Introduction

"To have a world without marketplace values you must have a world without a marketplace at its center. Go backward or go forward, but if you are in earnest, then go!" Thus did Eugene D. Genovese sum up the "logical outcome of the slaveholders' philosophy" in his classic study of Virginia planter George Fitzhugh. This remained, Genovese noted, "one simple point that few if any conservatives" cared to accept. Yet even Fitzhugh could not fully reconcile himself to this position. Genovese said as much when he addressed "the most jarring note in Fitzhugh's writings." Fitzhugh did not want simply to "go backward." While he condemned free labor, Fitzhugh also decried the harmful effects of "exclusive agriculture" and urged that the Slave South develop its own industries and cities. That is to say he desired the benefits of modernity without the burdens of capitalism.[1]

In this, Fitzhugh was unexceptional. During the antebellum period, reform-minded slaveholders sought continually to rouse their region from its economic torpor. At the same time, they monitored closely the region's development. Slaveholders relied inordinately on (planter-dominated) state governments to act in the place of an independent middle class and to finance economic development. Meanwhile, southern intellectuals evolved arguments for a society where state authority reconciled slavery with progress. If, as Genovese argued, one logical outcome of the slaveholders' philosophy was a blanket rejection of modernity, another was the use of state power to promote progress (and ultimately to shelter against its fallout). As time wore on, slaveholders hewed more and more closely to the latter solution. In this way only could they achieve the advantages of modernity without forfeiting those of slavery. Still, the South's development continued to lag—relative, at least, to that of the North—as slaveholders proved reluctant to embark on a statist future.[2]

The coming of the Civil War meant that planters could afford no further hesitation. If the South was to repel the North and secure its independence, it had to modernize rapidly. From 1861 to 1865, the Confederacy undertook in earnest the Procrustean task of fitting modernity to the demands of slave society. I want to argue that what ensued represented a singular historical process: a nonrevolutionary modernization overseen by a landed elite. In other societies, some form of revolution preceded the advent of modernity. The bourgeoisie overthrew the landed classes to clear the path to the modern world in many

Western nations. Peasant uprisings heralded government-controlled modernization programs under Communist regimes in China and Russia. Even where old elites persevered as in Germany and Japan, they did so because the state forced feudal lords to adopt bourgeois values and practices. In the Confederacy, by contrast, elites deployed the state to modernize southern society as a way to perpetuate their rule as slaveholding planters.[3]

The South's rapid wartime industrialization formed the keystone of the Confederate project. During the conflict, factories sprouted seemingly overnight from the Rappahannock to the Rio Grande, producing everything from cannon to pistols, gunpowder to lampblack, haversacks to handkerchiefs. This government-mandated industrialization assumed two forms. The first was the state ownership of indispensable industries, especially ordnance and munitions factories. In addition, the government launched an openhanded incentive program for private entrepreneurs, whose works it controlled almost as thoroughly as state plants. From one perspective, it was perhaps unsurprising that southern planters took such drastic action. After all, they faced revolution from without if they failed to supply southern armies with the materials of war. But while obviously a wartime measure, Confederate industrialization was not only a wartime measure. Antebellum state governments, too, had dominated economic development. Only now there was much more to dominate.

Confederate industrialization, then, was no clean break with the past. It was instead an elaboration and acceleration of existing tendencies. Perhaps it could have been no other way. "War is the hardest test to which a given society is subjected," Civil War historian Raimondo Luraghi has written. "Every society meets this challenging strain in a way that is directly linked to its social, moral, ethical—in other words, its cultural set of values. Consequently, we could say that any people are led both politically and militarily in the way 'they deserve' to be; or, less drastically, that any society wages its own peculiar kind of warfare." In other words, the Confederacy did not react the way any society would have reacted under the circumstances. It responded—had to respond—in a distinctly southern fashion.[4]

This task required enormous imagination. Industrialization and war forced Georgia Confederates to come up quickly with untested solutions to unprecedented problems. To their credit, they devised makeshift but remarkably viable ways of organizing industrial labor, ordering distended and chaotic cities, and providing relief for those dislocated and impoverished by the war. By introducing de facto color and gender barriers in industry and paid task work for slaves, Georgia factories forestalled some of the more potentially explosive consequences of industrialization in a slave society. Aided by a mammoth military presence, municipal and state authorities enjoyed some success in regulating growing urban slave populations. Finally, the state government stepped up its welfare programs tremendously in an effort to alleviate suffering on the

home front. In the end, though, the South's authoritarian tendencies, and a perception of the region as a threat to northern democracy, brought a devastating and unstinting brand of warfare to Georgia. The ruin Sherman's columns visited upon the state put an end to slaveholders' modern designs.

Because Georgia existed at the nexus of the older and newer Old South, it is the locus for this study. Before the war, it shared with older seaboard states a relatively high level of economic development. Moreover, it underwent a more intensive wartime transformation than any other southern state. The upcountry Georgia towns of Atlanta, Augusta, Columbus, and Macon, together with Selma, Alabama, formed a central munitions and supply complex unequaled in the South. Deep South states also retained a comparatively high proportion of slaves, and Georgia itself had the second highest absolute population of slaves in 1860. Simply put, Georgia mixed modernization with a large and concentrated slave population more than any other state. When attempting to divine the nature and extent of the tension between slavery and modernity, therefore, Georgia is the logical place to look.

I did not, however, confine my search to Georgia alone. If thinkers from other parts of the South expressed an important idea with exceptional force and relevance, I included their voices. In this book, the reader will hear from Jacob Cardozo (from South Carolina), J. D. B. De Bow (Louisiana), George Fitzhugh (Virginia), Henry Hughes (Mississippi), and of course various members of the Confederate hierarchy in Richmond. A wish to develop the state's broader context within the South—without neglecting Georgia's more specific milieu—also motivated the inclusion of these voices. Authors of case studies hope that their subject will say something meaningful about some larger entity: its region, its country, its culture. Accordingly, this book attempts to come to terms with Georgia not as an isolated polity adrift from its neighbors but as a part of the South and the Confederacy.

One final caveat: This work goes against prevailing academic currents inasmuch as it is history blatantly from the top down. I do not apologize for this. But neither do I wish to give the impression that slaveholders were the only people who mattered. The vast majority of Georgians—comprising nonslaveholding whites and free and enslaved blacks—were not passive victims of the slaveholders but historical actors in their own right who frequently challenged planter dominance in both large and small ways. While I want to give these groups due consideration, this is finally a book about slaveholders trying to make their peace with an increasingly modern world. Accordingly, I have confined my focus mostly to them.

1

Antebellum Manufacturing and Its Limits

> Without the assistance of some artificers, indeed, the cultivation of land cannot be carried on.
> **—Adam Smith, *The Wealth of Nations***

"How long will the people of Georgia be blind to their own interest?" When the *Savannah Mercury* asked that question in 1828, it was becoming clear that Georgia's economic development lagged far behind that of northern states. Planters sank "millions of money" into "plantations and hands for growing cotton which instead of being a source of profits is a tax on the owner." Why the state should continue "every day growing poorer" confounded the *Mercury*'s editors because "the road to property and wealth"—industry—lay "plain and direct before us." Many critics then and since have shared this exasperation. Why did Georgians and Southerners in general continue to plow the overwhelming bulk of their capital into land and slaves even as those investments became, apparently, detrimental to regional and state economies? Why did they not invest more in manufacturing projects? Why, in short, did southern states not join the rest of the country in the forward march of progress?[1]

In Georgia, planters supported at least a moderate degree of industrialization, and the state's economy developed to a greater extent than is generally appreciated. Yet prior to the war, Georgia industry consistently failed to grow at anything like the desired rate. As will become evident, Georgia and the rest of the Old South faced any number of strictly economic barriers to their development. Above all, they faced a simple and insoluble dilemma when it came to industrialization: Desiring as high a rate of development as was consistent with the continued ascendance of slaveholding interests, southern planters and industrialists could never attain their goal as long as they remained in a union, and thus in competition, with the free-labor North. In that circumstance, limiting manufacturing at all meant marginalizing it. Only after the South severed its ties to the North did the floodgates fly open, both allowing and demanding a comprehensive industrialization that accorded with the dictates of slave society.

While hardly the first staple-producing region to suffer price fluctuations of its main commodity, the nineteenth-century South nevertheless faced an unprecedented combination of economic problems. Instability in prices could result from changing global supply and demand or from shifts in the international flow of precious metals. Sugar producers in the West Indies and tobacco planters in the Chesapeake had, at various times during the seventeenth and eighteenth centuries, experienced firsthand the vagaries of the market. In fact, the latter group had dealt with unexpected downturns by diverting capital to manufacturing. But nineteenth-century planters had to contend with more than just agricultural recession. The 1830s and 1840s saw depressed prices converge with geographic factors like soil depletion and the rise of manufacturing in the North. During this period, southern planters became the first group to have to deal concurrently with the problem of being raw material producers in a global economy and the consequences of not being "first movers" on manufacturing.[2]

The southern cotton economy began exhibiting signs of weakness as early as the 1820s. Although large-scale cotton cultivation remained wildly profitable at least through the mid-1830s, soil depletion and agricultural recessions had already begun to afflict older southern states. As a result, seaboard states like Georgia saw planters take their money and slaves to new cotton lands opening up to the west. In the mid-1830s, both old and new cotton-growing regions went into sharp economic decline as rampant speculation and overproduction, coupled with a national economic downturn, caused cotton prices to fall from fifteen cents a pound in 1835 to nine cents two years later. The northern economy revived in the early forties, but southern agriculture remained in an economic trough for more than a decade with cotton trading below six cents in 1842, 1844, and 1848. Even after the partial recovery of cotton prices in the late forties, manufacturing profits may have outstripped planting profits. Economic historians Fred Bateman and Thomas Weiss have measured returns on southern manufacturing at 25 percent in 1850 and 28 percent in 1860. More to the point, they argued, manufacturing returns rose so "substantially above the returns earned from slavery and slave-based farming" that "industrial expansion should have occurred."[3]

While southern industrial expansion badly trailed northern, some notable economic development did occur. In 1860, the South had only slightly less railroad mileage per capita than did the North and far more than any foreign country. On the other hand, in terms of railroad track per square mile—more revealing ultimately than per capita statistics—the South lagged noticeably behind the industrialized nations. If considered as a separate nation, the South ranked sixth in the world in cotton textile production per capita and eighth in the manufacture of pig iron, finishing behind the North and the more advanced European states. The South's industrial development thus did not appear as

laggard when viewed in a global context. Within the United States, however, the South's already relatively meager industrial capacity only diminished compared to the North's as the antebellum period progressed. Accounting for approximately 20 percent of the nation's manufacturing capacity in 1840, the South's share shrank to 18 percent ten years later (at a time when 42 percent of all Americans were Southerners). In 1860, its industrial capacity dropped again to 16 percent of the national total.[4]

Although typically smaller-scale industries such as flour-milling and sawmilling dominated Georgia manufacturing throughout most of the antebellum period (as they did in the North), substantial industrial concerns dated from early in the nineteenth century. Jacob Gregg established Georgia's first cotton mill on the Little River in 1810. Ultimately, though, Gregg made his greatest contribution in mentoring his nephew and ward, William Gregg, who went on to become one of the prewar South's leading industrialists. After a mere six years of operation, the elder Gregg's Little River operation foundered in the face of British competition. A more substantial state textile industry would have to wait until the 1840s.[5]

In the meantime, the industrial movement continued to attract support. The Georgia legislature designated a committee to investigate the feasibility of industrialization in 1827, and several newspapers backed the movement. Citing the committee's report that "the capital invested in manufactures, at the North . . . yield an interest of ten per cent. and upwards," the *Savannah Mercury* wistfully asked what profits would be in Georgia where "raw materials [could be] furnished . . . at a deduction of nearly one-third." In 1828, Augusta's *Georgia Courier* estimated that cotton manufacturing could keep $250,000 within the state that otherwise would go to northern manufacturers and merchants. "That we have cultivated cotton, cotton, cotton, and bought everything else has long been our opprobrium," the *Courier* complained. "It is time we should be roused by some means or other to see, that such a course of conduct will inevitably terminate in our ultimate poverty and ruin: Let us manufacture because it is our best policy."[6]

Despite the strong case for southern manufactures, more compelling reasons existed for *not* engaging in industry through the 1830s and possibly into the 1840s. Economic historians have carried on a long and technical debate over whether the South's comparative advantage in staple-crop cultivation merited the region's huge investment in it, but definitive conclusions remain elusive. Believers in planter economic irrationality can now claim that the comparative advantage thesis—the idea that the South's comparative advantage in cotton production was sufficient to justify the region's huge investment in the crop—"lacks empirical foundation" thanks to the work of cliometricians. But if no one has proven the rationality of planters, neither has anyone shown that they were irrational.[7]

Whatever other conclusions one draws from their data, cliometricians have established once and for all the profitability of slavery and plantation agriculture. Given the relatively high price of cotton and the relatively low prices of land and slaves prior to 1835, it seems unlikely that the profitability of manufacturing surpassed that of planting before then. Only after the crash in cotton prices in the mid-1830s—and more probably, only after the recovery of the northern industrial economy in the early-1840s—could one have reasonably expected Southerners to revise their thinking on manufacturing. As we shall see, Georgians began to change their attitudes toward manufacturing at just that moment.[8]

Inaccessibility of raw materials constituted another barrier to early industrialization. Georgia's main deposits of coal and iron ore lay tucked away in interior mountain districts. By contrast, northern iron and coal deposits tended to concentrate near the great cities of the East, and enterprising Yankees could mine them sooner. Fortune also favored most northern states with fall lines closer to coastal markets. Situated on the falls of the Merrimac River, the factory town of Lowell, Massachusetts, sat a little over twenty miles upriver from Boston. The fall line of Georgia lies between 100 and 200 miles inland. At a time when falling water still powered a large majority of mills North and South, this represented an unmanageably long distance between interior sources of waterpower and coastal markets, especially on Georgia's several marginally navigable rivers. Foreign and northern companies that imported to the interior, and sold to other markets as well, could stand the occasional inconveniences and delays caused by Georgia waterways. This situation presented a much larger problem to companies whose produce could go nowhere when the river failed to cooperate. As a result, would-be industrialists could not take full advantage of Georgia's industrial resources until railroads penetrated the state's hilly interior. One of the leading textile-producing counties in Georgia in 1860, Cobb County, could not sustain cotton mills before railroads expanded into its neighborhood in the 1840s and 1850s. "The region thus rapidly filling up was without navigable rivers, remote from railroads, and without a convenient market," wrote Roswell industrialist Henry Merrell. For Merrell and other factory men, the move to inland Georgia was "a pre-mature immigration," and they spent several lean years "awaiting approval of public improvements to carry off their products for a market."[9]

Profitability of plantation agriculture and geographical disadvantages had curbed Georgia's industrialization for most of the first four decades of the nineteenth century. In the 1830s and 1840s, a depression in cotton prices, the liberalization of incorporation laws, and the coming of railroads to the backcountry removed these barriers. Georgia industries promptly gained momentum.

Manufacturing could help revive a stagnant agricultural economy, boosters

now claimed. Older states like Georgia faced an especially acute problem. Writing in 1845, William Gregg put the senior states' dilemma this way: "Unless we betake ourselves to some more profitable employment than the planting of cotton, what is to prevent our most enterprising planters from moving with their negro capital, to the South-West?" Industry would enable Georgia to compete not only with northern states, but also with the pristine soils of Alabama and Mississippi.[10]

Soon the call to manufacture rose from all corners of the South. Western states began to suffer from the same problems that had plagued states like Georgia for decades as the year-in-year-out cultivation of cotton exhausted their soils, too. In 1852, the *Arkansas Shield* called for a regional convention to urge limits on cotton production. The South's highest-circulation magazine, New Orleans's *De Bow's Review*, counseled that "agriculture improves just in proportion as manufactures advance. . . . Indeed, to my mind, it is a self-evident truth, that it can rapidly be improved in this way and in no other." The magazine's famous editor, J. D. B. De Bow, was the South's foremost exponent of manufacturing. But he did not want the region to go the way of the North. De Bow understood industrialization less as a way to transform southern society than as a way to secure its continued existence. Diversification would foster economic self-sufficiency and militate against overly intense cotton cultivation. This, in turn, would ameliorate the problem of soil depletion and help preserve the planter regime.[11]

Before investors could act on the advice of Gregg and De Bow, they had to learn how to manufacture. Just as the pioneers of the New England textile industry had relied on the British model, so the aspiring Slaters of the South now looked north. They looked especially to the town of Lowell, Massachusetts. Lowell's textile industry grew exponentially and without interruption from the early 1820s through 1860. On the eve of the Civil War, Lowell counted 100,000 more cotton spindles in operation than all states below the Mason-Dixon Line taken together. William Gregg wrote approvingly of the Lowell mills' centralized organization, paternalistic working conditions, and superior efficiency, and maintained that the Lowell system could be replicated in the South. He put these ideas to the test in 1847 when he opened his famous Graniteville, South Carolina, mill across the Savannah River from Augusta.[12]

Georgia entrepreneurs also began to emulate Lowell, and hopeful observers were quick to liken the state's inchoate industrial centers to the thriving factory towns of the North and England. Boosters bestowed the sobriquets "New England of the South" and "Empire State of the South" on Georgia. Whenever new mills sprang up in cities, local newspapers inevitably hailed the town as the state's own Lowell. "So we go, Columbus will be a Georgia Lowell before long and some of these days will beat her," went one typical announcement. "Lowell never had, nor ever can have the advantages with which Columbus is

endowed by nature for manufacturing purposes." The *Athens Southern Banner* declared that "old England has her Manchester—New England has her Lowell, and should Georgia not boast her Athens?" William Makepeace Thackeray offered a cooler appraisal when he visited one of Georgia's most promising textile towns in 1856. The author of *Vanity Fair* admired "the queer little rustic city" of Augusta with its "happy dirty tranquility," but the cows on the commons impressed him more than the mills on the canal.[13]

Antebellum Georgia did not produce its Lowell. Taking their cues from that town, a new breed of entrepreneurs did succeed in fostering a sizeable textile industry. During the 1840s, the value of Georgia cotton manufactures rose from $304,342 to $2,135,044. Only Massachusetts and New Hampshire boasted greater absolute growth over the same period, and no state matched the relative increase in the value of Georgia textiles. A young up-and-comer in the state Whig organization, Alexander Stephens, declared that "the day is not distant when she will take the lead in the manufacture as well as the production of the great staple." The day Georgia would become a leading manufacturer of textiles lay further over the horizon than Stephens supposed. Growth slowed somewhat in the fifties, and the state failed to close the gap with northern states. Still, by 1860 the production of cotton goods ranked ahead of all other Georgia industries including traditional staples flour-milling and saw-milling.[14]

The new cotton mills grew up in every part of the state but concentrated in four main locations. Athens, Augusta, and Columbus each had textile factories during the thirties, and all three cities became manufacturing centers in the boom that followed. Fueled by the growth of nearby Atlanta, upstart Cobb County's textile industry also grew rapidly in the years immediately preceding the Civil War. Muscogee County (Columbus) led the way, producing $332,500 of cotton textiles in 1860. Richmond County (Augusta) and Cobb County followed closely ($315,419 and $307,500, respectively), and Clarke County (Athens) came in a distant fourth ($205,775).[15]

As cotton mills multiplied throughout Georgia, the character of the mills changed. That Georgia possessed a high spindle-to-factory ratio—29.3 percent of southern spindlage to 21 percent of factories—indicated that Georgia mills tended to be larger than those elsewhere in the region. From 1840 to 1860, Georgia factory owners and investors managed to double the capitalization of the average Georgia cotton mill. Behind this shift lay a new pattern of corporate ownership, made possible by the opening up of Georgia's incorporation laws. A single proprietor had generally run the small mills that existed before 1840. In the subsequent decade, Georgia passed laws making it easier for investment groups to form corporations, which in turn encouraged the construction of larger factories. In 1850, a single Columbus factory stood six stories high and employed 200 hands and 2,500 spindles. The state's largest factory,

the Augusta Mill, paid 400 workers every week. What factories produced also changed. Whereas earlier mills had made mainly yarn, in the forties and fifties mills manufactured a variety of textiles. This included a certain amount of fine cloth reported to be on par with the best cotton fabrics of England and the North. But that was the exception. Georgia mills usually specialized in bagging, sheeting, and coarse osnaburgs and kerseys used for slave clothing.[16]

The expansion of railroads further encouraged textile production. By facilitating easy transport between coastal markets and the hinterland, railroads opened up Georgia's backcountry to fuller participation in the market and made manufacturing possible in places where previously it had been unthinkable. With considerable aid from the state, investors initiated a railroad-building movement in the 1830s that lasted through secession. Railroad companies had laid fewer than ten miles of track as late as the mid-thirties. By 1860, Georgia had bound its districts together with railroads and commanded fully 1,420 of the South's 9,182 miles of track.[17]

Other industries benefited from the railroad boom as well. The construction of railroads required first, furnaces to make iron and second, foundries and rolling mills to fashion that iron into rails and locomotive parts. Presently, all became familiar features of Georgia's cities and countryside. One rolling mill in Atlanta produced 18,000 tons of finished rails per year. In addition, the three major railroad companies—the Central, the Georgia, and the Western and Atlantic—relied on machine shops for finishing and repairing machine parts. Heavy industry did not thrive in Georgia as it did in, say, Tennessee, but by 1860, it showed more vitality than the textile industry, which suffered a wave of bankruptcies during the 1850s. Yet one must admit that railroads did not come as an unalloyed blessing for manufacturers. If they brought upland factories closer to the market, they also opened Georgia's interior up to greater exploitation by northern and foreign manufacturers.[18]

That said, census figures support claims of increased industrial development from 1840 to 1860. Although the census bureau did not conduct a manufacturing census between 1810 and 1850, the population census gives some indication of the extent of development during the 1840s. The number of Georgians who listed their occupation as "operative" increased from 780 in 1840 to 2,275 in 1850. The fifties supply more reliable numbers. During that decade, the number of manufacturing establishments rose modestly from 1,527 to 1,890, but the capital invested in those establishments nearly doubled. The number of workers employed at factories swelled from 8,318 to 11,564. Most significantly, the value of Georgia manufactures rose from $7,086,525 to $16,925,564. In 1860, Georgia's overall investment in industry ranked only behind that of Virginia and Tennessee among southern states. The state's antebellum manufacturing sector was ultimately too small to provide an adequate foundation for Civil War industries. But that consideration must be balanced

against this: In spite of unfavorable odds and disadvantageous circumstances, Georgia's fall line cities in particular grew to be important centers of manufacturing. And while they never became southern Lowells, cities such as Augusta, Columbus, and Macon did nourish some of the South's major machine and textile makers, and that achievement should not be ignored.[19]

Unfortunately, the faster Georgia and southern industries grew, the further they fell behind. Regional industrial capacity, as mentioned, dropped slightly as a percentage of the nation's total in both the 1840s and 1850s. More alarming news came from the industry on which many southern industrialists had pinned their hopes. While the region continued to erect cotton mills, the total value of their products increased only from $9,366,331 to $11,360,173 during the 1850s. In the same period, the value of northern cotton goods shot from $52,502,853 up to $103,777,753. Georgia and the South had unwisely tried to make their mark in a business already dominated by the North, and they had failed. Georgians' "ideas of manufacturing run in too narrow a groove," wrote the English observer Robert Somers. "There are many branches of manufacture which, both in town and country parts of the South, might be prosecuted with probably greater advantage than simple cotton fabrics. Variety of enterprise is desired. It is the North which the South has always in view when it sighs for more and more cotton factories." Somers penned these words in 1871, but the criticism applied even more sharply to antebellum efforts. Because Southerners thought of their industrial movement largely in terms of an attempt to beat the North at its own game and because northern textile towns remained their template, they could not conceive of industrialization taking a different form. In other words, the more antebellum Georgians tried to build their own Lowell, the less likely they were to succeed.[20]

If Georgia advanced further than most southern states, it was not an exception to the overall pattern of backwardness. By virtue of its longer settlement, Georgia had had time to build more factories and more miles of railroad track than newer southern states. Its development contrasted less starkly with other original states. Georgia enjoyed a significant but not extraordinary advantage over seaboard states like North Carolina and South Carolina, and it possessed no edge over Virginia.

More distressingly, industry in eastern states such as Georgia and South Carolina showed signs of approaching some sort of limit. An 1860 *Charleston Courier* editorial written under the pseudonym Domestic Industry stated that before the 1850s "everybody was alive to the subject of *home industry* and *Southern manufactures*." If one had predicted the enthusiasm would subside, "he would have been looked on as a *mad man*." "Unfortunately," the writer continued, "for our country such was the case." Individual southern plants grew to only a fraction of the size of northern factories. More troubling, a rash of textile mill closings plagued Georgia and the rest of the seaboard South be-

tween 1851 and 1857. Domestic Industry blamed the stagnation of southern manufacturing on the region's failure to patronize home industry. "How is the present course of things to be changed," when all attempts to set up industry "will be met by the difficulty that looms against all Southern enterprises—*the want of home patronage*—which has led to the ruin of so many promising establishments."[21]

The owner of the Etowah Iron Works in northwest Georgia, Mark A. Cooper, seconded Domestic Industry's exasperation. A moderately successful former state politician with some connections, Cooper petitioned the legislature in 1860 to bail out his floundering enterprise. "This Iron Business is peculiar and alone in Georgia," he wrote. "It is a hard business; difficult and laborious in the extreme; requiring large Capital to carry on and build up. It has to withstand the assaults of very heavy competition from abroad, backed by immense capital."[22]

As these remarks indicated, foreign and northern finished goods sold quite well in the southern market. This fact supports the idea that while the antebellum South made a viable market for outside industry, the small size of its home market prevented Southerners from competing with industrialists in the North and England who could draw upon wider markets. Other evidence buttresses this interpretation. When southern mills succeeded, they most often did so in the production of rougher goods. Frederick Law Olmsted commented that "Georgia manufacturers could point with pride to their markets for yarns and sheetings in New York, Baltimore, and Philadelphia." They could make those boasts partly because northern factories were abandoning the production of yarn and coarser textiles for finer fabrics. One might ascribe much of the increase in southern textiles from the forties on, therefore, to northern manufacturers' relinquishing their production of rougher goods.[23]

Southern manufacturers faced the further disadvantage of possessing little managerial experience. Older northern industries had made their missteps in the early decades of the nineteenth century when because of the absence of domestic competition, they had had more room for error. Initial tentativeness had since given way to the competence and efficiency documented in Gregg's descriptions of Lowell and Rhode Island factories. Georgia neophytes enjoyed no such grace period. In a series of articles written for the *New York Journal of Commerce* in 1855, Henry Merrell harped on the theme of managerial inexperience. He argued that the cause of Georgia's industrial woes "might be summed up in one phrase:—viz. 'Amateur manufacturing' by gentlemen who know nothing about the business." A native of Utica, New York, who had served a lengthy apprenticeship in northern textile factories, Merrell knew whereof he spoke. Too often in his adopted state, responsibilities for critical decisions "devolve[d] upon a board of directors, very good men in their way, but no manufacturers, nor the sons of manufacturers." This represented an

enormous problem because cotton manufacturing was "peculiarly a business, which, perhaps more than any other, requires steady management in order to succeed."[24]

The example of the Augusta Manufacturing Company will help make the dilemma faced by southern industrialists more concrete. Like many other Georgia textile manufacturers, the late 1840s had been good years for the Augusta Company. They had been so good, in fact, that the company's directors planned to build a new textile factory on the Augusta Canal in 1851. The new mill would be five stories high, employ more than 200 hands, and process over 2,500 bales of cotton annually. The project got off to an unpropitious start when it was discovered that the Augusta Canal Commission's aqueduct could not supply it with adequate waterpower, leading to a delay in the factory's opening. Though incompetence could not have helped matters, it was not the primary cause of the Augusta Company's bankruptcy six years later. The more intractable problem was that once a new aqueduct was built and everything was in place, the new mill never turned a profit. Two years after its erection, President William M. D'Antignic felt compelled to answer critics who bemoaned the company's failure to pay dividends. "[A]fter all the croakings of the timid, sneers of the malicious, and the selfish artifices of the designing, there is no reason to doubt that the enterprise will ultimately be profitable," he cheerily predicted. D'Antignic then announced his resignation, denying himself, Cincinnatus-like, the just rewards of his stewardship. In all likelihood, his departure owed something to a creeping realization that the Augusta Company was not about to turn a corner. The fact was that when the firm augmented its capacity with the new mill, it became something more than the typical small southern firm that could cater exclusively to the home market and whose very smallness thus sheltered it. But neither had it entered the ranks of the giant producers of the Northeast whose enormous scale of operation protected them. At a time when the smallest and largest industries possessed the best chances of survival, the Augusta Company was neither.[25]

Domestic Industry saw the fall of the Augusta Company in 1857 as both cause and symptom of the region's troubles. "The failure of the Augusta Cotton Mills has done more to put back the progress of manufacturing at the South than any failure that has taken place," he wrote. Rather than blaming Augusta's lack of scale economies or managerial inexperience, Domestic Industry turned to a central theme of his essays, the indifference, opposition even, of southern merchants and bankers to home industry. "With the Augusta company, some twenty-five or thirty manufacturing establishments in the South have become embarrassed, and others have dragged out a sickly existence from the same cause—want of home patronage."[26]

Merchants shunned southern products because "the mercantile interests of the South are, in the main, directly adverse to the *home* manufactures." The

problem stemmed in part from a prejudicial credit system which, Domestic Industry claimed, made it more profitable for southern bankers, factors, and merchants to purchase credit notes in New York than "to make a legitimate loan to [a southern manufacturer] on the spot, and thus facilitate internal commerce." Southern merchants had other reasons to shop elsewhere. When, for example, a "manufacturer's price to large dealers becomes generally known" in the area, "merchants find it hard to realize a profit on them." Instead, they endeavored to "keep their shelves filled with domestics made far from home, on which they could realize a profit, sold at the same price they would have had to pay for home-made goods." In other words, merchants found it more profitable to sell lower-quality northern goods which they could fob off on consumers at an inflated price because their wholesale price was not widely known.[27]

A situation resulted in which southern manufacturers were compelled to send much of their produce to New York to find buyers. This hurt manufacturers' bottom line because "goods sold in New York or Philadelphia at the same price at which they bring in Charleston will not produce a net sum equal to the Charleston sales by a half cent a yard." Usually, though, goods did not fetch the same price in New York that they did in Charleston. "Everybody knows," Domestic Industry wrote, "that it is a common complaint against Southern manufacturers, that their goods are sold cheaper in New York, than at the factor." Since "nine-tenths of our Southern spinners begin without the requisite capital to hold their goods under a limit when they are sent to the North to be sold," they had "to let them go when the drafts mature that have been drawn on the consignment." Domestic Industry contrasted most factories' situations with that of Gregg's Graniteville plant, whose superior capitalization meant that it had never had to make the forced sales that hurt smaller companies. Graniteville also benefited by having many shareholders among Charleston's commercial elite who did not discriminate against Graniteville goods as they did against other southern products. But the success of Graniteville, based as it was on the many ways in which that plant differed from other southern companies, only illustrated how hard it was for home manufactures to flourish.[28]

Fingered by Domestic Industry and others as one of southern industry's key problems, the region's underdeveloped credit system grew in part out of a generalized suspicion of banks. Large numbers of Southerners and Westerners had looked askance at banks since well before Andrew Jackson, in full-on B-movie-villain mode, had hissed "The bank, Mr. Van Buren, is trying to kill me, *but I will kill it!*" In the wake of periodic economic panics, an anti-bank mania gripped many Georgians, setting off a round of denunciations of the mysterious, "monopolistic," and fundamentally nonproductive activities of the countinghouses. This misgiving contributed to the relative lack of banks and the

immature credit network in the South (although it may be noted that a similar dearth in the West did not hold up manufacturing to the same degree). Among southern states, Georgia did have a relatively stable and well-developed banking system with twenty-one commercial banks in 1837 that circulated some $9 million in currency backed by $3 million in specie. In the wake of the subsequent panic, however, chastened Georgia bankers remained trigger-shy for over a decade about extending the types of long-term loans usually necessary to launch fledgling industrial concerns.[29]

In a series of articles for the *Milledgeville Southern Recorder* in 1847, Henry Merrell elaborated on the troubles caused by an inadequate credit structure. "If credit must be extended to the consumer and to the country merchant, that is a business unto itself; it belongs to another set of men, and a very precarious business it is." In contrast to northern manufacturers, Southerners had to "act as broker, commission-merchant, jobber, and peddler." That Georgia manufacturers could not confine themselves to the business of producing provided one more reason not to pour one's capital and entrepreneurial vim into industry. The want of a more reliable credit system meant too that Georgia manufacturers had little idea of which "unmerchantlike" country storeowners made good credit risks. Without that knowledge, factories rarely made enough money to cover risks and interest, "much less . . . to divide upon a large floating capital the profits which stock-holders expect from their investments." And without those profits, manufacturers found it difficult to attract all-important planter investment.[30]

In sum, economic barriers retarded southern manufacturing to such an extent that antebellum industrialists had at best an extremely slim chance of developing the region's manufacturing. This issue of industrial limits has attracted considerable scholarly attention because it would seem to bear rather directly on the issue of southern exceptionalism. If industry proved more profitable than agriculture and planters failed to react rationally by diverting enough capital to manufacturing, this would seem to support the idea of southern exceptionalism. If, on the other hand, economic and geographic constraints prevented industrialization, *this* would seem to bear out the existence of an "American South," an eccentric region, surely, but not fundamentally distinct from the rest of the nation. A careful look at slaveholding attitudes toward development, however, will demonstrate the impossibility of so simple a correlation.[31]