David W Fletcher, Spring 2002

GEORGE ROGERS TAYLOR'S
THE TRANSPORTATION REVOLUTION: 1815-1860[1]

Taylor's *Transportation Revolution* is Volume IV in the nine-volume *Economic History of the United States* which uses monographs, documentary materials, and government reports to provide "a full-scale, balanced, cooperative, and readable survey of the growth of American economy and of its transformation from one of primitive character to world pre-eminence in industry, trade, and finance" (v). Taylor's work uses the nation's expansion of transportation systems–roads, canals, steamboats, railroads–as a framework to discuss broader economic themes such as cost and speed of transportation and communication, domestic and foreign trade, the development of manufacturing, the impact on workers and early labor movements, the growth of financial institutions, the intervention of government, and the national economy. The book is primarily descriptive, and Taylor's evidence reveals that, as a result of the evolution of factory systems of manufacturing, the emergence of an American labor force, and the growth in industrial urban centers, "a national economy replaced what had been a colonially oriented economy thirty-five years earlier" (vi).

Taylor eschews the traditional emphasis on tariffs–although he does not neglect this–and he turns his attention to other issues like "the balance of international indebtedness . . . internal

[1]Volume IV, The Economic History of the United States, edited by Henry David, et al. Armonk, NY: M. E. Sharpe, Inc., 1951. First paperback edition, 1977. Includes an excellent, thorough bibliographical essay, two appendices, index, fifty-five illustration, and thirty charts, figures, maps, and tables.

business fluctuations . . . and the relationship of government to the economy" (vi). He argues convincingly that the government played an active part in the economy's development. He notes,

> The regulatory activities of the federal government made a small beginning even though limited by constitutional provisions, but the states, suffering from no comparable restrictions, did not hesitate to extend economic regulation into many fields. Promotional activities–tariffs by the national government and premiums and bounties by state governments–were widely used with the hope, often illusory, of benefitting home industries. Finally, in no other period of American history has the government been so active in financing and actually promoting, owning, and controlling banks and public works including turnpikes, bridges, canals, and railroads (383).

But contrary to Taylor, the traditional caricature of Jacksonian economics as laissez-faire holds true. Apart from tariffs and bounties (see 360-367, 378-383), fiscal officials did not try to manipulate the outcome of the nation's economy. Excepting the postwar boom and the crisis of 1819, the crises of 1837 and 1839, and renewed economic expansion followed by the crisis of 1857 (see 334-351), no valid reason existed for the federal government to intervene with a heavy hand. As Taylor well notes, the two major sources of revenue–public land sales and duties on imports–provided the federal government with a generous, even embarrassing, surplus. He says,

> Conditions were so favorable to the Treasury from 1816 through 1836 that there was a deficit in only three years; in all the others there was a surplus running at times to many millions. Congress was repeatedly perplexed as to how to dispose of so-called redundant revenues, and in 1826 a Senate committee actually complained "of the serious inconvenience of an overflowing Treasury" (354).

In a significant way, Taylor's effusive use of facts and figures shows how internal improvements in roads, canals, steamboats, and railroads altered the focus of the nation from a seaward to a westward orientation. The economic shift from merchant to industrial capitalism paralleled this geographical change. And the resultant admixture of sources to fund the transportation and communication infrastructure–private finance, public aid, and government subsidy–triggered a diverse economy that brought about greater government intervention and a growing complexity in the development of pecuniary institutions (i.e., insurance, lotteries, securities, the stock exchange, the national bank, state banks, and savings banks, see 301-323). The biggest impact no doubt came from the expansion of railroads, due to risks involved and the need for sizeable amounts of capital. As a result, most American railroad companies organized as corporations, and they had to secure charters from state legislatures (86-90).

Predictably, interstate commerce marked a tremendous increase in domestic trade (153-175), and the rise of the merchant marine's packet lines sparked considerable growth in foreign trade (176-206). Evolution from household to factory manufacturing quickly followed, as small-scale production of good and services by craftsmen for local markets yielded to mass production of goods for regional and national markets and for exports (207-249). The wage earner emerged as a commodity of the neophyte factory system (270-300), and workers increasingly organized in order to deal with the effects of "declining wages, lowered status, and periods of ruinous unemployment" (251). As Taylor ably shows, a new national economy appeared–with all its money, prices, and economic fluctuations (324-351)–and gave the nation a new orientation. He summarizes,

> The great cities of the East no longer faced the sea and gave their chief attention to shipping and foreign trade. Their commerce centered increasingly now at the railroad stations rather than at the docks, and the commercial news from Mobile, Memphis, Louisville, Cleveland, and Chicago was awaited with greater interest than that from Liverpool, Marseilles, or Antwerp. But though the American economy now faced the rapidly developing West, the leadership and the organizing genius remained concentrated

> in the great eastern cities. There, on Wall Street, State Street, and Broad Street, the leaders of the emerging era of finance capitalism were beginning to appear. By means of well-placed investments, by speculation and manipulation on the stock and produce exchanges, and by membership on the boards of directors of banks, insurance companies, cotton mills, and railroads, these rising entrepreneurs, the successors of the older sedentary merchants, were soon to play the directing role in the emerging national economy of stocks and bonds and debentures (398).

Taylor's *Transportation Revolution* gives the reader a great overview of this economic transformation of Jacksonian America. Hee has laid out all the facts, and he offers a compelling picture of a remarkably fluid, evolutionary epoch of United States history.