12 stores, respectively); Cantrelle (10 miles southwest in St. James Parish; 7 stores); and Plaquemine (19 miles northwest in Iberville Parish; 29 stores).
- The selected towns in contiguous parishes for which 42 general stores were added to West Feliciana Parish totals as of the end of 1878 (31 stores) are: Port Hudson (9 miles southeast of St. Francisville in East Baton Rouge Parish; 10 stores); Jackson and Clinton (11 and 21 miles northeast in East Feliciana Parish; 12 and 20 stores, respectively).
- Calculated for a hypothetical thirty square-mile territory roughly centered on each parish seat, consisting of 900 total square miles. See text and note 31 for further description.

Using Ransom and Sutch's formula once again, but this time within territories over twice as large as each parish, and also erring on the side of caution by sampling only stores in a few nearby towns, the resulting figures remain steady—declining, but not by much—for each parish. For West Feliciana Parish, adding stores in selected contiguous-

³¹ In order to account for geographic reality by counting stores only on the same side of the Mississippi River as the parish seat (since the river was probably a significant barrier to store accessibility), Bayou Sara/St. Francisville's location on the river at the southern edge of West Feliciana Parish would eliminate about one-third of the thirty square-mile territory right off the bat. Even though this may seem to be unfairly tweaking the geographic sample, it should be pointed out that a lack of data prevents me from also including Woodville, Mississippi, in this hypothetical market region. Only twenty-five miles from St. Francisville and connected to it by rail since the 1830s, Woodville was an integrated part of market life in West Feliciana Parish, especially its northern portions. See "West Feliciana [Railroad] A Century Old," *Illinois Central Magazine* (March/April 1931), 3–5.

parish towns results in an average minimum distance of 3.8 miles between evenly spaced stores, compared to 3.7 miles in the parish alone. For Ascension Parish, the average minimum distance between stores rises from 2.3 to 2.8 miles. For both parishes, however, the inclusion of stores across parish lines results in hypothetical spatial-density estimates that remain fairly consistent with the in-parish estimates. More important, these more realistic estimates are still far lower than Ransom and Sutch's Cotton South-wide estimates of 5.5 to 9 miles between stores.

In any case, although these store-density estimates are telling by comparison to Ransom and Sutch's, a degree of skepticism is in order as to the assumption behind them; that is, it is not clear that there was any inherent economic reason for merchants to spread themselves out in such rough equidistance throughout the southern countryside. Ransom and Sutch apparently derived the models and assumptions that underlie their estimates of southern stores' spatial density from the "central-place" theory of markets, a useful but nondefinitive approach that can yield widely variant results according to specific geographic and economic contexts. Furthermore, in contrast to Ransom and Sutch's optimum-dispersal models, economist Harold Hotelling convincingly argued long ago in his discussion of the microdynamics of small-firm competition that "as more and more sellers . . . arise" in an emerging market environment, "the tendency is not to become distributed in the socially optimum manner but to cluster unduly."³²

³² Harold Hotelling, "Stability in Competition," *Economic Journal* 39 (1929), repr. in *The Collected Economics Articles of Harold Hotelling*, ed. Adrian C. Darnell (New York and other cities, 1990), 50-63 (quotation on p. 61). I am grateful to Gavin Wright for calling my attention to Hotelling's work. In particular, the hexagonal modeling used by Ransom and Sutch as the basis of their hypothetical store-dispersal estimates (1KF, Fig. 7.1, p. 136) is a prominent feature of central-place theory; see, for example, Stuart Plattner, "Markets and Marketplaces," in Plattner, ed., *Economic Anthropology* (Stanford, Calif., 1989), esp. 182-90. Examples of this theory applied specifically to historical change in American distributional networks are Brian J. L. Berry, *The Geography of Market Centers and Retail Distribution* (Englewood Cliffs, N.J., 1967); and James E. Vance, Jr., *The Merchant's World: The Geography of*

In a more recent analysis of merchants in postbellum Alabama, Louis M. Kyriakouides provided empirical confirmation of Hotelling's "clustering" thesis. He found that stores tended to be grouped together in the many small towns and hamlets that began to spring up throughout the region after the war, usually as railroad depots. Taking specific exception to Ransom and Sutch's arguments, Kyriakouides demonstrated that "cotton-dominated Black Belt counties show[ed] the highest level of general store concentration." The data on Ascension and West Feliciana Parishes similarly indicates a tendency for general stores to cluster together, especially in the cotton-producing parish. Of the general stores reported in operation after 1863, 82 percent of all West Feliciana stores were listed in the Dun *Reference Books* under the heading of Bayou Sara/St. Francisville; in Ascension Parish, only 49 percent of all stores were reported under the heading of Donaldsonville. The higher concentration of "clustered" stores in the cotton parish of West Feliciana provides another interesting contrast with sugar-producing Ascension Parish—one that, if more generally accurate, may hint at an eventual inverse relationship between clustering tendencies and market development. In other words, as healthy market conditions prompted increased competition in towns like Donaldsonville, more stores came to be driven further out into the countryside in order to prosper, and once there, these country stores then probably helped initiate new cycles of clustering and small-town development.³³

Wholesaling (Englewood Cliffs, N.J., 1970). Cf. the provisional adaptations to central-place theory offered in William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York, 1991), 38–52.

³³ Kyriakouides, "Lower-Order Urbanization and Territorial Monopoly," 190–93 (quotation on p. 192). See also Peter W. FitzRandolph, "The Rural Furnishing Merchant in the Postbellum United States: A Study in Spatial Economics" (Ph.D. diss., Tufts University, 1979). Sometimes the field reports from the Dun ledgers specified that a store was "x miles from" or "near" a given town, but usually reporters, like the *Reference Books*, indicated store location only by reference to the nearest post office. When ledger reports or other evidence (for example, newspapers) showed an exurban location, they have not been included in my "in-town" totals, even if they are listed as such in the *Reference Books*. Still, it should be admitted that the

Louisiana Stores: Capitalization

Perhaps not surprisingly, the higher capitalized the store, the more likely it was to be located “in town.” The *Mercantile Reference Books* have already been discussed with reference to what they reveal about growth in the numbers of Louisiana stores and their persistence over time. But perhaps the most important data collected by Dun reporters, and on which the agency’s credit ratings were ultimately based, were their estimates of stores’ capitalization; that is, the net worth of businesses based on their investments in inventory, real estate, and other fixed overhead expenses (such as gins and presses).

FIGURE 9.5-A: *Total Capital Invested in General Stores: Top Twenty Rural Louisiana Parishes, 1878*

PARISH	NO. OF GENERAL STORES	TOTAL CAPITAL IN GENERAL STORES
1. Caddo	100	\$616,000
2. St. Mary	92	\$539,000
3. St. Landry	159	\$420,000
4. Baton Rouge, Ea.	75	\$419,000
5. Ascension	95	\$399,000
6. Pointe Coupee	66	\$315,000
7. St. James	58	\$304,000
8. Carroll, East	46	\$279,000
9. St. John Baptist	38	\$266,000
10. Plaquemines	60	\$261,000
11. Iberia	77	\$245,000
12. Feliciana, East	46	\$217,000
13. Jefferson	63	\$210,000
14. Rapides	71	\$207,000
15. DeSoto	24	\$201,000
16. St. Martin	52	\$200,000
17. Avoyelles	52	\$192,000
18. Natchitoches	62	\$191,000
19. Assumption	59	\$189,000
20. Feliciana, West	35	\$186,000

SOURCE: [R. G. Dun & Co.], *Mercantile Agency Reference Book* (July 1878).

ability to ascertain actual store locations from the Dun records (which both Kyriakoudes and Ransom and Sutch rely on) is inadequate. Unfortunately, however, detailed contemporary maps that feature rural stores are not generally available until the twentieth century.

FIGURE 9.5-B: *Total Capital Invested in General Stores: Bottom Fifteen Rural Louisiana Parishes, 1878*

PARISH	NO. OF GENERAL STORES	TOTAL CAPITAL IN GENERAL STORES
56. Vernon	6	\$6,000
55. Washington	5	\$13,000
54. Winn	7	\$20,000
53. Jackson	5	\$22,000
52. Franklin	9	\$22,000
51. St. Helena	6	\$23,000
50. Grant	14	\$42,000
49. St. Tammany	35	\$42,000
48. Lincoln	14	\$47,000
47. Tangipahoa	23	\$47,000
46. Baton Rouge, W.	21	\$49,000
45. St Charles	31	\$56,000
44. Catahoula	29	\$57,000
43. Vermillion	20	\$57,000
42. Bienville	17	\$58,000

SOURCE: [R. G. Dun & Co.], *Mercantile Agency Reference Book* (July 1878).

NOTE (FIGURES 9.5-A, 9.5-B, and 9.6): The Dun agency assigned stores a letter code for their estimated capitalization, which was based on a range of dollar values. Since these codes, and the values themselves, changed slightly over time, Louisiana's stores were grouped into four consistent ranges: under \$2,000; \$2,000–\$10,000; \$10,000–\$25,000; and over \$25,000. For the purposes of adding up the 1878 parish figures for total capitalization (Figures 9.5-A and 9.5-B) and average capital (Figure 9.6), each store in these ranges was counted as having, respectively, \$1,000; \$5,000; \$10,000; and \$25,000 in assets. This method for calculating Louisiana store capitalization totals and averages thus always tends to skew conservatively toward the low end of the Dun agency's estimated-capital ranges.

Figures 9.5-A and 9.5-B display the ranked cumulative totals invested in general stores for the top twenty and bottom fifteen parishes of Louisiana. To begin with Figure 9.5-B, the poorest parishes in Louisiana are widely represented on this list of those parishes having both low numbers of stores and a relatively low amount of total capital invested in them. The largely undeveloped West Florida parishes of Washington, St. Helena, St. Tammany, and Tangipahoa, as well as the mixed-farming parishes of central Louisiana (Winn, Jackson, Franklin, Grant, Lincoln, Catahoula, and Bienville), make up the majority of the list. The relatively higher number of stores in St. Tammany and

Catahoula are explicable in part by the larger size of those two parishes. The seeming anomaly of sugar-producing St. Charles Parish is probably attributable to its contiguity to more urbanized Jefferson and Orleans Parishes with their high concentrations of stores, as is West Baton Rouge Parish by its location just across the river from the town of Baton Rouge. Overall, however, the less involved a parish was in the market economy, the less likely it was to have significant amounts of capital invested in local stores.

Figure 9.5-A, however, shows a strong similarity to the earlier discussion of store data from parishes throughout the state. Rural Louisiana parishes that ranked among the highest in total value of farm production were also likely to be among those with the greatest concentrations of capital invested in stores. Of the nineteen parishes with more than a million dollars in farm products produced in 1879, eleven were among the top ranked in terms of total capital invested in general stores. Nine of the top ten parishes with the highest amounts of general store capital were also among the top twenty parishes in terms of agricultural value produced. Once again, the top-ranked sugar parishes show a higher concentration of stores as measured by capital invested than do the top cotton parishes; half of the ten top parishes in general store capitalization were sugar-producing parishes.

Notably absent from this list, however, are the top cotton-producing parishes of Louisiana, particularly those located along the Mississippi and Red Rivers, such as Tensas, Concordia, Madison, and Bossier Parishes. Earlier, it was suggested that some of these Black Belt cotton parishes may have featured fewer but more highly capitalized stores. This contention is borne out by Figure 9.6, which presents the top twenty among Louisiana's fifty-six rural parishes in terms of the average capitalization of general stores

within them. This table further demonstrates the parish-level relationships between stores and agricultural production that should be expected by now. For the first time, some of the wealthiest alluvial cotton parishes of Louisiana now appear in the rankings, including all four mentioned above, which were the top four cotton-producing parishes in the state at end of the 1870s.

FIGURE 9.6: *Average Capital Invested in General Stores: Top Twenty Rural Louisiana Parishes, 1878*

PARISH	NO. OF GENERAL STORES	AVG CAPITAL PER GENERAL STORE	TOTAL CAPITAL IN GENERAL STORES
1. Caldwell	9	\$9,778	\$88,000
2. St John Baptist	38	\$7,000	\$266,000
3. DeSoto	24	\$6,931	\$201,000
4. Webster	18	\$6,889	\$124,000
5. Richland	21	\$6,524	\$137,000
6. Tensas	23	\$6,391	\$147,000
7. Red River	15	\$6,333	\$95,000
8. Caddo	100	\$6,160	\$616,000
9. Carroll, East	46	\$6,065	\$279,000
10. Bossier	19	\$5,895	\$112,000
11. St Mary	92	\$5,859	\$539,000
12. Baton Rouge, Ea.	75	\$5,587	\$419,000
13. Feliciana, West	35	\$5,314	\$186,000
14. St James	58	\$5,241	\$304,000
15. Sabine	12	\$5,083	\$61,000
16. Concordia	34	\$4,941	\$168,000
17. Madison	36	\$4,917	\$177,000
18. Pointe Coupee	66	\$4,773	\$315,000
19. Feliciana, East	46	\$4,717	\$217,000
20. Jackson	5	\$4,400	\$22,000

Source: [R. G. Dun & Co.], *Mercantile Agency Reference Book* (July 1878).

The statewide average for the pecuniary strength of general stores (again, excluding urban Orleans Parish) was \$4,098.00. Ransom and Sutch did not calculate an average in-store capital for their sample of 702 stores across the Cotton South (1KF, p.

137–40), but the median of the results they did present seems to be similar to that of this Louisiana data—for them, “optimally sized firms” were capitalized between \$5,000 and \$10,000. However, the figures for Louisiana herein were calculated with a conservative margin of error that probably resulted in estimates considerably lower than the “true” average. Regardless, these estimates still belie the conventional wisdom that country stores in the cotton-producing regions of the South typically had inventories in the range of a thousand dollars or less.

Before taking a closer look at the capitalization of stores in my two target parishes, it is worth noting that Ascension Parish placed high across the board in the value of its farm products (fifth), its numbers of stores (third), and total capital invested in them (fifth) in 1878–79, whereas West Feliciana Parish has barely yet made an appearance. (It did rank twentieth in total general store capital in Figure 9.5-A.) Still, although Ascension Parish had over twice as much total capital invested in stores as did West Feliciana in 1878, the majority of this was distributed among its eighty-six stores (of ninety-five overall) that had under \$10,000 in estimated capital. This is demonstrated by the average store capital rankings in Figure 9.6 as well, where Ascension has slipped off the list to twenty-third, with only \$4,200 per store. But West Feliciana Parish, despite having only \$186,000 in combined capital in its thirty-five parish general stores, is ranked well ahead of Ascension in terms of average store capital, at \$5,314 per store.

FIGURE 9.7-A: *Number of General Stores by Range of Capital Invested: Ascension and West Feliciana Parishes, Louisiana, 1878*

PARISH	# STORES \$25,000+	# STORES \$10– \$25,000	# STORES \$2–\$10,000	# STORES LESS THAN \$2,000	TOTAL STORES
Ascension	5	4	37	49	95
W Feliciana	3	3	13	16	35

FIGURE 9.7-B: *Total General Store Capital by Range of Estimated Value: Ascension and West Feliciana Parishes, Louisiana, 1878*

PARISH	AMT CAP \$25,000+	AMT CAP \$10,000– \$25,000	AMT CAP \$2,000– \$10,000	AMT CAP LESS THAN \$2,000	TOTAL CAPITAL IN STORES
Ascension	\$125,000	\$40,000	\$185,000	\$49,000	\$399,000
W Feliciana	\$75,000	\$30,000	\$65,000	\$16,000	\$186,000

SOURCE (FIGURES 9.7-A AND 9.7-B): [R. G. Dun & Co.], *Mercantile Agency Reference Book* (July 1878).

Figure 9.7-A shows the number of stores in each parish in 1878 sorted by capital ranges. In Figure 9.7-B, by adding these figures together as per the total capitalization of each parish (see the methodological note to Figures 9.5-A and B), we find that with three of its thirty-five stores estimated at over \$25,000 in value, and three others between \$10,000 to \$25,000, 56 percent of the store capital in West Feliciana was invested in what should be considered large establishments. This is a greater proportion than in Ascension Parish, whose five and four stores, respectively, in those high-capital ranges accounted for only 41 percent of the parish's total store capital. These figures offer additional confirmation that Black Belt cotton parishes were dominated by more capital-intensive mercantile establishments. By dominating their local markets, larger stores in cotton parishes also seem to have left less room at the bottom for small- and mid-sized businesses to thrive.

Conclusion

At the outset, it was stated that this comparative data should help demonstrate how the divergent aggregate experiences of general stores in cotton and sugar parishes reflected the quite different market environments in which stores were embedded. Two parishes were purposely selected for study that were very similar in terms of broad demographic and geographic characteristics that might otherwise skew the ability to compare store development within them. The data that has been presented clearly seems to indicate that a more stable economic environment for merchants existed in sugar-producing parishes like Ascension after the Civil War, where stores were not only more numerous but also persisted longer, despite the presence of more competitors. In West Feliciana Parish, as in other cotton-producing parishes, fewer stores were established during Reconstruction, and despite generally being better capitalized than those in the sugar parishes, the firms that were established faced considerably lower odds of survival.

As was stated at the outset of this chapter, since rural merchants' enhanced role as credit providers in the various forms of cotton share-tenancy that arose during Reconstruction has already been well-established in the historical literature, a decision was made to focus herein on aggregate data that demonstrates store development in Louisiana and the particular conditions that affected it. Although some of the implications of the crop-lien system will be examined in the epilogue that follows, for now it is worth pausing to note that records from cotton-producing West Feliciana Parish do provide ample evidence of the rapidity with which local merchants quickly assumed a pivotal function in the postemancipation economy. During the 1869–70 crop season, 253 leases, liens, and mortgages of various sorts were recorded in the West Feliciana

courthouse register. Of these, only sixteen lease or crop-division agreements were made directly between landlords and freedpeople, and in two other agreements, land owners pledged their own property to merchants as security for supplies that they then apparently distributed themselves to laborers. But the overwhelming majority of these debt-security instruments were formal agreements between freedpeople—either as individuals, families, or in squads—and merchants. Of the 230 such contracts recorded by merchants, most specified dollar amounts for supplies to be advanced to freedpeople during the year and repaid from crop proceeds at harvest-time. The fact that 201 of these crop liens were registered by only eight parish firms located in Bayou Sara/St. Francisville also helps confirm that cotton marketing was already being concentrated in the hands of relatively few town-based merchants rather than among numerous smaller stores dispersed throughout the countryside.³⁴

Credit-providing merchants in cotton parishes like West Feliciana suffered three interrelated disadvantages as a result of the newly structured local economy. First, most of their customers were extremely poor, as incomes were generally low among cotton farmers throughout the postwar South. Second, and furthermore, these customers were also cash-poor, since the share-tenancy system only paid off once annually after the harvest. Third, customers' lack of regular cash on-hand forced merchants to accommodate them via credit sales. This was not only a *de facto* riskier practice than cash sales, but it forced merchants into an essential role in the ongoing functioning of the local

³⁴ All data in the text was drawn from agreements recorded between September 1, 1869 and August 31, 1870 in Mortgage Record Book, Vol. 11 (1867–71), pp. 175–441 (West Feliciana Parish Courthouse, St. Francisville, La.). Interestingly, among the 253 agreements that season were five crop liens or mortgages recorded by factorage firms based in New Orleans, which indicates that some Crescent City merchants were still trying to find a way to involve themselves in the newly dispersed production arrangements taking hold in the former plantation regions of Louisiana.

economy, one that small businesses are not especially well-equipped to handle. In this regard, Richard H. Kilbourne Jr. has recently described the “staggering” default rates faced by one postbellum mercantile firm that operated several stores in the Feliciana parishes. Nevertheless, some merchants, including many who had been in business prior to the war, were able to adapt to this more complex postbellum role as retailer, credit provider, and marketing agent—and some of those who did adapt, prospered.³⁵

By contrast, because of the early adoption of a system of regularized cash wages paid to workers, none of these disadvantages applied with any force in sugar-producing parishes like Ascension. To be sure, sugar workers were still poor, but they were significantly less so than tenant farmers in cotton production. Gross annual earnings of wage laborers employed in regional sugar production were about \$325–\$350 (compared to under \$200 annually for share-tenant households in cotton production [see 1KF, p. 216]), which was an income comparable to other segments of the American working class outside the South during the 1870s. Thus, as early as 1867, Jacob Lemann, the merchant and nascent sugar baron of Donaldsonville, could exclaim to an acquaintance in New York City that “[b]usiness is better than it was before. All the negroes work and have money, which they spend in Donaldsonville.” Lemann here explicitly connected black workers “having money” with flush times for businessmen like himself. His comment highlights the ways that a wage-labor economy, in which workers have a modicum of cash in hand at regular intervals, can promote a healthier economic

³⁵ Richard H. Kilbourne Jr., “The Ongoing Agricultural Credit Crisis in the Florida Parishes of Louisiana, 1865–1890,” in *A Fierce and Fractious Frontier: The Curious Development of Louisiana’s Florida Parishes, 1699–2000*, ed. Samuel C. Hyde Jr. (Baton Rouge, 2004), 125–39 (quotation on p. 135). Ransom and Sutch carefully detail the development of sharecropping and its associated crop-lien system in *One Kind of Freedom*, chaps. 4–8, but see also Gerald David Jaynes, *Branches without Roots: Genesis of the Black Working Class in the American South, 1862–1882* (New York, 1986); and Harold D. Woodman, *New South—New Law: The Legal Foundations of Credit and Labor Relations in the Postbellum Agricultural South* (Baton Rouge: Louisiana State University Press, 1995).

environment, one in which production-derived dollars “trickle down” to subsidiary trades such as retailers. Although wages in the Louisiana sugar region were sometimes partially deferred, at least some weekly or monthly wage payment was the norm. While some sugar-parish stores sold goods to customers on credit, this was less a structural imperative than a matter of individual merchant choice or circumstance. At least until the wider advent of plantation stores in the sugar region in the 1880s, when the attempt to make wage payments to workers in company scrip became a flashpoint of labor rebellion, credit sales were not built into the institutional fabric of retailing in the sugar region.³⁶

Furthermore, and perhaps crucially, stores in the sugar region were not usually closely involved in the marketing of the crops produced. When historian Thomas D. Clark wrote that “it is doubtful that there was ever organized anywhere on the globe a system of merchandising so thoroughly integrated with the economy of the daily lives of the common everyday people as the southern country store,” he clearly had in mind stores in the cotton-growing areas of the South. Although cotton, it should be admitted, was the dominant staple crop of the region as a whole, this was not so clearly the case in Louisiana. But although the economic role of stores in sugar parishes like Ascension was generally restricted to retailing, their limited institutional functions seem to have considerably improved most local merchants’ odds of surviving and prospering in the more stable regional market environment.³⁷

These conclusions are less an example of what some might dismiss as crop determinism than they are an illustration of economic path-dependence. Neoclassical

³⁶ See Rodrigue, *Reconstruction in the Cane Fields*, 183–91, on the “sugar war” of 1887; and *ibid.*, 150, on the wages paid to sugar workers. Jacob Lemann letter book, November 24, 1867, as quoted in Ashkenazi, *Business of Jews in Louisiana*, 46.

³⁷ Thomas D. Clark, “The Post-Civil War Economy in the South,” in *Jews in the South*, eds. Leonard Dinnerstein and Mary Dale Palsson (Baton Rouge, 1973), 161.

economics's longstanding focus on production and its associated institutions as the proper measure of economic growth—based on assumptions common to both Marxists and orthodox economists—has long deflected attention from the importance of our own “nation of shopkeepers.” Yet, as George Mehren pointed out long ago, “modern distribution systems do not graft to primitive production units, and vice versa.” The reciprocal developmental tendencies at work between production and distribution, such as those demonstrated in this chapter's comparative data on stores in cotton and sugar parishes, provide important clues to the underlying character of particular economies. In this case, the distribution and marketing network of stores established under the system of share-tenancy that generally came to prevail throughout the cotton-producing South reflect a makeshift, transitional form of production—one that represented, at best, a perverse type of capitalism, and at worst, a jerry-rigged solution to postemancipation conditions that perpetuated regional poverty and inequality for decades. By contrast, even admitting that there is no “normative” path to capitalist development, it is difficult not to view the superior aggregate experience of stores in Ascension Parish as demonstrative of the early postbellum sugar region's greater resemblance to other historical examples of capitalist agriculture that eventuated in self-sustaining economic growth.³⁸

³⁸ Mehren, “Market Organization and Economic Development,” 1311. See also the essays collected in Lou Ferleger, ed., *Agriculture and National Development: Views on the Nineteenth Century* (Ames, Iowa, 1990). Ferleger, however, also persuasively documents sugar planters' “resistance to the institutionalization of capitalistic economic relations” in his article “The Problem of ‘Labor’ in the Post-Reconstruction Louisiana Sugar Industry,” *Agricultural History* 72 (Spring 1998), 140–58 (quotation on p. 141). The productionist bias of contemporary economics is not limited to orthodox neoclassicists. Maurice Dobb, the influential Marxist economic historian, observed that classical economists through John Stuart Mill had believed that “the theory of value rested on a theory of distribution.” But, he added, “Modern economics [including Marx] . . . has formally integrated distribution (i.e., the pricing of factors of production) into the structure of general price-equilibrium.” Dobb, *Studies in the Development of Capitalism* (New York, 1947), 28 n.1.

The parish-level comparative analysis presented in this chapter provides an empirically based contrast to the similar data that Ransom and Sutch assembled on southern merchants. However, these findings are not intended to fully disprove their arguments; in fact, the overall analysis herein tends to reinforce most of *One Kind of Freedom's* characterizations of the underdeveloped postbellum cotton economy and merchants' significant role within it. Yet Ransom and Sutch's reluctance to explore, even provisionally, how their findings meshed with the overlapping contexts of the southern political economy (for example, the seeming congruence of their findings with the class-conflict orientation of the new social historians) remains problematic. By contrast, Harold D. Woodman—whose *King Cotton and His Retainers* (1968) remains the best study of nineteenth-century southern merchants, and who is sometimes skeptical of the new social history—has often described a postbellum southern agricultural economy increasingly influenced by forms of capitalist institutional development. More recently, though, Woodman has gone even further and now views the New South's revived agricultural economy as a “system . . . that in its essential features replicated that of the North.” This study shows that while Woodman's claim has some merit with regard to conditions in the sugar region, it is less true of either the institutions or the class structure of the postbellum cotton South, and particularly of merchants' role in it. Institutions comparable to the country store of the cotton South were nearly unknown in the North and Midwest, although in isolated instances (for example, the “company stores” of western mining towns), interesting analogies can be drawn.³⁹

³⁹ Harold D. Woodman, “The Political Economy of the New South: Retrospects and Prospects,” *Journal of Southern History* 67 (November 2001), 807. For his skepticism toward the new social history, see esp. his “Response” to Jonathan M. Wiener, “Class Structure and Economic Development in the American South,

Whatever the shortcomings of their overall interpretive framework, Ransom and Sutch generally deployed their evidence in *One Kind of Freedom* in ways that only confirm this study's sense of a nineteenth-century southern political economy that was strongly influenced by the culture and practices of merchant capitalism. Whereas this chapter has focused on structural factors that both shaped and reflected rural and small-town storekeepers' new roles in postbellum Louisiana, there is still another dimension of merchants' contributions to the unfolding political economy of the South: the intellectual principles, or "mentalités," that served as an overarching context for economic behavior and activity. In the post-Civil War South, many of these mentalités were simply not of the sort generally associated with robust capitalist development. In this sense, two historians have described the "undynamic, even stodgy nature" of postbellum southern industrial development as both a cause *and* an effect of low regional investment levels, and they rightly conclude that a conservative commercial climate "materially shaped the character of southern entrepreneurship itself." Such reciprocal economic relationships between impersonal external structures and people's internal values and behaviors point toward a more refined understanding of the headlong rush into low-capital retailing occupations in the South after the war. Along with the types of aggregate structural and institutional data presented in this chapter, such insights can also help explain how the rural and small-town storeowner, the small-business representative of merchant capitalism in its most primitive guise, soon became the archetypal figure of the New South. The world-historical roots and broader implications of the culture of merchant capitalism—an increasingly atavistic form of wealth-accumulation strategy in an

1865–1955," *American Historical Review* 84 (October 1979), 999. For a critique of aspects of Woodman's approach see Marler, "Fables of the Reconstruction."

industrial age, but one that nevertheless remained deeply imbricated throughout the South in various forms and guises over the course of the entire nineteenth century—are explored more broadly in the epilogue that follows.⁴⁰

⁴⁰ David L. Carlton and Peter A. Coclanis, “Capital Mobilization and Southern Industry, 1880–1905: The Case of the Carolina Piedmont,” *Journal of Economic History* 49 (March 1989), 75. Although the complicated relationships between mentalités and marketplace practices have been insightfully traced in works by diverse and well-known scholars like Max Weber, C. B. MacPherson, and Fernand Braudel, most contemporary economic historians have steered even clearer of such “fuzzy” thinking than they have of class-oriented analysis. But just as the “new institutionalism” has seemed to herald a resurgence of interest in studies of the political economy, the recent acclaim for “behavioral economics” (for which psychologist Daniel Kahneman was awarded the Nobel Prize for Economics in 2002)—an approach that focuses on endemic market behaviors deemed “irrational” and self-destructive by neoclassical economists—may portend greater attention by historians to the interaction of subjective perceptions and objective conditions in economic life. See, for example, Andrei Shleifer, *Inefficient Markets: An Introduction to Behavioral Finance* (New York, 1999).

Epilogue

Merchant Capital and Economic Development in the New South:
A Global Comparative View

Despite the rapid economic decline of what was formerly its sturdiest urban redoubt during the Civil War and its aftermath, merchant capitalism remained profoundly important to the economy of the postbellum South, just as it had over the earlier course of the nineteenth century. It is true that the "gentlemanly capitalists" of the Crescent City, who had long served as the primary commercial ambassadors of slaveholding plantation owners to the ascendant bourgeois classes in the industrializing regions of Europe and the American North, were no longer the force in global cotton markets that they once were. But although southern merchant capitalism no longer appeared in the same concentrated and genteel form that it had taken in New Orleans during the golden years of the antebellum era, it was still a prime mover in the resumption of cotton and other agricultural production during the late nineteenth century, in the new guise of thousands of small stores scattered throughout the countryside. As one Louisiana newspaper observed sarcastically in 1873, these stores' central role in facilitating agricultural production under sharecropping beginning during Reconstruction meant that "the country storekeeper has risen to the dignity of country merchant."¹

This study has thus far taken a largely narrative approach toward the evolution of the merchant community in Louisiana before, during, and after the Civil War—a conflict that in many ways signalled the consolidation of the U.S. political economy in the hands of a new industrial class. Although this notion of a "Second American Revolution" was

¹ "Where the Money Goes—The Credit Business," *Opelousas Journal*, November 14, 1873.

first expressed most famously, and somewhat inadequately, by the progressive historians Charles and Mary Beard in the 1930s, the British Marxist historian Eric Hobsbawm later returned to this theme in situating the American Civil War within the epochal changes that transformed the mid-nineteenth-century Western world in what he called “the Age of Capital.” Since the slave South “would not or could not beat the North at its own game of capitalist development,” Hobsbawm wrote in 1975, “the currents of history ran against it.” The North’s triumph in the Civil War certainly also represented “that of American capitalism and of the modern United States,” according to Hobsbawm, but “though slavery was abolished, . . . after a few years of Reconstruction (i.e., forced democratization) the South reverted to the control of conservative white Southerners, i.e., racists.” As a result, while “American capitalism developed with dramatic speed . . . after the Civil War,” the South “remained agrarian, poor, backward, and resentful” for nearly a century afterward.²

With Hobsbawm’s judgment partly in mind, this epilogue will now take several steps backward and outward from Louisiana in order to assess merchant capital’s neglected contribution to the stunted economic development of the South during the late nineteenth and early twentieth centuries. Having deferred such a discussion in the introduction, we will first look more closely at the concept of merchant capitalism as it had been developed in classical political economy, especially in the fragmentary historical writings of Karl Marx about the prolonged transition from feudalism to

² Eric Hobsbawm, *The Age of Capital, 1848–1875* (New York, 1974), 155–56 (quotations); Charles A. Beard and Mary R. Beard, *The Rise of American Civilization* (2 vols.; New York, 1927), II, chap. 18. A similar but better elaborated view of the Civil War is contained in the later comparative study by Barrington Moore Jr., *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (New York, 1966), chap. 3. See also our discussion of the controversies over the Beards’ thesis in Peter A. Coclanis and Scott Marler, “The Economics of Reconstruction,” in *A Companion to the Civil War and Reconstruction*, ed. Lacy K. Ford (Malden, Mass., 2005), 344–52.

capitalism. This is not done out of any particular fealty to the German revolutionist, however. The role of merchant capitalism was long widely acknowledged by other thinkers, including canonical non-Marxists like Adam Smith and Max Weber. But furthermore, it should become clear that the rehabilitation of merchant capital as a category of political economy herein is actually highly revisionist in relation to the more "orthodox" positions originally expressed by Marx and echoed by most of his successors. During the twentieth century, historians like Hobsbawm, Maurice Dobb, Robert Brenner, and especially Eugene D. Genovese followed Marx in their reluctance to acknowledge the transformative role often played by merchant capital, as well as its ability to adapt and persist in the face of changing conditions—just as had occurred among the country stores of the postemancipation South. However, although this initial discussion of merchant capital will be largely theoretical, it will also endeavor to remain firmly grounded in and linked to its manifestations in various historically specific contexts.

That aspect of this chapter should gain momentum as it moves forward in time to the New South, where the wider significance of merchant capitalism as a set of practices, mentalities, and ingrained habits will be analyzed with regard to their effects on the regional economy in such areas as industrialization and urbanization. In so doing, though, this study will once again be swimming against the contemporary historiographical mainstream, which has recently come to view the postbellum South less as a uniquely anachronistic society than as a moderately peculiar example of the broader arc of social formations possible under modern capitalist conditions. In essence, this perspective has subtly sought to shift responsibility for the vicious racism and endemic poverty in which the South was mired through World War II onto the muscular shoulders of industrial

capitalism. But although it is often fitting to deplore the largely unmitigated excesses of capitalist development during the period of its consolidation in the late nineteenth century, such blame is misplaced in the case of the postbellum South. There, to paraphrase T. S. Eliot, the bang of the Civil War ended with the whimper of Reconstruction, after which the former slaveholding planter classes, again crucially facilitated by merchant capitalists, were mostly left alone to put their region's house in order. The social relations of dominance and subordination that resulted, which in some respects exceeded even slavery in cruelty, were ultimately not attributable to the American version of industrial capitalism that had triumphed in the Civil War, at least not directly. In other words, Jim Crow was a southerner born and bred—not another in a long line of Yankee transplants to the region.

Until fairly recently, the most consistent theme associated with the work of the historian Eugene D. Genovese was his interpretation of the slaveholding regime of the Old South as essentially precapitalist—and in some respects, neo-feudal—in character. First articulated in his studies of the “political economy of slavery” published in 1965, this notion was arguably most influential with the cultural turn it took in *Roll, Jordan, Roll* (1974). In that work, Genovese employed the concept of paternalism to elucidate a complex dialectic of mutual dependence between masters and slaves, one that stood in stark contrast to the individualist ethos undergirding the rapidly emerging free-labor society of the North. In the ensuing decades, Genovese continued to develop this notion by elaborating the organicist worldview held by the planter classes of the Old South, particularly as it offered a counterpoint to the ascendant bourgeois ideology in developing

capitalist strongholds like the American North and Great Britain. In 1983, however, Genovese and his wife, Elizabeth Fox-Genovese, briefly revisited the theme of the southern political economy in a collection of essays, *Fruits of Merchant Capital*, whose implications have been neglected by subsequent scholars. Building explicitly on a long-standing series of influential debates on the protracted transition from feudalism to capitalism in early modern Europe that had been largely generated by (but not confined to) Marxist historiography, the Genoveses sought to further specify the political conditions that had shaped the slave-based mode of production of the Old South. They placed the region in a global-comparative context that strongly foreshadowed the present-day scholarly preoccupation with studies of the so-called Atlantic World, but although their collected essays ranged widely, most were tied together by the unifying theme promised in the title: the role of merchant capital, a historically distinct form of deploying and exploiting economic resources based on commercial exchange, in the rise, development, and perpetuation of slavery in the New World, especially in the southern United States. As they put it in their introduction, merchant capital and the slave-based mode of production it fostered served as “the breeding ground of an essentially hybrid system in the Old South, . . . [which] developed as a noncapitalist society increasingly antagonistic to, but inseparable from, the bourgeois world” in which it was embedded.³

Despite evidence of what would become the Genoveses' increasing (and for some, disturbing) admiration for the organic, traditional, and decidedly non-bourgeois “mind of the master class,” there were tensions in these essays that pulled them in

³ Elizabeth Fox-Genovese and Eugene D. Genovese, *Fruits of Merchant Capital: Slavery and Bourgeois Property in the Rise and Expansion of Capitalism* (Oxford, Eng., and other cities, 1983), 5. Subsequent page references to this work will be given parenthetically in the text. See also Eugene D. Genovese, *The Political Economy of Slavery: Studies in the Economy and Society of the Slave South* (New York, 1965); and Genovese, *Roll Jordan Roll: The World the Slaves Made* (New York, 1974).

multiple, sometimes contradictory, directions regarding merchant capital's character, significance, and effects. Although they gave numerous examples of merchant capitalism's specific contributions to long-term Western development, from its patronage of Renaissance art to its role as an "agent of primitive accumulation," the Genoveses nevertheless insisted that these "represented the great, if spectacular, exceptions to its common role throughout history" (p. 5). More common throughout the book were disparaging references to merchant capital as "conservative" and especially, "parasitic."⁴

This chapter will follow on the heels of the Genoveses' suggestive analysis of merchant capital in the Old South to offer some revisionist speculations about a closely related subject: the political economy of the New South. (Interestingly, the Genoveses have been uncharacteristically silent about the South after emancipation.) The majority of the most influential scholarship on the New South over the last half-century—from C. Vann Woodward's Beardian vision of a "new middle class" of pro-business elites to the highly influential Marxist studies of Harold D. Woodman, which portray what he calls an "emergent bourgeois society"—has tended to view the region as being rapidly absorbed into the national and world capitalist order after the Civil War, not only offering little resistance to bourgeois values and practices but actually embracing them. Especially in the last two decades, a host of studies supporting this general thesis of a new capitalist order in the postbellum South have appeared, many of which have helped fill gaps in our knowledge regarding topics such as the fate of the freedpeople and the white yeomanry,

⁴ The evolving perspective of the Genoveses toward southern slavery, which often veers dangerously close to apologetics, has dismayed many recent scholars sympathetic to their earlier works. See, for example, Alex Lichtenstein, "Right Church, Wrong Pew: Eugene Genovese's Defense of Southern Conservatism," *New Politics*, n.s. 6 (Summer 1997), 59–68; and Manisha Sinha, "Eugene D. Genovese: The Mind of a Marxist Conservative," *Radical History Review*, No. 88 (Winter 2004), 4–29.

women's status, urbanization, industrialization, and the social and economic development of particular subregions, states, and localities.⁵

Elsewhere, the present author has traced the underlying logic of this historiographical consensus regarding the New South: its progression from viewing sharecropping as wage labor—and croppers, therefore, as a “rural proletariat”; through its consequent description of regional agriculture as a “free-labor” economy; and culminating in the characterization of the post–Civil War South as a “bourgeois society.” After offering a series of objections to the links in this argumentative chain, this earlier article suggested that historians be more attentive to the persistent effects of residual economic, political, and cultural factors in the aftermath of the Civil War; that southern sharecropping be considered a hybrid and makeshift compromise solution to the “labor question” in the postemancipation South, one more analogous to precapitalist forms of rural production spearheaded by merchant capital in early modern Europe than it was to industrial-style agriculture; and finally, that a better appreciation was needed of the inherently protracted, uneven, and contingent nature of transitions from one mode of production to another.⁶

⁵ C. Vann Woodward, *Origins of the New South, 1877–1913* (Baton Rouge, 1951). The characterization of a “bourgeois South” by Harold D. Woodman (who wrote the foreword to *Fruits of Merchant Capital*) can be found most recently in his “The Political Economy of the New South: Retrospects and Prospects,” *Journal of Southern History* 67 (November 2001), 789–810; but the evolution of his sophisticated viewpoint is worth tracing in his other works, most notably *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800–1925* (Lexington, Ky., 1968); “Sequel to Slavery: The New History Views the Postbellum South,” *Journal of Southern History* 43 (November 1977), 523–54; “Post-Civil War Southern Agriculture and the Law,” *Agricultural History* 53 (January 1979), 319–37; “Postbellum Social Change and Its Effects on Marketing the South’s Cotton Crop,” *Agricultural History* 56 (January 1982), 215–30; “The Reconstruction of the Cotton Plantation in the New South,” in *Essays on the Postbellum Southern Economy*, eds. Thavolia Glymph and John J. Kushma (College Station, Tex., 1985), 95–119; and his most recent book, *New South—New Law: The Legal Foundations of Credit and Labor Relations in the Postbellum Agricultural South* (Baton Rouge, 1995).

⁶ Scott P. Marler, “Fables of the Reconstruction: Reconstruction of the Fables,” *Journal of the Historical Society* IV (Winter 2004), 113–37.

Herein, then, these points will be further developed by revising and extending the concept of merchant capital as it was deployed in the Genoveses' description of the Old South in order that we might better understand the New. These conclusions may prove fairly consistent with Eugene Genovese's earlier interpretation of a precapitalist antebellum South as reflected in its political-economic structures and the deep-seated mentalities that reinforced them—more so than that portrayed by the recent proponents of a reconstructed South suddenly converted to bourgeois capitalism by the *fait accompli* of emancipation. To begin, however, let us examine what exactly is meant by “merchant capital” by venturing onto what may be unfamiliar terrain for many southern historians: early modern Europe and its prolonged “transition from feudalism to capitalism.” The resultant world-comparative perspective on capitalist development, especially in agriculture, should prove essential to an assessment of the historical significance of merchant capitalism in the postemancipation southern United States.⁷

The simplest means of defining merchant capital is conveyed by the old adage, “Buy cheap, sell dear.” In other words, the merchant capitalist extracts profit by means of trade, facilitating exchange processes as an intermediary who skims a living off

⁷ The starting point of modern discussion of the “transition problem” remains Maurice Dobb, *Studies in the Development of Capitalism* (1947; rev. ed., New York, 1963); see also the ensuing debates prompted by Paul M. Sweezy's reply to Dobb as collected in Rodney J. Hilton, ed., *The Transition from Feudalism to Capitalism* (London, 1976). The enormous influence that Dobb's work had, not only on a young generation of independent radical historians but on legitimizing Marxist scholarship in the Western academy, is not always fully appreciated; see, for example, Bill Schwartz, “‘The People’ in History: The Communist Party Historians Group, 1946–56,” in *Making Histories: Studies in History-Writing and Politics*, eds. Richard Johnson et al. (Minneapolis, Minn., 1982), esp. 46–53. Debates over the transition enjoyed a resurgence in the late 1970s and 1980s, with Robert Brenner playing Dobb's role to Immanuel Wallerstein's Sweezy; see the collection by T. H. Aston and C. H. E. Philpin, eds., *The Brenner Debate* (New York, 1985). To put these debates in a nutshell (though at the risk of oversimplification): Dobb, Brenner et al. emphasize the “internal” development of class conflict in the countryside as the “prime mover” in the transition from feudalism to capitalism. For Sweezy, Wallerstein et al., however, the dissolvent role of increasing town-based, export-oriented commerce—an “external” determinant—was the critical transformative factor. Both positions can find support in Marx, but, as Rodney Hilton rightly pointed out, Marx's position seemed to evolve over the course of his lifetime toward the class-conflict interpretation later favored by Dobb and Brenner; see Hilton, “Introduction,” *Transition*, 23 n.15.

differentials in commodity values. Since such commercial activities obviously date from antiquity, Marx called merchant capital “the oldest historical mode in which capital has an independent existence” (*Capital* III, p. 442), although he resisted attempts to thereby naturalize such economic behavior as an essential human proclivity. Still, although Marx, like most other economists of his day, located the source of the surplus-value extracted under modern capitalist conditions in production processes, he conceded that these processes would be unthinkable unless the commodities thereby produced were intended for market exchange. Therefore, merchant capital (which Marx often interchangeably referred to as “commercial capital”) is “a historical precondition for the development of the capitalist mode of production,” insofar as the latter “presupposes production for trade” (*Capital* III, p. 444).⁸

Another important aspect of merchant capital for Marx was its historical development into various gradations and types. Thus, whereas banking or finance capital (money, after all, is itself a commodity) represents merchant capital in its most highly developed form, the petty shopkeeper or itinerant trader represents it at its most primitive. More important, and consonant with his understanding of capital less as a static object than as a dynamic social process, merchant capital is defined in empirical terms; that is, by reference to the *effects* that it has displayed in disparate historical contexts. One such effect of merchant capital is that, when deployed successfully (not a given, due to the inherently risky character of trade), it tends to promote increased concentrations of wealth—what Marx called “primitive accumulation.” But he also maintained that such

⁸ Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy*, trans. Martin Nicholas (New York, 1973), 856. Marx’s most important writings on merchant capital are in the third volume of *Capital*, trans. David Fernbach (New York, 1981), esp. chap. 20 (“Historical Material on Merchant’s Capital”), as well as chaps. 16, 18, and 47. See also the sections of Marx’s *Grundrisse* on “Pre-Capitalist Economic Formations,” esp. 502–13. Citations to these works are henceforth made parenthetically in the text.

wealth generally was either conspicuously consumed by the merchant (who is by nature a perpetually insecure creature obsessed with social prestige) or conservatively reinvested in speculative, non-productive forms of commerce. In either case, even in concentrated form, merchant capital remains “perpetually confined to the circulation sphere” (*Capital* III, p. 380) rather than deployed in organizing higher-order production processes.

Yet another vital byproduct of merchant capitalism where it flourished was its promotion of commodities not for their objective, real qualities as “use-values” but for the abstracted “exchange-values” they represented as objects convertible into other commodities, particularly money. Over time, as commodities gradually came to be produced more for exchange than for use, the mentalities and habits associated with the market began to replace more traditional relationships between means-and-ends in economic life. People were thus increasingly habituated to “seeing themselves” in the marketplace long before the advent of industrialism; to paraphrase one recent scholar, the market in early modern Europe became a “theater” in which nearly everyone now performed—but as directed and choreographed by merchant capitalists. As historians like Steven Hahn and Bruce Palmer have shown, the later advent of such market-oriented, merchant-sponsored exchange relationships in the New South created a great deal of psychological dissonance among white yeoman farmers, who had long been accustomed to production for self-sufficiency and its closely related preindustrial values.⁹

According to Marx, such aspects of the exchange relations spearheaded by merchant capital meant that commercial trade “always has, to a greater or lesser degree, a

⁹ Steven Hahn, *The Roots of Southern Populism: Yeoman Farmers and the Transformation of the Georgia Upcountry, 1850–1890* (New York, 1982); Bruce Palmer, “Man Over Money”: *The Southern Populist Critique of American Capitalism* (Chapel Hill, 1980). Jean-Christophe Agnew, *Worlds Apart: The Market and the Theater in Anglo-American Thought, 1550–1750* (Cambridge, Eng., and other cities, 1986).

solvent effect on the pre-existing organizations of production which in all their various forms are principally oriented to use-value" (*Capital* III, p. 444). But even formulated in this unsatisfying form as a context-free structural imperative, Marx's admission of a "solvent effect" tended to undermine his refusal otherwise to acknowledge merchant capital's transformative powers. At the very least, the exchange relations promoted by merchant capital are indeed capable of "transforming," if only by means of weakening and undermining precapitalist modes of production. By extension, merchant capital's contribution to the transition from feudalism to capitalism constituted a necessary if not sufficient condition for the emergence of a new economic order; and moreover, had merchant capital not developed as it did in early modern Europe, the later development of more "advanced" forms of capitalism might have been different, delayed, or perhaps never even occurred at all.¹⁰

The notion of a solvent effect is also closely linked to another key aspect of the definition of merchant capital: its relatively greater power and influence in underdeveloped, especially precapitalist, economies. Thus, Marx wrote that "where commercial capital predominates, obsolete conditions obtain"; and similarly, that independent merchant capital "stands in inverse proportion to the general economic development of society" (*Capital* III, 444–45). There seems to be relatively widespread agreement regarding this proposition. For example, despite largely approaching matters from the opposite causal direction (that is, from mentalité-to-structure rather than vice versa), the sociologist Max Weber was also at pains to emphasize the qualitative changes

¹⁰ See Jan Luiten van Zanden, "Do We Need a Theory of Merchant Capitalism?" *Review* 20 (Spring 1997), 255–67. In his recent book on *Africans and the Industrial Revolution in England: A Study in International Trade and Economic Development* (Cambridge, Eng., and other cities, 2002), Joseph E. Inikori makes a similar argument that links the commercial slave trade to the emergence of nineteenth-century British industrialism; see, for example, p. 482.

that distinguished modern capitalism (which he also viewed as production based on free labor) from its predecessor and competitor forms, especially merchant capital. Weber was more prone to refer to merchant capital as “speculatively oriented adventurous capitalism” (or, in a more anti-Semitic vein, “pariah capitalism”), but the result was the same. Weber, like Marx, associated the extent and durability of merchant capital as “a specific characteristic of those countries whose bourgeois-capitalistic development . . . has remained backward”—as was the case in the nineteenth-century South.¹¹

There were, however, more positive transformative roles that merchant capital played during the long transition. For example, the institutional techniques that merchants pioneered in early modern Europe, from double-entry bookkeeping and joint-stock companies to commodity exchanges and international banking, would all later prove to be vital aspects of global industrial capitalism by the nineteenth century. Indeed, Marx credited such sophisticated, institutionally based techniques with promoting a “division of labor between capitals” (*Capital* III, 392–93). In this sense, then, merchant capital provided industrial capital with pronounced developmental advantages—in sum, an institutional framework that enabled a heretofore unimaginable scale and scope to economic enterprise. This “division of labor between capitals,” as typified in a range of forms from international finance to itinerant peddlers, seems to provide evidence not only of merchant capitalism’s persistence but also, just as crucially, its ability to *adapt* itself to changing circumstances. Yet if one admits these adaptive tendencies (which Marx was loathe to do), then more orthodox analogies regarding merchant capital’s inherently

¹¹ Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. Talcott Parsons (London and New York, 1992), 165–66 (first quotation), 57 (second quotation), 173–74 (third and fourth quotations). Weber also anticipated the Genoveses’ interpretation of the Old South, in which “adventurers” arranged a plantation social order that allowed them to “live like feudal lords,” and whose underlying ethos Weber contrasted with the “specifically middle-class outlook” of the New England Puritans he admired.

“parasitic” nature are undermined, since parasites do not mutate; they depend instead on the stability of their hosts. The admission of such adaptability, however, has the added advantage of making the category of merchant capital more conceptually flexible, historically relevant, and context-specific.¹²

The parasite analogy is probably most applicable to the political conditions of merchant capital’s existence. Often found to be ingratiating and servile to established powers-that-be, this characterization can also easily understate merchant capital’s opportunism and adaptability. But to the extent that merchant capitalists do frequently coexist with varieties of state power, there is an important corollary effect worth noting. By means of their alliances with regimes founded on extra-economic forms of tributary extraction, merchant capitalists help ensure that transitions from one mode of production to another are protracted in nature. Outmoded structures are often given an extended lease on life by merchant capital, even as it simultaneously promotes the unintended structural consequence of subverting (or “dissolving”) the non-bourgeois basis of surplus extraction on which precapitalist ruling classes routinely rely. The Genoveses referred to these contradictory impulses as “the Janus face” of merchant capital.

Two other wide-ranging historical effects of merchant capital in the transition from feudalism to capitalism are especially important to recognizing its later role in the

¹² In *Capitalism Divided? The City and Industry in British Social Development* (New York, 1984), Geoffrey Ingham detailed the metamorphosis of merchant capital in England, the very heart of bourgeois-industrial capitalism. The evolution of financial and commercial capital centered in London between the sixteenth and nineteenth centuries, he writes, displayed “adaptation to changing and more favorable circumstances; it did not involve a radical break with the past.” In many ways, Ingham’s analysis built on the cultural foundation of the similar argument persuasively articulated by Martin J. Wiener in *English Culture and the Decline of the Industrial Spirit, 1850–1980* (Cambridge, Eng., and other cities, 1981), in which the English industrial bourgeoisie itself is shown to have never quite broken free of entrenched premodern values and habits—and, in fact, persistent City-based financial capitalists were “richer, more powerful, and . . . enjoyed a social cachet that evaded industry” (p. 128). See also P. J. Cain and A. G. Hopkins, “Gentlemanly Capitalism and British Expansion Overseas I: The Old Colonial System, 1688–1850,” *Economic History Review* 2d ser., 39 (November 1986), 501–25.

New South. The first is colonialism, particularly in the guise of New World slavery. The political alliances referred to above lent authority and a measure of protection to the investment consortiums formed by “adventurous” merchant capitalists to open overseas territories to exploitation, a process that began in the sixteenth century and accelerated rapidly thereafter. There is no need to rehearse here the details of the original establishment of European colonies in the New World for the purpose of extracting precious metals and agricultural commodities, particularly tobacco and sugar. What is important in this regard for an understanding of the postemancipation South is merchant capital’s proclivity (somewhat in the vein of the parasite metaphor) to act as an intermediary to colonial relationships by lubricating and enforcing the terms of exchange relationships, however unequal, between disparate cultures. To this extent, merchant capitalists in disparate settings often settle comfortably into the role of a comprador class, a satrapy—a role they would also play in the “colonial economy” of the New South.¹³

An even more important effect that merchant capital had in the centuries-long, geographically uneven transition to modern European capitalism was its establishment of domestic and “putting-out” forms of rural manufactures—a system that bears a powerful resemblance, we shall see, to the sharecropping system of the New South. The basic form of the putting-out system (recently termed “proto-industrialization” by some economic historians), which appeared widely in various locations around Europe from the sixteenth century and persisted well into the nineteenth (even in the northern United States), was

¹³ Marx wrote, “As for the manner and form in which commercial capital operates where it dominates production directly, a striking example is . . . colonial trade in general (the so-called colonial system) . . .” (*Capital* III, p. 446). This is a rare instance of Marx granting too much significance to merchant capital, overestimating its involvement in the internal organization of colonial production and underestimating the crucial degree to which such overseas ventures relied, of necessity, on state sponsorship. Robert Brenner examines the evolution of merchant capitalism in the context of early English colonialism in *Merchants and Revolution: Commercial Change, Political Conflict, and London’s Overseas Traders, 1550–1653* (Princeton, N.J., 1993).

for the merchant to advance raw materials to rural households, where these supplies were converted into finished commodities that were then purchased and marketed by the merchant. Most commonly associated with early forms of textile production, this system of advances to small producers was also common in nascent industries from shoes to metal-working, and such household-based production was usually geared toward turning out commodities intended for distant markets.¹⁴

Marx himself was at pains to downplay the significance of the putting-out system because of its incongruence with his overall schematic for the emergence of factory-style industrial production as laid out in the first volume of *Capital*. Even so, his statements about the system were ambiguous and contradictory, as he simply could not seem to get around its epochal importance. He admitted that “in the so-called domestic industries, this exploitation [of “cheap and immature labour-power”] is still more shameless than in modern manufacture, because the workers’ power of resistance declines with their dispersal; [and] because a whole range of plundering parasites insinuate themselves between the actual employer and the worker he employs” (*Capital I*, 591). More

¹⁴ Dobb, *Studies*, 265–66, admits that domestic forms of industry remained important in England through the nineteenth century. For similar merchant capitalist involvement in production in the antebellum North, see Paul E. Johnson, *A Shopkeeper’s Millenium: Society and Revivals in Rochester, New York, 1815–1837* (New York, 1978), 38–42. Immanuel Wallerstein, *The Modern World-System. Vol. II: Mercantilism and the Consolidation of the World Economy, 1600–1750* (San Diego and other cities, 1980), chap. 5; Wallerstein, *The Modern World-System. Vol. III: The Second Great Era of the Expansion of the Capitalist World-Economy, 1730–1840s* (San Diego and other cities, 1989), 153. Wallerstein’s work is iconoclastic, to say the least. For example, although he drew the Genoveses’ ire for being too prone to credit international trade with the transition to capitalism (*Fruits*, pp. 15, 36), John Merrington has pointed out that Wallerstein himself rejects “the key Marxist distinction between *merchant* and *industrial* capital . . . as ‘unfortunate terminology.’” Merrington, “Town and Country in the Transition to Capitalism,” in Hilton, ed., *Transition from Feudalism to Capitalism*, 187 n.42. But such odd conjunctures have their echoes on the more orthodox side of the debates over the transition as well. Robert Brenner, the most prominent recent advocate of an internalist, “class struggle in the countryside—as-prime mover” approach to the transition, has seemed to demonstrate precisely the opposite in his own studies of seventeenth-century English merchants. As Perry Anderson thus described Brenner’s work, “the detractor of the significance of merchant capital in principle has been the first to establish, in spellbinding detail, its role as demiurge in practice.” Anderson, *Spectrum: From Left to Right in the World of Ideas* (New York, 2005), 251–52.

heterodox thinkers, as well as many mainstream economic historians, have been more willing to insist on the importance and persistence of the household forms of production organized under mercantile auspices to the long transition. Commensurate with other forms in which merchant capital had been deployed over time, the market insecurities that adhered to fickle international demand made the putting-out system perfectly suited to backward, precapitalist regions. Technologies were mostly rudimentary, thereby limiting fixed capital expenses. Overhead was kept even lower by externalizing labor costs—that is, by maintaining a relatively safe distance from the internal organization of the household production units themselves. (There were as yet few readily available opportunities to reduce costs by subdividing manufacturing processes.) Profits were further stabilized by “plundering” rural producers through the debt bondage built into the merchants’ furnishing system for raw materials and other supplies.¹⁵

By means of the putting-out system, then, precapitalist societies in Western Europe were “incorporated into the reproduction and accumulation machinery of merchant capitalism,” as historian Peter Kriedte has written. But since proto-industrialization “could only establish itself where the ties of the feudal system had either loosened or were in the process of full disintegration,” it is not surprising that the “relations of production in proto-industrial regions” retained a “transitional character.” Because merchant capitalists had yet to establish full authority over the dynamics of the production process, the profits attained from the commodities produced were still basically derived from their exchange-values rather than built into production itself, as

¹⁵ Peter Kriedte, *Peasants, Landlords, and Merchant Capitalists: Europe and the World Economy, 1500–1800* (Warwickshire, Eng., 1983). See also Barry Supple, “The Nature of Enterprise,” in E. E. Rich and C. H. Wilson, eds., *The Cambridge Economic History of Europe*. Vol. V: *The Economic Organization of Early Modern Europe* (London and New York, 1977), 425.

would be the case later under fully developed industrial capitalism. This “transitional character” is true for both poles of production relations. As a result of their geographic dispersal, residual imbrication within still-persistent feudal relationships in the countryside, and maintenance of control over most aspects of production itself, the actual producers were not yet a “proletariat” under the putting-out system. However, neither did the merchant “putter-out”—the proto-capitalist—display either the business practices or economic mindset that accompanied later bourgeois-industrial capitalism. As Max Weber pointed out, while the putting-out system was forward-looking and “capitalistic” in orientation, it essentially remained “traditionalistic business, if one considers the spirit which animated the entrepreneur.” The merchant capitalist’s ethos still reflected a transitional system of production in which labor had not been fully alienated, either from itself as a commodity or from the means of production; in which traditional forms of social relations based on status rather than contract remained dominant; and in which work-discipline was not yet subject to the intense regulation later imposed under industrial capitalism.¹⁶

All of these conditions were also true of the nineteenth-century South, both before and after the Civil War. The Genoveses described the Old South’s unique economy and society as precapitalist and akin to a neo-feudal order—one that featured a proud and “prebourgeois” slaveowning ruling class extremely hostile toward free-labor society (p.16). Furthermore, the Genoveses rightly affirmed that the slave-based mode of production, despite being entwined in international export markets for plantation

¹⁶ Weber, *Protestant Ethic*, 66–67; E. P. Thompson, “Time, Work-Discipline, and Industrial Capitalism,” *Past and Present* 38 (December 1967), 56–97; Peter Kriedte, Hans Medick, and Jurgen Schlumbohm, *Industrialization before Industrialization: Rural Industry in the Genesis of Capitalism* (Cambridge, Eng., and other cities, 1981), 6; Kriedte, *Peasants, Landlords, and Merchant Capitalists*, 13–14 (quotation).

commodities, was not a form of bourgeois capitalism—an almost tautological truth that they defended with subtlety and wit against all comers.¹⁷

As our attention now finally turns more fully to the New South, there are two main points to bear in mind from such an understanding of the Old. First, it was the mediating role of merchant capital that provided southern slaveholders with the necessary social distance from the ongoing “market revolution” elsewhere to preside over the development of their aggressively non-bourgeois society. Second, if one accepts that precapitalist social relations were deeply entrenched in the slave South, then it follows that the transition to a postemancipation regime would have been fairly protracted and characterized by the persistence of reactionary planters and merchant capitalists alike. As the Genoveses argued generally, “the penetration of the economy by merchant capital usually resulted in the reinforcement of feudal social relations and of obstacles to the emergence of bourgeois social relations, specifically, of free labor” (p. 8). In this sense, the elimination of slavery by force of arms certainly did not change the mind of either planters or their merchant allies as to the propriety of their quondam regime. Equally important, emancipation did not cause an economy whose global functions had been organized and run for two centuries under merchant capitalist auspices to simply roll over in the face of corporate/industrial hegemony—a hegemony, it should be pointed out, that

¹⁷ Or, *nearly* all comers. As Larry McDonnell pointed out in an astute review of *Fruits*, the Genoveses failed to engage with what he called “the stunning neo-revisionist assault” on Marxist interpretations of the slave South that had just gotten underway in the early 1980s, in which scholars like Harry Watson, Lacy Ford, and James Oakes emphasized the capitalist orientation of slaveholding planters and placed them in the context of what soon came to be called the “market revolution” thesis. Lawrence T. McDonnell, “The Janus Face of *Fruits of Merchant Capital*,” *Labour/Le Travail* 15 (Spring 1985), 185–90 (quotation on p. 188). (I am grateful to Mark M. Smith for bringing this review to my attention.) Yet it also seems that for the “emergent bourgeois society” thesis regarding the New South to be broadly accurate, then the road to such an apparent ideological *volte-face* necessarily would have been paved well in advance. In this sense, then, such advocates of an Old South wing to the market revolution are more historiographically congruent with the post-Civil War interpretations of Harold Woodman et al. than they are with the Genoveses’.

still remained the source of bitter, often-violent conflicts with labor in the late nineteenth-century North itself.

In evaluating the adaptation and persistence of merchant capital in the New South, the reorganization of neo-plantation agriculture in the cotton sector is the logical place to start. Not only did cotton production remain the motor of the southern economy for many decades to come, but this still-vital sector has also provided the main grist for the many recent historiographical interpretations that, in one way or another, seek to prove the ascendancy of bourgeois capitalism in the post-Civil War South. As was shown in Chapter 9, merchants served even more crucial functions in cotton production after the war than they had before, despite their dispersal into the countryside and the related break-up of the urban-based factorage system. Ultimately, the postbellum contributions of merchant capital to the southern economy offer a more satisfactory starting point for explaining underdeveloped regional conditions through the Great Depression than does Harold Woodman's somewhat counterintuitive insistence that "in its basic class structure and its organization, [the New South] resembled the North more than it differed."¹⁸

To begin with, sharecropping was the closest approximation to a dominant mode of production that the region had for well over a half-century after the Civil War. Of course, this system was not unique to the New South. As John Merrington, among others,

¹⁸ Woodman, "The Reconstruction of the Cotton Plantation," in Glymph and Kushma, eds., *Essays on the Postbellum Southern Economy*, 113. It is interesting to note that a much earlier generation of Marxists would have rejected Woodman's interpretation. W. E. B. Du Bois, for example, argued that the failure of the federal government to enforce any fundamental "reconstruction" of the South had locked regional agriculture into "a new feudalism." Du Bois, *Black Reconstruction in America, 1860-1880* (1935; repr., New York, 1992), 583-84. Also, in one of their rare comments on the nature of postbellum southern society, the Genoveses cited an obscure study of capitalism and agriculture in the United States. "[I]n the formerly slave-owning South," Vladimir Lenin had written in 1913, one should not "confuse the latifundia with large-scale capitalist farming" of the sort increasingly prevalent in midwestern U.S. agriculture. The Genoveses thus implicitly endorsed Lenin's view of the tenant-farmed plantations of the New South as "merely a survival of pre-capitalist relations" (Lenin, as quoted in *Fruits*, p. 24).

has noted, sharecropping had a lengthy European pedigree (i.e., *metayage* in France, *mezzadria* in Italy) as a “transitional form” of agricultural lease that “associat[ed] merchant capital and peasant agriculture.” Yet in its makeshift southern form, this agricultural labor system actually bore far greater structural resemblances to the rural putting-out system that had been organized by merchants during the early modern transition to capitalism than it did to the wage-labor economies of either the industrial North or the agricultural West. For example, rather than working in closely supervised gangs, tenant plantations relied on dispersed household units of production, as had the putting-out system. Such denucleated production not only mitigated against the intense supervision that accompanied “factories in the field”—types of agriculture, it also dampened the growth of any incipient proletarian class-consciousness among croppers and other tenants because, as Marx had noted of household-based industry, “the workers’ power of resistance declines with their dispersal” (*Capital I*, p. 591).¹⁹

Southern sharecropping displayed other broad similarities to precapitalist economic forms maintained by merchant capital. For example, production was geared toward commodities of practically no local utility; cotton’s value derived, as it had under slavery, solely from its exchange-value in long-distance markets. Merchant capitalists were also notably averse to assuming any fixed capital costs in the systems of production

¹⁹ Merrington, “Town and Country,” 185 (quotations); see also Richard Lachmann, *Capitalists in Spite of Themselves: Elite Conflict and Economic Transitions in Early Modern Europe* (New York and Oxford, 2000), 88–89. In *Branches Without Roots: The Genesis of the Black Working Class in the American South, 1862–1882* (New York, 1986), 26–28, Gerald David Jaynes made passing note of sharecropping’s similarity to the putting-out system. Marx also analyzed sharecropping in various European contexts as a rent-based “transitional form” that antedated capitalist relations in agriculture (*Capital III*, p. 939), which raises the question of whether sharecroppers should be regarded as having paid rent in kind (tenants) or were ‘compensated’ with a portion of the crop (wage laborers). The recent assertion of capitalist relations in New South agriculture in many ways hinges on this superficially innocuous distinction. For the complex issues involved, see esp. Woodman, *New South—New Law*; Marler, “Fables of the Reconstruction”; and Alex Lichtenstein, “Proletarians or Peasants?: Sharecroppers and the Politics of Protest in the Rural South, 1880–1940,” *Plantation Society in the Americas* 5 (Fall 1998), 297–331.

they sponsored, and sharecropping in particular had long displayed a tendency to repress investments in technological improvements by either landlords or producers. These traits were mirrored by the snail's pace of mechanization in southern cotton production after the war. It has often been argued that southern cotton production exhibited slow productivity growth due to the lack of incentives to develop or invest in new forms of machinery, but this is most frequently explained by recourse to the ready availability of cheap labor. This was doubtless an important factor, but the South's failure to mechanize agricultural production should also be understood a reflection of merchant capitalists' desire to limit fixed capital expenses and thereby preserve their flexibility in the face of both underdeveloped regional demand and fickle international markets. Although postbellum southern cotton output would outpace its pre-1860 levels fairly rapidly (see Figure 8.1), like other proto-industrializing regimes, southern merchants and landlords were usually satisfied to confine their efforts to the "quantitative expansion of production," as opposed to seeking "qualitative change[s] in the mode of production" of the sort represented by capital-intensive mechanization.²⁰

The analogy to domestic systems of production is further supported by a rough similarity in the constellation of classes that characterized the revamped southern plantation system. For although landownership remained concentrated in the hands of the former slaveholders—thereby affording them a more prominent role in southern sharecropping than European landed classes had played in the putting-out system—the household units of production of each were vitally dependent on a class of merchant

²⁰ Kriedte et al., *Industrialization before Industrialization*, 136 (quotations), 146; Louis Ferleger, "Sharecropping Contracts in the Late-Nineteenth-Century South," *Agricultural History* 67 (Summer 1993), 31–46; Jay R. Mandle, *Not Slave, Not Free: The African American Economic Experience since the Civil War* (Durham, N.C., 1992), 48–57; Warren Whatley, "Southern Agrarian Labor Contracts as Impediments to Cotton Mechanization," *Journal of Economic History* 47 (March 1987), 45–70.

capitalists to promote, perpetuate, and underwrite it. In this respect, the centrality of the “country store” to the postbellum cotton economy has long been widely acknowledged, even if it has been understudied by southern historians and sometimes obscured behind folksy nostalgia. As was also discussed throughout Chapter 9, the number of such stores multiplied rapidly in the agricultural South after the war. Even excluding those in urban areas, economic historians Roger Ransom and Richard Sutch were able to identify nearly 8,000 such stores in 1880 among the five states of the “Cotton South” alone. To be sure, most of these stores were small, family-run operations with assets valued under \$5,000, which is not surprising given that the retail trade has historically required relatively low levels of capital input. But the small scale of these firms should not lead one to underestimate them as merely merchant capitalism at its most primitive, for despite their size and instability (although many did grow and persist), these stores played roles in their local economies belied by their cozy hot stoves, cracker barrels, and jugs of whiskey. What caused the explosive growth in such stores after the Civil War was the need for a financial intermediary between landowner and tenant in the sharecropping system, and rural furnishing merchants alone proved willing and able to advance seasonal credit to cash-poor farm households, loans that were secured by liens on future crop production.²¹

Given that few historians dispute the extent or significance of these stores in cotton production after the war, the adaptation, persistence, and importance of merchant

²¹ Roger L. Ransom and Richard Sutch, *One Kind of Freedom: The Economic Consequences of Emancipation* (2nd ed.; New York and other cities, 2001), 132–38.; Harold Barger, “Income Originating in Trade, 1869–1929,” in National Bureau of Economic Research, *Trends in the American Economy in the Nineteenth Century* (Princeton, N.J., 1960), 329; Louis M. Kyriakouides, “Lower-Order Urbanization and Territorial Monopoly in the Southern Furnishing Trade: Alabama, 1871–1890,” *Social Science History* 26 (Spring 2002), 186.

capital to the postemancipation South should therefore be nearly self-evident. One might pause again to note that the merchant capitalist tactic of insinuating themselves into production processes via credit provisioning was not a new one. Immanuel Wallerstein has described how the export-minded merchant of early modern Europe frequently sought to “establish a dependency upon him on the part of a mass of small producers,” which was most efficiently accomplished through “debt bondage.” Furthermore, kin- and ethnoculturally based forms of enterprise were another a long-standing hallmark of merchant capitalism. Not only did such firms avoid the more “transparent” forms of corporate organization that later became the industrial standard, but the mutualism they displayed was characteristic of a more conservative type of business, one more limited in scope and concerned largely with maintaining and passing along wealth and status.²²

To the degree that rural merchants have been the subject of recent studies in southern history, a great deal of energy has been expended on whether and how they merged, supplanted, or otherwise interacted with the planter classes. Often asserted but less adequately discussed have been questions associated with the class character of these merchants—specifically, whether or not they should be considered a “new bourgeoisie.” The dubious aspects of this proposition are revealed through closer attention to the vocabulary of class as it was first developed by Marx in various comparative contexts and clarified by subsequent sociologists and historians. From definitional perspectives like these, a bourgeoisie is far more than the “nation of shopkeepers” famously skewered by

²² On the relationship between kinship and merchant capitalism, see Johnson, *Shopkeeper's Millenium*, 16–42; David L. Carlton, *Mill and Town in South Carolina, 1880–1920* (Baton Rouge, 1982), 29; on the mutual-aid displayed by ethnic groups in mercantile enterprises, see Elliott Ashkenazi, *The Business of Jews in Louisiana, 1840–1875* (Tuscaloosa, Ala., 1988), 33, 58. See also Scott P. Marler, “Merchants in the Transition to a New South: Central Louisiana, 1840–1880,” *Louisiana History* 42 (Spring 2001), 182–87. Wallerstein, *Modern World-System*, III, 152–53 (quotation).

Napoleon. Similarly, the use of the term as a mere synonym for "middle class" (an especially common lapse with reference to Victorian-era cultural ideals) also represents a significant dilution of the analytical specificity it long had in political economy. In the more rigorous and empirically based distinction accepted by Marx, Weber, and many others, a bourgeoisie is an independent capitalist class that is defined by its fulfillment of two conditions: ownership of the means of production and employment of wage labor. Neither of these conditions are generally satisfied by merchant capitalists (even less so simultaneously)—not in theory, not in early modern Europe, and not in the New South.²³

Some of the shortcomings of recent scholarship that represents the gentleman-merchants of antebellum New Orleans and other southern cities as a "bourgeoisie" were addressed in Chapter 2. There it was argued that the fragmented nature of the speculative market culture in which such merchants were embedded, as well as their financial interest in plantation-based slavery, all mitigated against the social cohesiveness that helps create independent "classes" that view their collective interests in distinct opposition to those of other groups. Such a view becomes clearer when class (much like capital) is understood more as a relationship than as a static object. But there is another sense in which *bourgeois* has often been employed to describe merchants in the Old South as well as in the New: the word's etymological root in the word *burgher*, or "town-dweller." This usage also represents a slippage from its more specific meanings in socioeconomic theory, but in the case of New South furnishing merchants, there are other reasons that it

²³ Examples include Lacy K. Ford, "Rednecks and Merchants: Economic Development and Social Tensions in the South Carolina Upcountry, 1865–1900," *Journal of American History* 71 (September 1984), 294–318 (quotation on p. 317); and Wayne, *Reshaping of Plantation Society*, 203–4. Though he assigns them an appropriate measure of significance, David Carlton is more cautious about characterizing this "new class of merchants" as a "bourgeoisie"; see Carlton, *Mill and Town*, 8–9, 26. Two other studies that emphasize planter-merchant relations are Jonathan M. Wiener, *Social Origins of the New South: Alabama, 1860–1885* (Baton Rouge, 1978); and Michael D. Wayne, *The Reshaping of Plantation Society: The Natchez District, 1860–80* (Baton Rouge, 1983).

is of questionable utility, even according to its own logic. For example, to the extent that many "country stores" were literally scattered throughout the former plantation districts, class cohesion among their owners was suppressed for the same reasons that rurally dispersed sharecroppers were unable to regard themselves as a collective proletarian class. Admittedly, though, there is considerable evidence that stores, particularly the more successful ones, tended to "cluster" in small towns, as was discussed in Chapter 9. The number of these towns grew during the postbellum decades, especially in the interior districts, with much of this growth prompted by railroad development. Indeed, many such "towns" were basically only tiny villages that consisted of a rail depot, a handful of stores (which frequently also served as processing centers for outgoing commodities), and minimal ancillary service establishments.²⁴

Ultimately, however, the post-Civil War South remained an overwhelmingly rural society through at least the New Deal. The social character of small towns continued to be shaped mainly within an agrarian context, and intense interfirm competition also diminished storekeepers' sense of the mutual interests that might have helped them form a distinct new "bourgeois" class. The rural character of the New South is also clear in more measurable demographic terms. One historian concluded that "by almost any statistical measurement, the South of about 1900 to 1920 occupied a weaker position in terms of urban development relative to the rest of the country than was true of the Old South." Although some southern cities like Atlanta and Houston grew impressively during the period, the steady decay of coastal entrepôts like New Orleans

²⁴ Kyriakouides, "Lower-Order Urbanization." See also Kenneth Weiher, "The Cotton Industry and Southern Urbanization, 1880-1930," *Explorations in Economic History* 14 (1977), 120-40; and David R. Meyer, "The Industrial Retardation of Southern Cities, 1860-1880," *Explorations in Economic History* 25 (1988), 366-86.

(even in the face of minimal “real” growth) largely offset these gains. Most small towns of the interior were still little more than conservative enclaves of merchant capital (an apt description of New Orleans as well), and their dependence on often-tenuous political alliances with rural planters perpetuated more aspects of an older mode of production than they signalled the emergence of a new one.²⁵

In this sense, it is also important to recognize that town growth does not always necessarily equate with capitalist development, especially of the self-sustaining industrial variety. Towns and cities in the nineteenth-century South, like most of those in early modern Europe, were still islands in the preindustrial stream. The absence of fully-developed capitalist agriculture in the New South made its relative urban growth weaker and less stable than in the rest of the United States. Compared to the mutually reinforcing urban-rural development cycle in the Midwest, for example, the weak demand factors generated by the impoverished southern countryside were unable to provide much in the way of a “positive backward linkage effect” to sustain an urban network already stunted by its orientation toward commodity extraction under merchant capitalist auspices—a state of affairs first noticeable in the antebellum era. From railroads to banking, most of the region’s urban centers served mainly as waystations on the ever-lengthening global commodity chain that drained off the South’s natural resources.²⁶

²⁵ Leonard P. Curry, “Urbanization and Urbanism in the Old South: A Comparative View,” *Journal of Southern History* 40 (February 1974), 60 (quotation). On the decline of southern entrepôt cities see Morton J. Rothstein, “The New South and the International Economy,” *Agricultural History* 57 (Fall 1983), 385–402; on postbellum New Orleans see Chapter 8 herein; and Michael A. Ross, “Resisting the New South: Commercial Crisis and Decline in New Orleans, 1865–85,” *American Nineteenth-Century History* 4 (Spring 2003), 59–76.

²⁶ Morton J. Rothstein, “Antebellum Wheat and Cotton Exports: A Contrast in Marketing Organization and Economic Development,” *Agricultural History* 40 (April 1966), 94 (quotation). See also David L. Carlton, “How American Is the American South?” in *The South as an American Problem*, eds. Larry J. Griffin and Don H. Doyle (Athens, Ga., 1995), 33–56, esp. 48–49; and David Goldfield, “A Regional Framework for the Urban South,” in Goldfield, *Region, Race, and Cities: Interpreting the Urban South* (Baton Rouge,

Historians like David L. Carlton have demonstrated the pivotal role that town merchants, especially commission houses with outside financial connections, played in the establishment of cotton textile mills on the mid-Atlantic seaboard. While their prominence in the community did sometimes translate into local political offices, less often were such small-town merchants able to match their ample boosterist rhetoric with an equivalent amount of investment capital from their own pockets. It is also unsurprising that the mill-village culture that these southern merchant capitalists—*cum*—would-be industrialists helped to establish was permeated with precisely the sorts of traditionalist economic behaviors—most notably, paternalism—that were usually scorned by the hardened bourgeoisie of laissez-faire capitalism. The mills themselves remained relatively undercapitalized, small-scale operations, evidenced by the fact that the aggregate regional value of finished textile exports barely reached 10 percent of its raw cotton exports before World War I. As Morton J. Rothstein concluded, rather than providing evidence of incipient industrial capitalism in the New South, southern cotton mills were simply part of a “trend to put[ting] first-stage processing industries closer to the supply of raw materials.”²⁷

And this was in the South’s largest industry—much the same could be said of steel, coal, and lumber. The most successful industries in the postbellum South were

1997), 45–49. It is also worth reading William Cronon’s *Nature’s Metropolis: Chicago and the Great West* (New York, 1991) with the South in mind: the relationships between merchants and industrialists, towns and metropolises, and core and periphery that emerged in the nineteenth-century Midwest were indeed very different from those in the South, Old or New. See also Douglas F. Dowd, “A Comparative Analysis of Economic Development in the American West and South,” *Journal of Economic History* 16 (December 1956), 558–74.

²⁷ Rothstein, “New South and the International Economy,” 399–400. On mill villages see Carlton, *Mill and Town*; on merchants’ role in organizing them, see *ibid.*, esp. p. 58. Despite working within very different frameworks, similar conclusions about the significance of “market paternalism” to the New South are reached in Mandle, *Not Slave, Not Free*, esp. pp. 62–63 (quotation); and Lee J. Alston and Joseph P. Ferrie, *Southern Paternalism and the American Welfare State: Economics, Politics, and Institutions in the South, 1865–1965* (New York, 1999), esp. pp. 30–33. See also Jay R. Mandle, *The Roots of Black Poverty: The Southern Plantation Economy after the Civil War* (Durham, N.C., 1978).

fairly late to develop and were also based on resource extraction rather than value-added enterprise. The Texas petroleum sector after 1900 was perhaps the most successful “pure” industry of this type, but the restructuring of postbellum sugar production in the Southwest provides an interesting example of the hybridity of agriculture and industry in the New South. Colonized by northern capital almost immediately after the war, both key aspects of Louisiana sugar production, cane growing and refining/processing, became vertically integrated in short order, and despite what Louis Ferleger has described as “resistance to the institutionalization of capitalistic economic relations” among planters and workers alike, the entire industry quickly came to rely on wage labor. As a result, furnishing merchants never gained much of a credit-based foothold to establish the fundamental influence in the sugar region that they enjoyed in the Black Belt. By the early twentieth century, however, the industry began splitting off its corporate-controlled, capital-intensive processing components, where intensive factory-style mechanization led to impressive productivity gains, which caused the agricultural portion to devolve separately, in many cases, into smaller-scale, even sharecropped, production. Still, merchant capitalists sometimes played important roles even in this hybridized industry. Jacob Lemann of Ascension Parish, Louisiana, who had begun as a peddler in the 1840s, branched out after the war into cane production, but maintained his retail interests with a plantation store that accepted company scrip. The Kempners of Galveston, Texas, rose from similarly humble mercantile origins to become commission merchants and bankers during the late nineteenth century, and they ultimately founded Imperial Sugar on the Texas mainland.²⁸

²⁸ On Lemann see Ashkenazi, *Business of Jews in Louisiana*, chap. 2, esp. 32–33; on the Kempners see Harold M. Hyman, *Oleander Odyssey: The Kempners of Galveston, Texas, 1854–1980s* (College Station,

Overall, however, despite such advances in a few subregional pockets and sectors, modern forms of capitalist industrialization were slow to take root in the post-Civil War South. The lack of a capital-goods sector was evidence of industrialization's shallow penetration of the region, and its absence also reflected continued resistance to achieving productivity growth through investments in technological innovation. Indeed, the preternaturally cautious investment mentality of merchant capitalism was deeply ingrained in the South. "The business environment of the postbellum South materially shaped the character of southern entrepreneurship itself," as two historians recently concluded. Local investors "enforced their own distinctly conservative financial goals on the enterprises they aided, contributing to the undynamic, even stodgy nature" of southern industry. Again, this state of affairs had its analogue in the long, uneven European transition to capitalism. Proto-industrializing rural areas increasingly beholden to merchant capital had also failed to see much in the way of so-called multiplier effects during the seventeenth and eighteenth centuries. "In the absence of subsidiary and service industries, which would have made possible external savings," such regions instead exhibited a mean tendency toward economic stagnation.²⁹

Tex., 1990). On the shift to wage labor in Louisiana sugar see Louis Ferleger, "The Problem of 'Labor' in the Post-Reconstruction Louisiana Sugar Industry," *Agricultural History* 72 (Spring 1998), 140-58 (quotation on p. 141); and John C. Rodrigue, *Reconstruction in the Cane Fields: From Slavery to Free Labor in Louisiana's Sugar Parishes, 1862-1880* (Baton Rouge, 2001); on the role of stores in the sugar region, see *ibid.*, 150-52, 189. For discussions of the effects of mechanization in the industry, see Ferleger, "Farm Mechanization in the Louisiana Sugar Sector after the Civil War," *Louisiana History* 23 (Winter 1982), 21-34; and Ferleger, "Productivity Change in the Post-Bellum Louisiana Sugar Industry," in *Time Series Analysis*, eds. O. D. Anderson and M. R. Perryman (New York, 1981), 147-61. Cf. John A. Heitmann's account of institutional change in *The Modernization of the Louisiana Sugar Industry, 1830-1910* (Baton Rouge, 1987).

²⁹ Kriedte et al., *Industrialization before Industrialization*, 124, 148 (quotation); David L. Carlton and Peter A. Coclanis, "Capital Mobilization and Southern Industry, 1880-1905: The Case of the Carolina Piedmont," *Journal of Economic History* 49 (March 1989), 75 (quotations); Carlton and Coclanis, "The Uninventive South? A Quantitative Look at Region and American Inventiveness," *Technology and Culture* 36 (April 1995), 302-26; Louis Ferleger, "Capital Goods and Southern Economic Development," *Journal of Economic History* 45 (June 1985), 411-17.

The conservative nature of southern investment is visible in areas besides industry. The Genoveses noted how merchant capital siphoned off profits from the international cotton trade in the antebellum period, thereby inhibiting the minimal multiplier effects available for "investment in human capital" (p. 49), most notably in education—a situation that did not improve after emancipation. Also, the explosive growth of rural and small-town stores, apart from the structural vacuum they filled as financial intermediaries in staple-crop production, was prompted in part by low capital requirements, since historically, incomes derived from retailing have been relatively more stable in depressed or underdeveloped regions. Even when town-based storeowners did enjoy a measure of success, they most frequently favored investments in real estate (despite plummeting postwar land values), which reflected the oft-observed tendency of merchant capitalists to "refeudalize" themselves; that is, not only to spend their profits on forms of conspicuous consumption in pursuit of social prestige, but more important, to invest their wealth in real estate in an attempt to mimic the nobility and lesser gentry. By thus fusing merchant capitalist interests with the sedentary lifestyle of landed property, many small-town southern merchants transformed themselves, at least partly, into a rentier class. Such a conservative investment mentality was duplicated at the upper end of the merchant capitalist scale as well. Despite the weak and dependent nature of postbellum southern banking, Chapel Hill sociologist Rupert Vance estimated that nearly a third of the prime cotton land of the South was owned by banks and other advanced institutional forms of merchant capital (like insurance companies) by 1930.³⁰

³⁰ Vance cited in Charles S. Johnson, Edwin R. Embree, and W. W. Alexander, *The Collapse of Cotton Tenancy: Summary of Field Studies and Statistical Surveys, 1933-35* (Chapel Hill, 1935), 33. Carlton and Coclans, "Capital Mobilization," 86; Merrington, "Town and Country," 183-84. Adam Smith also noted that "merchants are frequently ambitious of becoming country gentlemen"; *Wealth of Nations*, Book III,

As in banking, as in textile mills, as elsewhere, the New South was fundamentally what C. Vann Woodward long ago characterized as a "colonial economy." But this convenient label need not serve as a substitute for further analysis. David L. Carlton and Peter A. Coclanis articulated a more sophisticated version of Woodward's assessment in their "quantitative look" at the dearth of technological innovation in the New South. They concluded that "southern entrepreneurs, the conservative legatees of a society deficient in business or technological skills, were perfectly willing to become, in effect, franchisees of the already developed . . . manufacturing belt" of the northeastern "core." Even in cotton production, Delta Pine & Land Company of Scott, Mississippi—an advanced "business plantation" often used to exemplify the modern capitalistic tendencies of postbellum southern agriculture—was owned by a consortium of English investors. The overall effect of such relationships was to lend to New South plantation owner-operators the less-than-endearing character of what Barbara J. Fields has called "a decadent colonial ruling class." But even so, the South lagged well behind regions like the West in attracting foreign investment dollars, perhaps because, as historian Douglas Dowd suggested, "inhibiting forms of economic and social organization were absent" in the West that might have constituted "significant institutional obstacles" to capitalist development. Instead, the trajectory of postbellum southern economic development remained low, largely due to the limited entrepreneurial horizons of a comprador class of merchants who favored essentially preindustrial, decidedly non-bourgeois, and frequently

Chap. IV. Thomas S. Berry, "Comment," appended to Barger, "Income Originating in Trade," 334–35. A study of postbellum southern banking is still badly needed, but see Carlton and Coclanis, "Capital Mobilization"; Carlton, *Mill and Town*, 31–32; and John A. James, "Financial Underdevelopment in the Postbellum South," *Journal of Interdisciplinary History* 11 (Winter 1981), 443–54.

perverse forms of production relations for the New South, from sharecropping and tenancy to mill villages and convict labor.³¹

The Genoveses argued that “to the extent that [merchant capital] escaped becoming an agent of industrial capital” in the Old South, “it eventually became an impediment to the capitalist mode of production” (p. 7). With his peculiar investment ethos that blended opportunistic market gambles and tight-fisted conservatism (in contradistinction to the sober and thrifty bourgeois industrialist), the typical southern merchant capitalist preferred to stick with the quick payoffs from the economic games he knew best and was therefore not particularly inclined to seek full capitalist development on the northern or English model. Such new forms of property and social relations were in this sense not only too unfamiliar, they were potentially too confining. Bourgeois egalitarianism was less prone to sanction, for example, the iron fist of institutionally condoned violence (a method of social control to which precapitalist societies frequently resort), yet neither was the velvet glove of paternalism its preferred method of maintaining hierarchical order and privilege.³²

However, despite their mutation from urban factorage to the dispersed institutional form of rural furnishing stores—a process that paralleled the rapid decentralization of the plantation system itself—postbellum merchant capitalists did

³¹ Rothstein, “New South and the International Economy,” 393–95; Dowd, “Comparative Analysis,” 275 (quotations); Woodman, “Postbellum Social Change,” 219–22; Woodman, “Political Economy of the New South,” 800, 809–10; Barbara Jeanne Fields, “The Advent of Capitalist Agriculture: The New South in a Bourgeois World,” in Glymph and Kushma, eds., *Essays on the Postbellum Southern Economy*, 87 (quotation); Carlton and Coclanis, “The Uninventive South?” 325 (quotation); Woodward, *Origins of the New South*, chap. 11. For a recent analysis of “core vs. periphery” relationships in the postbellum United States, see Richard Franklin Bense, *The Political Economy of American Industrialization, 1877–1900* (Cambridge, Eng., and other cities, 2000). On the important role of convict labor in the New South, see Alex Lichtenstein, *Twice the Work of Free Labor: The Political Economy of Convict Labor in the New South* (London and New York, 1996).

³² On institutional violence in proto-industrial regimes, see Kriedte et al., *Industrialization before Industrialization*, 126; on neopaternalism in the New South, see Mandle, *Not Slave, Not Free*, esp. 62–63.

strongly favor the quick revitalization of cotton production, the old regional lifeblood. In pursuit of this goal, most merchants remained symbiotically drawn toward alliances with their old friends in the rural planter elite. But by helping to perpetuate key aspects of the old regime, merchants in the New South helped prolong the South's transition to a bourgeois society more consonant with national and global trends. The priorities and techniques of merchant capitalism thus remained a crucial prop to the postbellum southern political economy, although less as an entrenched mode of production than as a congeries of precapitalist practices and mentalities that staggered along until made thoroughly obsolescent under the interrelated pressures of the Great Depression and the New Deal.³³

A few caveats are in order. Admittedly, economic development in the New South as a whole was uneven: cotton production shifted steadily westward, with consequent subregional differentiation within the Black Belt itself; other agricultural staples such as sugar, rice, and tobacco experienced their own unique path-dependencies; and there were indeed important pockets of industrialization and urbanization in the region. But if one focuses on any of these as representative of the New South, a case can be made for practically anything. The overarching role played by merchant capital, however, provides a stronger basis for understanding the postbellum region as a whole, one that does not short-shrift the deep roots laid down by the slave-based mode of production, and one that

³³ In her wide-ranging analysis of the postbellum South, historical sociologist Susan Archer Mann called attention to Harriet Friedmann's distinction between "forms" and "modes" of production, which may help us to understand "agrarian social classes as having an internal logic not entirely subsumed or defined by market relations"; Mann, *Agrarian Capitalism in Theory and Practice* (Chapel Hill and London, 1990), 24–25. By contrast, economist Jay R. Mandle has characterized the New South as having its own mode of production distinct from the rest of the U.S. based on its "decisively different" plantation economy; Mandle, *Not Slave, Not Free*, 65. See also the similar conclusions of historical geographer Charles H. Aiken in *The Cotton Plantation South since the Civil War* (Baltimore and London, 1998), chaps. 2 and 3.

acknowledges the impossibility that these roots were extracted with the stroke of a pen at Appomattox.

In terms of “continuity or change”—that tired old saw of southern history—it is not this study’s intention to fully set up camp with the former. Nevertheless, one would be hard-pressed to dispute the wisdom of looking for elements of the old in the new. By contrast, the recent stress in southern history has been an emphasis on the radical, all-encompassing break with the past represented by emancipation, especially in studies of the New South economy. However, as Martin J. Wiener has pointed out, most economic explanations, whether Marxist or neoclassical, too often tend to neglect sociocultural “residual factors.” Similarly, Geoffrey Ingham has argued that the persistence of powerful London-based financial interests in Great Britain shows how Marxists in particular have frequently “underestimated the efficacy of the *political* conditions of existence of non-productive forms” such as merchant capital.³⁴

Such arguments also hold true for the many more-or-less Marxist interpretations of the postemancipation South that downplay the persistence of older, prebourgeois forms of social relations in favor of schematic views that assume that the abolition of slavery necessarily propelled the region forward toward liberal bourgeois capitalism. But a better understanding of southern sharecropping as a transitional, jerry-rigged form of production, neither feudal nor capitalist, should help make clear that a “bourgeois society” was not a normative or imperative outcome of emancipation. Indeed, just because one retrospectively posits an unstable transitional form, this should not presuppose the precise direction toward which a society is thus said to be “in transition.”

³⁴ Wiener, *English Culture and the Decline of the Industrial Spirit*, 4; Ingham, *Capitalism Divided?*, 38 (emphasis in original). See also the discussion of recent southern historiography set partly in the context of older debates over “continuity and change” in Lichtenstein, *Twice the Work of Free Labor*, 3–13.

Although Barbara J. Fields emphasized hybridity in her sophisticated account of the “advent of capitalist agriculture” in the postbellum South, she also insisted that emancipation “imposed a definite direction upon the ensuing period of transition” and that the global consolidation of capitalism in the late nineteenth century “[lent] unity to widely scattered events that superficially appeared each to follow its own idiosyncratic logic.” This stance has a somewhat teleological quality in which cause-and-effect are not adequately established. Although she is right to argue that a fully developed capitalist economy in the South was delayed until roughly World War II, the cause of that development can arguably be attributed less to the gradual gestation of embryonic bourgeois social relations than to empirically observable changes like mechanization, out-migration, and the collapse of sharecropping during the Depression. Here it is historiographically ironic that the perspective promoted most vigorously by Fields and Harold Woodman and mimicked by many others seems to assume an inherent momentum toward postemancipation capitalist development very similar to that which is roundly condemned when advanced in neoclassical scholarship on “free-market” development.³⁵

At his best, Karl Marx himself knew better. Even though he focused most of his energies on uncovering “the innermost secret” of modern capitalist development, which he thought was located in the relationship between bourgeoisie and proletariat, he was still willing to admit that there are “endless variations and gradations” that are “the result of innumerable different empirical circumstances, natural conditions, racial relations, [and] historical influences acting from outside, . . . and these can only be understood by analyzing these empirically given conditions” (*Capital* III, 927). Historians, in this sense,

³⁵ Barbara J. Fields, “The Advent of Capitalist Agriculture: The New South in a Bourgeois World,” in Glymph and Kushma, eds., *Essays on the Postbellum Southern Economy*, 73–94 (quotations on pp. 74 and 77).

should prove themselves more willing to mediate between theory and practice by means of more flexible, empirically based accounts of uneven capitalist development. Proto-industrialization provides one fine example of the ways that long-standing "either/or" debates over the transition from feudalism to capitalism might be fruitfully synthesized and made relevant to other periods and places.

If southern historians do indeed hope to move their accounts "beyond planters and industrialists," as James C. Cobb admonished them nearly a generation ago, then their analyses of the New South should pay greater heed to other groups, institutions, and structures; their adaptation to the changes that accompanied emancipation; and the various desperate and often successful attempts to preserve as much order and stability from the *ancien regime* as possible. For their part, business and economic historians need to devote more attention to the complexities introduced by what Marx described as the "division of labor between types of capital"—in particular, the role of distribution and exchange, the bailiwick of merchant capital, as more than a mere "factor of production" in Western economies, which became increasingly consumer-oriented and financially dominated beginning in the late nineteenth century. Ultimately, a greater appreciation of merchant capital's continuing role in the postbellum southern, American, and global economies might also help us to trace the historical continuities that underlie the recent emergence of a small-town Arkansas retailer to its current stunning position as the United States's largest employer and the world's largest multinational corporation—that is, to better understand how, over the last 150 years, the southern economy has gradually, but with relative consistency, shifted its foundation from whips to Wal-Marts.³⁶

³⁶ James C. Cobb, "Beyond Planters and Industrialists: A New Perspective on the New South," *Journal of Southern History* 54 (February 1988), 45–68.

Appendix A

Ransom and Sutch's *One Kind of Freedom*:
Methodological and Historiographical NotesSources and Methods in *One Kind of Freedom*

As was discussed in Chapter 9, the most important study to date of the role of rural furnishing merchants in southern agriculture after the Civil War has been that of two economists, Roger Ransom and Richard Sutch, in their 1977 work *One Kind of Freedom* (or, 1KF) on "the economic consequences of emancipation." Although they focused on black sharecroppers in the former plantation districts, their conclusions with regard to the furnishing merchant were in many ways just as applicable to the white yeomanry, who were also increasingly "locked-in" to cotton production and the subsequent vicious cycle of "debt peonage" associated with it. But the argument that bears the weight of these assertions is their characterization of dispersed country stores as "territorial monopolies." Basing their arguments on geographic models derived from economic anthropology, Ransom and Sutch maintained that the South was "partitioned . . . into literally thousands of separate territorial monopolies, each one dominated by a local merchant."¹

The evidence that Ransom and Sutch analyzed to reach their conclusions about southern merchants was from the extant records of the R. G. Dun & Co. credit agency, which easily constitute the most complete set of available data on American small businesses during the nineteenth century. From its founding by antislavery advocate

¹ Roger L. Ransom and Richard Sutch, *One Kind of Freedom: The Economic Consequences of Emancipation* (New York and other cities, 1977), esp. chaps. 6–8, esp. pp. 132–37 (quotation on p. 137; subsequent references to this work will be made parenthetically in the text). For more on the "central place" theory of markets, see Stuart Plattner, "Markets and Marketplaces," in Plattner, ed., *Economic Anthropology* (Stanford, Ca., 1989), 182–90.

Lewis Tappan in 1841 through the 1880s, when technical advances rendered them obsolete, large ledgers divided by state and county were maintained by the New York-based agency that included information gathered semi-annually from local correspondents around the United States. While these credit reports on thousands of businesses and their owners tended to focus on estimates of net worth and general business prospects, they also often provided other valuable insights about individual merchants, such as marital status, ethnic background, and frequently candid judgments of their personal character. The reports in these ledgers thus represent one of the prime sources of insight into the affairs of nineteenth-century southern merchants. Working with these records presents special problems and difficulties, as Ransom and Sutch admit, but overall, the Dun materials represent something akin to an invaluable “Yellow Pages” of nineteenth-century American business.²

To make their case against postbellum furnishing merchants, Ransom and Sutch extracted a formidable array of statistics from two discrete sources: the Dun agency’s original field reports (which were transcribed in ledgers now housed at Harvard Business School’s Baker Library) and its semi-annual published *Reference Books*, which were sold by subscription. Although Ransom and Sutch were among the first to subject the Dun ledgers to extensive analysis, their focus was solely on postbellum change, to the neglect of any possible continuity that may have existed with antebellum business practices. The evidence discussed in Chapter 3 herein seems indicative of a competitive situation among stores in antebellum Louisiana that is in some ways contrary to the model advanced by

² James H. Madison, “The Credit Reports of R. G. Dun & Co. as Historical Sources,” *Historical Methods Newsletter* (September 1975), 128–31; on the history of the Mercantile Agency, see Ray A. Foulke, *The Sinews of American Commerce* (New York, 1941), and James D. Norris, *R. G. Dun & Co. 1841–1900: The Development of Credit-Reporting in the Nineteenth Century* (Westport, Conn., 1978).

Ransom and Sutch as exclusively applicable to the postbellum period. The existence of kin networks among retailers, the degree of geographic and social mobility that they experienced, and the overlap between mercantile and planting interests are all subjects that can be illuminated by careful study of the Dun ledgers for the pre-Civil War decades. If nothing else, a comparative perspective can be gained on the extent and nature of change among retail businesses after the war, and evidence of continuity between practices in both periods might also prompt re-evaluation of the ostensibly “new” role of rural merchants in the postbellum southern economy.³

Although the methodological procedures that Ransom and Sutch used to reach their conclusions about furnishing merchants were fairly careful, they were not especially consistent. As they describe in Appendix G, sec. 5, of *One Kind of Freedom* (pp. 306–15), Ransom and Sutch studied firms drawn from a sample of twenty-two counties of the South between 1870 and 1885. The store data presented in Tables 7.4 (p. 138) and 7.6 (p. 141) of IKF is described as drawn from “twenty-seven representative counties” of the “Cotton South,” but here Ransom and Sutch risked confusing their readers with two discrete sample sets of county-level data that they collected. As detailed in Appendix G of IKF, the set of twenty-seven representative counties of the Cotton South form the basis of their data sample on *farms*, not stores, a sample that was drawn from the manuscript census returns (see Table G-10, pp. 291–92). Apparently, Ransom and Sutch collected some, but not all, of their store data (that gathered from the 1870, 1875, 1880, and 1885 Reference Books) on the basis of the counties in the farm sample (see the brief

³ Although the Dun ledgers at the Baker Library contain transcriptions of reports beginning in the late 1830s, extant copies of the published *Mercantile Agency Reference Books* for the antebellum decades are surprisingly scarce. The most complete run of these volumes are housed at the Library of Congress, but despite several attempts, this author has yet to see a single *Reference Book* there or elsewhere from the pre-Civil War years.

statement on p. 308). By contrast, their separate sample of *twenty-two* counties for which store data was compiled from both sets of Dun records (*Reference Books* and ledgers) is listed in Table G-20 (p. 310). Interestingly, only twelve of these twenty-two counties also appear in the set of twenty-seven counties in Table G-10, and overall, only fourteen of the twenty-two counties sampled for store data are located in the Cotton South that is the overwhelming focus of 1KF. (However, to confuse matters further, five of the smaller subset of six counties drawn from the store set of twenty-two do also appear among the farm-data sample of twenty-seven Cotton South counties in Table G-10.)

Although Ransom and Sutch convincingly detailed the methods by which they selected the twenty-seven representative Cotton South counties in their farm-data sample, their explanation for how nearly half (ten of twenty-two) of the store-data counties—those that do *not* appear in the farm-data sample—were chosen is less satisfying methodologically. “In selecting which counties to include in our [store-data sample],” they wrote (p. 416, n.43), “we were constrained to some extent by the conditions of the ledgers.” But questions remain. Assuming their preference was for counties that were also in their carefully selected Cotton South farm-data sample (of which twelve were in fact included), it is unclear which factors besides ledger condition guided their choice of one county over another to include in the remainder of the store sample, nor why only two additional counties that fit the Cotton South typology were included among the other ten. Furthermore, many of their conclusions are based on aggregate data drawn from an even narrower subset: a total of 173 general stores from just six of these twenty-two counties, compiled from *Reference Book* listings gathered at five-year intervals beginning in 1870. Most (but not all) of these counties were located in what they defined as the

“Cotton South,” but with one minor exception (Table 7.7, p. 142), Ransom and Sutch never present their store data broken down at the individual-county level. Also, since the basis for the data on 173 firms in their crucial six-county subset was the published *Reference Books*, it is not clear why the relatively minor clarifications available from reports in the ledgers (which actually sometimes just confuse matters) should have made their physical condition the key factor constraining their selection of sample counties.⁴

Ransom and Sutch made another methodological choice with regard to the stores of the Cotton South that may have been unwarranted. As explained on p. 132 and p. 388 n.16, they chose to exclude stores located in certain “urban” centers. In Louisiana they excluded not only New Orleans, but also second- and third-rank towns like Baton Rouge and Shreveport. While it is true that some merchants in such small-to-middling towns may have catered to “an urban clientele rather than the farming community” (p. 132), that does not warrant these towns’ wholesale exclusion from the store sample. Many farmers did live within reach of such market towns (particularly ones located on major river routes, as were Baton Rouge and Shreveport), and they often went the extra mile to reach them; in fact, the slow seasonal rhythms of cotton production probably encouraged such travel, and the merchants within such burgeoning towns were usually quite keen to secure

⁴ The ledger condition excuse for the choice of counties is a curious one. The Dun ledgers collected at the Baker Library are in extraordinarily good condition, and this author never once encountered any missing or seriously damaged pages in them. But criticisms notwithstanding, Ransom and Sutch’s methodological care is exemplary, and all the more so when compared with the highly questionable data on country stores presented by Edward L. Ayers in his widely acclaimed *The Promise of the New South: Life After Reconstruction* (New York and Oxford, 1992), 81–103, esp. pp. 97, 94. Ayers claims to have counted 150,653 “stores” in the South in 1900, a number that was almost certainly overinflated due to a failure to adequately differentiate between the many types of small businesses listed in the the Dun Reference Books; see pp. 81, 442, and 475 n.2. He goes on to compound this error two-fold: first, by using this inflated total to extrapolate an “average” of 144 “stores” per southern county (without any attempt made to account for the higher concentration of retail businesses in cities like New Orleans); and second, by then apparently employing this misleading average to construct a map of “stores per thousand people” (p. 82). Finally, and least forgivably, Ayers’s graphic data is not accompanied by any explanatory or source notes that would allow his work to be duplicated or confirmed.

the country trade. In any case, by choosing not to include general stores in such communities, Ransom and Sutch probably not only undercounted the overall number of stores, but more importantly, they may have thereby also skewed other data they presented based on that count—most notably, the store density estimates on which their “territorial monopoly” thesis relies.

Moreover, this study has focused specifically on stores in Louisiana—a state that is largely neglected by Ransom and Sutch. Even though it is one of the “five cotton states” as defined in *One Kind of Freedom* (p. 275; the others are South Carolina, Georgia, Alabama, and Mississippi), Louisiana parishes are barely included in Ransom and Sutch’s various sample sets. For example, in their sample of twenty-seven representative cotton counties (Table G-10, pp. 291–92), only two are in Louisiana, while nine are located in Mississippi and five in Georgia. The neglect of Louisiana is even more pronounced in the store-data sample (Table G-20, p. 310). Their store-data sample of twenty-two counties includes seven in Georgia, three each in Mississippi and South Carolina, and two in Alabama—but only one is in Louisiana, and it is a curious choice: Plaquemines Parish, an enormous, sparsely populated, swampy, sugar- and rice-producing parish isolated at the far southeastern corner of the state. (It gained later notoriety as the fiefdom of Leander Perez.) Furthermore, this parish is excluded from their crucial subset of six counties drawn from the group of twenty-two.

Even granting that states are too often privileged as units for gathering and analyzing economic data, Louisiana parishes seem oddly underrepresented in both of Ransom and Sutch’s store-data sets. One can only surmise as to why this is the case. There has long seemed to be an unconscious bias among many southern historians toward

viewing the Atlantic seaboard states as the acme of “southernness,” at the expense of states on the southwestern frontier, especially Louisiana, Arkansas, and Texas. Indeed, as the data in Figure 8.1 herein shows, the shift of cotton production steadily westward that had begun in the 1830s gained even more momentum during the 1860–1900 period, which raises the further possibility that, overall, Ransom and Sutch’s postbellum study may be anachronistically focused. But regardless, surely if they sought to make generalizations applicable to the entire cotton-growing South after the Civil War, they should have been far more attentive to the western part of the region.

One final methodological note: “general stores” have been categorized in this study not only as those referred to specifically as such by the local reporters for the Dun agency (whose practices were wildly—often frustratingly—unstandardized), but like Ransom and Sutch (1KF, p. 416 n. 45), I have also included grocers and dry goods merchants under the rubric of general stores. Also like them, I have not counted specialized retail establishments, even though some of these (especially drugstores, the progenitor of the “five-and-dime”) may have been more akin to “general stores” than some small groceries *qua* produce stands. For the most part, then, this study has accepted the careful definitions that Ransom and Sutch used to identify stores from the Dun & Co. data, even as it takes exception to some of their other methods for sampling that data geographically and drawing wider conclusions from it.⁵

⁵ It would be a mistake to underestimate the contribution of such specialized retail establishments to the economic development of a given area. Indeed, as competitive conditions improve over time in a stable market environment, opportunities and incentives for small businesses to specialize increase as well; see Mansel G. Blackford, *A History of Small Business in America* (New York, 1991), 10. Data that I have compiled for West Feliciana Parish shows that roughly a third of all retail and service establishments in this time period, including general stores, were specialized in nature (for example, saloons and stables), with a similar proportion, probably even higher, in Ascension Parish.

One Kind of Freedom in Historiographical Context

When it was first published in 1977, *One Kind of Freedom* constituted a relatively late entry to the corpus of the “new economic history,” whose practitioners were prone to issuing solemn pronouncements regarding the “cliometric revolution” in historical studies. In retrospect, their occasional hubris ironically helped provide fodder for a more durable counterrevolution of sorts, the one fomented by “new social historians” during the 1970s. In southern history, nowhere was this more the case than in the politically charged and often shrill polemics of the controversy over Robert W. Fogel and Stanley L. Engerman’s *Time on the Cross* a few years prior to 1KF’s release. Their conceptually flawed analysis of slavery as a viable, efficient economic system served as an intellectual punching-bag for a generation that seemed more concerned at times with moral posturing than with fair and accurate scholarly debate. But as a result, by the time 1KF appeared, the new economic history was widely viewed as an already vanquished opponent by the ascendant mainstream of the historical profession.⁶

This historiographical context helps explain the relatively quiet and respectful reception that greeted 1KF upon its release in 1977, but only partly. More substantively, the overall thrust of 1KF’s argument, which essentially sought to prove that the long-term persistence of African American (and by extension, regional) poverty was a result of the perverse economic effects of white racism, was quite commensurate with the drift of the new social history, at least on the surface. In particular, 1KF’s analysis of credit

⁶ Robert William Fogel and Stanley L. Engerman, *Time on the Cross: The Economics of American Negro Slavery* (New York, 1974). See also Paul A. David et al., *Reckoning with Slavery: A Critical Study in the Quantitative History of American Negro Slavery* (New York, 1976); and Elizabeth Fox-Genovese and Eugene D. Genovese, “The Debate over *Time on the Cross*: A Critique of Bourgeois Criticism,” in Fox-Genovese and Genovese, *Fruits of Merchant Capital: Slavery and Bourgeois Property in the Rise and Expansion of Capitalism* (Oxford, Eng., and other cities, 1983), 136–71.

mechanisms and the furnishing merchant tended to lend support to the description of sharecropper peonage in the works of then-young historians like Pete Daniel, William Cohen, and Jonathan Wiener. Also helped by its clear prose and careful reasoning, 1KF quickly came to enjoy a fairly privileged position in historiography regarding the postbellum southern economy, one that it has held for over a generation now. To be sure, objections were raised to various aspects of 1KF over the years, but the book always seemed to display a rather Teflon quality that helped it to endure against attacks. So when a second edition was announced in the late 1990s, the interest of many was piqued to see whether Ransom and Sutch might have altered any of their views given the passage of two decades in which to absorb and reflect on criticisms. But it came as a bit of a surprise to discover when the book was released in 2001 that the revised edition of 1KF contained very little that was “new.” There was a new five-page preface, a slightly longer new epilogue, and an updated bibliography. But the text of the original book was completely unchanged; even the pagination remained the same. Ransom and Sutch explained in their new epilogue that “rather than addressing our critics on matters of detail, we feel it would be more useful” to show what “we [can] do today that we could not do twenty-five years ago” (p. 317). Essentially, they had gone back to their data sets (originally collected in the days of mainframes and punch cards), cleaned them up, and converted them into PC-friendly formats. They also expanded their revised data set to identify “peripheral” southern regions outside the “Cotton South” that were more or less devoted to cotton production. In their new epilogue, they subjected this data to some limited re-analysis, mostly on questions (like the cotton-corn mix and its contribution to what they call the “lock-in mechanism” of cotton overproduction) that they thought especially important.

More extensive analysis of these peripheral regions, however, might have helped to widen the context of their original study, which had focused on the former slave-plantation Black Belt and thus admittedly neglected the different (if no less disastrous) experience of the upcountry white yeomanry after the war.

As Ransom and Sutch summed up the result, since their “overall assessment of the impact of emancipation” was “not . . . greatly altered” (p. 317) by either the newly manipulable data or by their glance at the “peripheral” regions, they felt no need to revise or expand the original text, not even in light of a quarter-century of respectful criticisms and subsequent scholarship. Most had hoped that they would revisit the text using their reconfigured data, perhaps using it to expand or refine their analysis at certain key junctures. For example, furnishing merchants’ ostensible territorial monopolies and the “debt peonage” that resulted from them, both of which Ransom and Sutch admit were the subject of “[m]ost of the controversy relating to the first edition of the book” (p. xx), were not re-examined at all.⁷

The central argument of 1KF, which thus remained unrevised, had been admirably and succinctly stated up front in the book: “Our thesis is that the lack of progress in the postemancipation era was the consequence of flawed economic institutions erected in the wake of the Confederate defeat” (p. 2). Their focus on institutions remains vital to understanding the argumentative context of their study. Institutions, for Ransom and Sutch, are not merely organizations (like banks) or groups (like furnishing merchants), although both of these came in for critical analysis in 1KF.

⁷ For an early volume of criticism devoted to 1KF see Gary M. Walton and James F. Shepherd, eds., *Market Institutions and Economic Change in the New South, 1865–1900* (New York and other cities, 1981). More recently, see Louis M. Kyriakouides, “Lower-Order Urbanization and Territorial Monopoly in the Southern Furnishing Trade: Alabama, 1871–1890,” *Social Science History* 26 (Spring 2002), 179–98.

But institutions are also the wider formal and informal systems that shape and restrict behavior and decision-making; the law, for example, is an institution. Most importantly in the case of IKF, the system of sharecropping is described and analyzed as an evolving economic institution—albeit a profoundly “flawed” one.

Ransom and Sutch’s overall approach was derived from the contemporary school of institutional economics, and it is important to understand the distinct status that this school occupies in modern economic theory. Although institutional economics encompasses a wide variety of thinkers, it tends to be more or less explicitly opposed to the more restrictive market-privileging models of neoclassical economics. At the risk of oversimplification, its hallmark as a theory of economic development is an emphasis on process and context. “The fundamental institutionalist position,” as Warren Samuels has written, is “that the market gives effect to the institutions (or power structure) which form and operate through it.” This basic assumption of a broadly conceived, interwoven, and shifting institutional playing field for economic behavior is distinct from both the neoclassical perspective, which insists on the primary importance of the rules of an ahistorical, abstract “free market,” and the Marxist view, which presumably considers institutions “superstructural” to the mode of production. The institutional approach has proven to be popular among many recent economic historians. The most prominent American practitioner of the “new” institutional economics, Douglass C. North (who taught both Ransom and Sutch, and was the former’s thesis adviser), declared in his speech accepting the 1993 Nobel Prize for Economics that “neoclassical theory is simply

an inappropriate tool” for historical analysis, because “it is concerned with the operation of markets, not with how markets develop.”⁸

The precepts of institutional economics are quietly contrapuntal to (even as they parallel certain sociological assumptions of) Marxist class analysis. Terms such as *proletariat*, *peasantry*, and *bourgeoisie* play little role in institutional economics generally, or in IKF specifically. But just as important, properly situating IKF’s approach on a historiographical continuum requires a degree of precision in the other direction: by understanding institutional economics’ largely revisionist relationship to neoclassical orthodoxy regarding market economies. It is simply not accurate to argue, as did Jonathan M. Wiener in a 1979 article on southern “class structure and economic development,” that Ransom and Sutch “[started] from neoclassical market theory.” Although Wiener rightly characterized the conclusions of IKF as “occupying a middle ground,” the reason why this was the case seemed to puzzle and elude him—precisely because he, like others, misconstrued the significance and uniqueness of the school of

⁸ North quoted in Robert William Fogel, “Douglass C. North and Economic Theory,” in *The Frontiers of the New Institutional Economics*, eds. John N. Drobak and John V. C. Nye (San Diego and other cities, 1997), 20. On Ransom and Sutch as North’s students see the acknowledgements to IKF, p. xxiii. The profound differences between neoclassical and institutional economics in the U.S. are discussed in Yuval P. Yonay, *The Struggle Over the Soul of Economics: Institutional and Neoclassical Economists in America between the Wars* (Princeton, N.J., 1998). On the contemporary breadth of the institutionalist school, particularly the split between the “old” and the “new” institutionalism, see Malcolm Rutherford, *Institutions in Economics: The Old and the New Institutionalism* (New York, 1994). Warren J. Samuels, ed., *Institutional Economics* (3 vols.; Brookfield, Vt., 1988), I, 3 (quotation). For the background and significance of institutional economics see Charles J. Whalen, “The Institutional Approach to Political Economy,” in *Beyond Neoclassical Economics: Heterodox Approaches to Economic Theory*, ed. Fred E. Foldvary (Brookfield, Vt., 1996), 83–99. See also Eric Hobsbawm, “Historians and Economists: I,” in Hobsbawm, *On History* (New York, 1997), 98–105, in which he astutely traces the genesis of the institutionalist reaction against neoclassicism to the “now largely forgotten” *Methodenstreit* of the 1880s, a seminal debate over “the value of inductive and deductive methods” in history and economics (p. 99).

economic thought from which Ransom and Sutch had drawn their initial assumptions, methods, and ways of framing questions.⁹

One of the probable reasons for the long-term durability of IKF is because of this “middle ground” that it occupied between true neoclassicists (like Robert Higgs and Stephen DeCanio) and neo-Marxists (like Wiener and Harold D. Woodman). The institutional approach employed by Ransom and Sutch allowed them to maintain much of the methodological rigor of mathematically inclined economics, yet its built-in emphasis on historical context and development leaves room for the acknowledgment and incorporation of so-called “exogenous” factors—like racism, political power, and even class structures—that neoclassical economists are prone to underestimate or ignore, largely because such factors are so often resistant to quantification. Indeed, from the standpoint of its insistence on the influence of structural and other “exogenous” factors; its relative attention to contingency and unanticipated consequences in social settings; and its lack of faith in the behavioral underpinnings of neoclassicism (particularly the necessary assumption of rationality among actors in a free-market setting), institutional economics looks a lot more like the sort of objective, multicausal, and rather skeptical form of inductive inquiry that most non-economist historians tend to associate with their craft. Indeed, Ransom and Sutch’s institutional approach might be said to represent an economic form of what has been called “moderate historicism,” a characterization which

⁹ Jonathan M. Wiener, “Class Structure and Economic Development in the American South, 1865–1955,” *American Historical Review* 84 (October 1979), 970–1006 (both quotations on p. 977). See also Harold D. Woodman, “Sequel to Slavery: The New History Views the Postbellum South,” *Journal of Southern History* 43 (November 1977), 536: “Ransom and Sutch do not eschew neoclassical economics; on the contrary, it is the theoretical foundation of their work.” One of the only scholars to explicitly recognize the heterodox, non-neoclassicist bent of Ransom and Sutch’s work is Edward Royce, *The Origins of Southern Sharecropping* (Philadelphia, 1993), 7–17, esp. 15–16. See also the earlier critique of Ransom and Sutch from an explicitly neoclassical standpoint in William W. Brown and Morgan O. Reynolds, “Debt Peonage Re-examined,” *Journal of Economic History* 33 (December 1973), 862–71.

also serves to underscore the lengthy intellectual kinship between institutional economics and American pragmatism.¹⁰

Ransom and Sutch's conclusions, which bluntly condemned "flawed economic institutions" and their long-term effects, certainly seem quite distinct from those mainstream neoclassicists who instead saw southern sharecropping less as an exploitative and markedly inefficient system than as "an understandable market response," to use one memorable phrase. From the standpoint of their critics on the historiographical left, however, Ransom and Sutch's critique did not go far enough to merit full distinction from the neoclassicists. Why is this the case? It is not merely that Ransom and Sutch fail to speak the patois of class analysis. It is more that, to their critics, the very notion of a "flawed" system is taken to assume the sort of normative "free market" associated with neoclassical theory. Ransom and Sutch, in this view, are more offended by perversions of free-market mechanisms such as territorial monopolies than they are by the qualitative injustices of the system they are analyzing. But Ransom and Sutch's methodology attempted to "measure" injustice in an economic setting while allowing for the significant effects of cultural and political factors, particularly racism. Even if this nearly Sisyphean task is attempted in part by comparing what is known about southern sharecropping to models of "perfect" market behavior that rarely (if ever) exist in reality, that does not necessarily either obviate their methods or their conclusions. Certainly their fondness for

¹⁰ On the relationship between the founders of the "old" institutional economics (like Thorstein Veblen, and Richard T. Ely and John R. Commons [the 'Wisconsin school']), social-democratic theory, and the instrumental form of reason in American pragmatism during the early twentieth century, see James T. Kloppenberg, *Uncertain Victory: Social Democracy and Progressivism in American and European Thought, 1870-1920* (New York, 1986), 224-46, esp. 241-42, and 290. See also Philip Mirowski, "The Philosophical Bases of Institutional Economics," *Journal of Economic Issues* 21 (September 1987), 1001-38; and E. E. Liebhafsky, "The Influence of Charles Sanders Peirce on Institutional Economics," *Journal of Economic Issues* 27 (September 1993), 741-54.

numbers-crunching should not justify placing them, ipso facto, in the company of those neoclassicists with whom their conclusions are in such obvious disagreement.¹¹

It must be admitted that many “pure” historians may not be overly impressed by the distinctions between the institutionalist or neoclassicist schools. (“An economist is an economist is an economist,” they might cynically huff.) Southernists, however, would do well to heed another telling example of the difference between Ransom and Sutch and those who tend to slot IKF in the neoclassicist camp. The dispute centers around whether sharecroppers should be regarded as tenant farmers who paid half of their production to a landlord as rent (Ransom and Sutch’s position), or whether they were wage workers who received half of the crop as compensation (an argument most compellingly articulated throughout the works of Harold D. Woodman). Whichever stance one adopts, the choice is not a random “half-empty/half-full” semantic generalization that makes little ultimate difference. Ransom and Sutch’s characterization of croppers-as-tenants reinforced the now-passé “peonage” interpretation advanced by the new social historians of the 1970s. Like them, IKF portrayed a “New South” that would be encumbered for decades by the cultural, political, and economic legacy of a centuries-long racially-based slave mode of production. Scholarship over the last generation has clearly drifted in a different direction, however. Rather than quasi-peonage or even neo-paternalism, the conventional wisdom now regards the economy and social relations of the New South as merely one moderately peculiar exploitative form among the many possible on the world-capitalist

¹¹ Joseph D. Reid, “Sharecropping as an Understandable Market Response: The Post-Bellum South,” *Journal of Economic History* 33 (March 1973), 106–30. Much of the neoclassical scholarship of the last few decades that has attempted to rehabilitate sharecropping (not just its variant in the U.S. South) as an “efficient” economic practice has been inspired by the work of Steven N. S. Cheung; see his *The Theory of Share Tenancy, with Special Application to Asian Agriculture and the First Phase of Taiwan Land Reform* (Chicago, 1969). For a critique of Cheung see R. Pearce, “Sharecropping: Towards a Marxist View,” in *Sharecropping and Sharecroppers*, ed. T. J. Byres (London, 1983), 48–52; see also how Ransom and Sutch purposely distanced themselves from Cheung and his followers in IKF, p. 383 n. 67.

developmental arc from the late nineteenth century forward. And the “croppers-as-wage-workers” view also provides the “evolving bourgeois society” of the post-Civil War South with what this view logically (or, dialectically?) seems to call for: a “rural proletariat.”¹²

Clearly, such disputes over the fundamental nature of southern sharecropping—and, by implication, the entire postbellum South—are of profound importance, and they deserve closer evaluation even by non-economic historians, many of whom often casually adopt aspects of the “New [Capitalist] South” interpretation without careful consideration of the assumptions on which they rest. Interestingly, though, especially given the misplaced criticisms of IKF as beholden to neoclassical theory, the notion of an inexorable movement toward capitalist social relations by the postemancipation South as a result of changes in labor organization actually seems far more redolent of a neoclassical sense of “free market” development and primacy than does Ransom and Sutch’s insistence on the causal priority of “flawed institutions.”¹³

It is a shame that Ransom and Sutch opted not to enter into this fray with the second edition of IKF. In the original and still-unrevised text of the book, the duo worked from within a social-scientific discursive tradition that tends to circumvent rather than directly address fundamental differences between economists and mainstream

¹² See esp. Woodman’s most recent book, *New South—New Law: The Legal Foundations of Credit and Labor Relations in the Postbellum Agricultural South* (Baton Rouge, 1995), which in many ways synthesizes decades of superb, insightful essays and meticulous research by him. For a discussion and critique of this new historiographic consensus, see Alex Lichtenstein, “Proletarians or Peasants?: Sharecroppers and the Politics of Protest in the Rural South, 1880–1940,” *Plantation Society in the Americas* 5 (Fall 1998), 297–331; and Scott P. Marler, “Fables of the Reconstruction: Reconstruction of the Fables,” *Journal of the Historical Society* 4 (Winter 2004), 113–37. For a rare acknowledgment that the “new capitalist society” of the postbellum South now represents the “conventional wisdom,” see John C. Rodrigue, “More Souths?” *Reviews in American History* 30 (March 2002), 66–71.

¹³ See, for example, the perspective articulated in Barbara J. Fields, “The Nineteenth-Century South: History and Theory,” *Plantation Society in the Americas* 2 (April 1983), 7–27.

historians. As previously mentioned, they deliberately chose not to address critics about “matters of detail” in their new edition—a rather Olympian posture that is far too common among economic historians, most of whom erected walls between themselves and the rest of the profession in the wake of the *Time on the Cross* controversy that are still in place today. Nevertheless, *One Kind of Freedom* is still very well regarded by most historians, even though many of its conclusions are out of synch with currently fashionable understandings of the postbellum South. Despite this anomalous status, Ransom and Sutch’s study still remains what it has been for a quarter-century now: the single best introduction to the economy of the early postemancipation South.

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