

Yankee Leviathan

The Origins of Central State Authority
in America, 1859-1877

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New School for Social Research



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TO MY MOTHER AND FATHER

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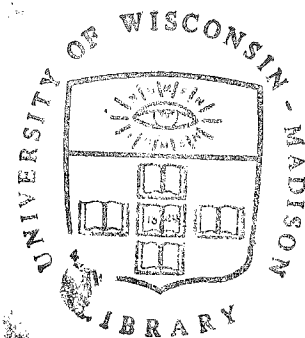
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Preface

I have pursued several goals in writing this book. The first was to somehow anchor an analytical description of American political development "at the beginning" of national state formation. As will become clear, I think, in the course of the book, the American state emerged from the wreckage of the Civil War. The state that early American nationalists had previously attempted to establish at the Constitutional Convention in 1787 had become a mere shell by 1860 – a government with only a token administrative presence in most of the nation and whose sovereignty was interpreted by the central administration as contingent on the consent of the individual states. This antebellum government was not so much overthrown by the Civil War as rendered anachronistic. In the process, prewar constitutional doctrine and administrative tradition became the ineffective weapons of the regime's opponents as they attempted to prevent the Republican party from consolidating the power and authority of the new Union state. Other than these pleas for a return to "the Constitution as it was," the modern state's inheritance from the antebellum period was nil. In that sense, then, an account of American state formation can begin with the Civil War with little lost in historical continuity or theoretical generality.

A second goal has been to put forward, in contrast to both the "class conflict" and "consensus" interpretations of American political development, a more encompassing and alternative analysis of the impact of southern separatism on the formation of the American state. The search for potential comparisons within the European state system has led many scholars to focus on things that did not happen in the United States, such as the absence of strong social democratic movements in the late nineteenth and early twentieth centuries. While such nonevents serve as useful foils to what actually occurred, they tend to reinforce a continuing preoccupation with European experience. In contrast, recognition of the primacy of southern separatism in American state formation – the large something that did happen – emphasizes the membership of the United States in that class of nations that have had as one of their most prominent developmental influences the ebb and flow of separatist threats to national cohesion. Some European regimes, such as Great Britain and Spain, have

also experienced significant separatist pressure. But many of the most comparable cases, such as the Soviet Union, India, and Canada, are located outside of Europe.

Another characteristic of American state formation during the Civil War was the almost complete fusion of party and state in the northern Union. During the decade in which the Union first suppressed the Confederacy through war and subsequently attempted a partial reorganization of the southern political economy, the Republican party exercised without significant challenge central state authority in the name of northern-led nationalism. Again European experience can provide a few parallels, but the most comparable cases of nationalist party-states have arisen outside Europe altogether: the PRI in Mexico, the Congress Party in India, the Bolsheviks in the early years of the Soviet Union, and so on.

The final aspect of comparative state development that has influenced the writing of this book can be traced to the Civil War itself. During the conflict America held not one, but two central states and these states were locked in mortal combat. The material requirements of the battlefield compelled the southern Confederacy to pursue a relatively statist war mobilization. In contrast, the northern war effort mobilized materiel and men by relying on voluntary contracts within a comparatively robust capitalist market. Since the formal structures of the northern and southern regimes were almost identical at the beginning of the Civil War, differences in the way in which they developed during the conflict can be attributed to both their contrasting social bases and the capacity of their respective societies to supply armies at the front. Thus, general questions concerning the impact of war and economy on state formation can be addressed by comparing the experiences of the Union and Confederate nations.

In one form or another over the last five years, I have taken up all of these issues with my colleagues in the Proseminar on State Formation and Collective Action held at the New School for Social Research. To all of them – especially Charles Tilly, Ira Katznelson, Andrew Beveridge, Jytte Klausen, Fred Murphy, and Dan Kryder – I owe a special debt for their advice and criticism. I am also grateful to those students in the Committee on Historical Studies who helped me gather and organize the materials that went into this book, particularly Chris Mele, Kenneth Trippel, David Turner, and Perry Chang. With a sharp eye and ready pen, Kim Geiger edited a rough draft of the book during the spring of 1989. After my revisions introduced more errors and nonsequiturs, Elizabeth Sanders again scoured the manuscript during the summer and fall.

Much of the credit for whatever virtues this book possesses must go to my often-failing attempts to avoid her marginal notations. Richard Vallery and Eric Foner read the manuscript for Cambridge University Press and contributed much appreciated advice. Another large debt is owed to my editor, Emily Loose, who, with seemingly limitless patience, recommended a vast number of improvements in organization and argument. Other scholars who read and commented on portions of the manuscript, often very early drafts, were Stephen Skowronek, Karen Orren, Elaine Swift, Kim Voss, Thomas Alexander, Allan Lichtman, Toyo Nagata, and H. Douglas Price. I must also thank the National Endowment for the Humanities and the Institute for Humane Studies for their research support. As is the tradition in our family, I offered my son, Seth, responsibility for all the remaining errors in this book. However, he refused and carefully explained that no one would read his own books if he gave away his reputation like that.

*Modernization, southern
separatism, and state
formation in American
political development*

The American state both survived and was transformed by the Civil War. The national state survived in the sense that its territorial integrity and political institutions remained intact.¹ In the middle of the nineteenth century, these minimal conditions of state existence were threatened by southern separatism and could only be met through a successfully prosecuted civil war.² If the war's outcome had been different, alternative historical trajectories would have replaced the United States with at least two nations, ultimately perhaps more, and in the process profoundly disrupted the established traditions and institutions of the American state inherited by the northern remainder of the nation. Union victory in the Civil War minimized these disruptions but, even so, the impact of the conflict destroyed political traditions and continuity in at least one-third of the reconstituted nation.

A new American state emerged from the Civil War in the sense that the conflict settled long-standing questions of whether the national government was to possess the fundamental attributes of territorial and governmental sovereignty or was to serve only to coordinate the foreign relations of the constituent, federated states. Such questions only have contingent historical answers. In the American case, the answer depended on whether the northern Union possessed the will and strength to impose its formulation upon the South. If the Union had lost the Civil War,

1. Theda Skocpol gave these minimal expectations a slightly different emphasis in her "Bringing the State Back In: Strategies of Analysis in Current Research," in Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), p. 16.
2. As used in this book, the term *separatism* refers to the secessionist demands of a geographically concentrated subsection of a nation and the general, broad-based resistance to national political integration if and when secessionist demands are clearly unrealistic and/or forcibly repressed.

southern independence would have answered this question by affirming the right of federated states to secede. Union victory thus created the American state by conferring upon it the fundamental attributes of territorial and governmental sovereignty. In fact, the very process of secession, war, and reunification both strengthened the American state in every dimension of institutional design and substantive policy and committed the entire apparatus to the promotion of northern industrial development and western settlement.

The major institutions of what had been an extremely weak antebellum state thus survived the war and emerged as the unchallenged sovereign power within the American republic. In the process, the state experimented with policies as statist and far-reaching as any in American history. Many of these lapsed in the postwar period with the abandonment of efforts to reconstruct the southern political economy, but a few, including the commitment of the American state to modernizing policies associated with the industrial and financial sectors of the North, persisted and laid the basis of subsequent political development.

The Civil War and the American state

The Civil War and Reconstruction periods encompassed three stages by which a starkly defined and exclusive political coalition captured the nascent American state, infused that state with vast powers to remake the national political economy, and, finally, was compelled by internal contradictions within the alliance to compromise its own control of the state apparatus. The first of these stages entailed *capture*: the ascent to power of a cohesive political-economic alliance (the Republican party) combined with the exit of its major opponent (the southern plantation elite). Up to the point of capture, the American state had been little more than an arena in which contending forces and coalitions in the national political economy competed over decisions related to continental settlement and foreign policy. The secession of the South and the decision of the North to attempt military reunification produced an *explosive expansion* of central state authority within the framework of the Republican alliance. Part of this explosive expansion can be attributed to the enactment and implementation of the political economic agenda of the groups allied within the Republican party. The secession of the South in effect broke the logjam behind which this agenda had languished in the years just prior to the Civil War and a major portion of state expansion was composed of policies that had been proposed and debated in the prewar

period.³ The mobilization of the northern political economy for war, however, both provided the major impetus for state expansion and reshaped the antebellum agenda. The war had an even greater impact on the structure and substantive policies of the emergent southern Confederacy.

Prosecution of the war, implementation of the major elements on the northern agenda, and the reentry of the South into the political system all combined to *compromise control* of the central state by the Republican party and allow the development of internal contradictions within the alliance to halt expansion. As an increasing divergence of interest within the alliance spawned factional conflict within the Republican party, support for reconstruction of the southern political economy withered away. With the return of former Confederate nationalists to Congress, the Democrats became a competitive alternative to the Republicans in national politics. All of these factors – Republican factionalism, the return of former Confederates, and Democratic competition – brought the Civil War party-state to an end. The Civil War and Reconstruction period thus encapsulated several stages in which a starkly defined and exclusive party coalition captured the nascent American state, infused the central government with vast powers to remake the national political economy, and, finally, was compelled by internal contradictions within its alliance to compromise its own control of the state apparatus. The process delineated by these three stages produced the context for the Compromise of 1877 – the resolution of the Hayes–Tilden presidential election in the Republican's favor and the associated withdrawal of Union troops from the South. This, in turn, slowed the pace of post-Reconstruction state development. Once it became possible for the "rebel" South to participate in a winning presidential coalition, the state bureaucracy became a potential balance-wheel between rival political-economic coalitions. With that possibility of a balance-of-power position in national politics and the emergence of civil service protection from partisan influence, the state could at last begin to develop a "statist" sensibility, an identity and interest apart from any class or partisan interest.⁴

From 1861 to 1877, the American state and the Republican party were

3. See, for example, David M. Potter, *The Impending Crisis: 1848–1861* (New York: Harper Torchbooks, 1976), pp. 390–1.
4. With appropriate caveats, the developments of this period correspond to one of Michael Mann's conditions for the emergence of state autonomy: the creation of "a certain 'space' . . . in which a state elite could manoeuvre, play off classes against war factions and other states, and so stake out an area and degree of power autonomy for itself." See Michael Mann, "The Autonomous Power of the State: Its Origins, Mechanisms and Results," *Archives Europeennes de Sociologie* 25 (1984), pp. 186–7.

essentially the same thing; the federal government was simply the vehicle of common interests in economic development associated with northern finance, industry, and free soil agriculture.⁵ By 1877, party and state had become dissociated to such an extent that the individual factions of the Republican party, particularly finance capital and western agrarians, could entertain alliances with the Democratic party (and the general interests of state sovereignty and expansion were no longer the exclusive province of northern Republicans.) From a statist perspective, this dissociation might be viewed as the silver lining that accompanied Reconstruction's failure. While we can easily exaggerate this transition from unmediated party rule to state-centered pluralistic nationalism (which, in any case, occurred slowly), the transition from a revolutionary party-state to state-centered pluralism is still significant, and possibly generalizable as an historical process.⁶ This process can be profitably contrasted with more conventional theories of modernization.

Modernization and American state development

Samuel Huntington and others have argued that political modernization has involved three elements. The first of these has been the rationalization of authority throughout the nation – which is accomplished by the destruction of decentralized institutions which might resist the extension of that authority. The second has been the differentiation of new political functions and the development of specialized institutions to perform those functions. The last factor in modernization has been the broadening of political participation, primarily through the emergence of mass-based political parties. In most European societies, modernization occurred in

5. As C. Vann Woodward put it, "the Republican party had . . . become the conservative party, spokesman of vested interests and big business, defender of an elaborate system of tariffs, subsidies, currency laws, privileged banks, railroads, and corporations. . . . The old Whig element of the North that had combined with the Free-Soil Democrats and Abolitionists in the fifties to form the Republican party was on top in 1876 and had written its antebellum economic program into law." *Reunion and Reaction: The Compromise of 1877 and the End of Reconstruction* (Boston: Little, Brown, 1966), p. 35.
6. Within the scope of this book, "unmediated party rule" and "state-centered pluralistic nationalism" can be viewed as polar opposites. Unmediated party rule describes a regime that meets three criteria: (1) a political system in which a single party dominates all other contenders for power; (2) the dominant party coalition excludes important groups and classes in the national political economy from almost all participation in government decision making; and (3) membership in the dominant party is the most important single qualification for office holding within the state bureaucracy. In contrast, state-centered pluralism describes a political system in which two or more parties are serious contenders for power, the social bases of competing political parties contain at least a fraction of all important groups and classes in the national political economy, and party membership is not a qualification for bureaucratic service.

that order: first, the extension and consolidation of central state power; second, bureaucratic specialization; and, last, popular political participation. In America the order was reversed, and it is said that the early emergence of broad political participation in the form of manhood suffrage was premature because it aborted the development of the specialized and politically insulated bureaucracies necessary to a strong central government.⁷ The nineteenth-century patronage-based party system was characterized by issueless competition and retarded the growth of a strong state because it allowed constantly shifting public opinion to sweep unhindered through the structure of government, preventing the erection of stable, insulated, and self-conscious bureaucratic forms. From this perspective, the late nineteenth century was a period in which the nascent institutions of a modern state groped blindly through a whirlwind of patronage, corruption, and sloganeering in an attempt to "recast" (Stephen Skowronek's word) the basis of American government.

Modernization itself "involves such basic changes in the structure of a society as rapid economic development, urbanization, industrialization, the creation of an integrated national economic and political structure, and generally, the spread of market-oriented capitalist economic relations and of mental attitudes viewing continuous social change as natural and desirable." From this perspective, the American Civil War was a part of the process by which the "modernizing" North integrated the "premodern" South into the national political and economic system. Painted in even broader strokes, the American Civil War appears as but one of many conflicts in the nineteenth-century world economy by which industrializing regions and nations successfully penetrated and reorganized the socioeconomic bases of less-developed, usually agrarian societies.⁸

7. Samuel P. Huntington, *Political Order in Changing Societies* (New Haven, Conn.: Yale University Press, 1968), pp. 93–139. Huntington also accepts Cyril Black's argument that Union victory in the American Civil War marked the "consolidation of modernizing leadership" in the United States (p. 46). Also see Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877–1920* (Cambridge: Cambridge University Press, 1982), pp. 6–8, 39–40; Gianfranco Poggi, *The Development of the Modern State* (Stanford, Calif.: Stanford University Press, 1978), p. 93; Charles C. Bright, "The State in the United States during the Nineteenth Century," in Charles Bright and Susan Harding, eds., *Statemaking and Social Movements: Essays in History and Theory* (Ann Arbor: University of Michigan Press, 1984), pp. 123–4.
8. The quotation is from Eric Foner, *Politics and Ideology in the Age of the Civil War* (New York: Oxford University Press, 1980), p. 20; also see S. N. Eisenstadt, *Modernization: Protest and Change* (Englewood Cliffs, N.J.: Prentice-Hall, 1966); and George Fredrickson, ed., *A Nation Divided: Problems and Issues of the Civil War and Reconstruction* (Minneapolis: Burgess, 1978); Raimondo Luraghi, "The Civil War and the Modernization of American Society: Social Structure and Industrial Revolution in the Old South before and during the War," *Civil War History* 18 (September 1972): 230–50; Barrington Moore, Jr., *Social Origins of Dictatorship and Democracy: Lord*

While generally sympathetic to the modernization school, the theoretical perspective of this book parts company with some of the assumptions and conclusions of that approach. First, the connection between modernization and state development is more complicated than many of these scholars suggest. In one formulation of the thesis, state expansion in the late nineteenth century was the indicated response to two developmental imperatives: the emergence of inter- and intraclass conflict that accompanied rapid growth in the capitalist economy and a general, equally rapid increase in social complexity. These imperatives provided the context, even the necessity, for the emergence of a "modern" American state in the sense that quasi-autonomous administrative structures would have made the management of class conflict and the coordination of complex social functions possible.⁹ Recognition of these objective requirements by influential elements of the national elite, it is argued, will (and did) move the state forward on a modernizing trajectory even in cases, such as the American one, where the statist response was painfully slow and often inadequate.

Without exception, scholars associated with the developmental school have viewed the industrializing, urban North as the bearer of American modernization and the Civil War as presenting one of the most important administrative challenges of the nineteenth century. On the basis of these two facts, it could be argued that the response of the modernizing North to the requirements of the American Civil War should have been much more state-centered and administratively advanced than that of the comparatively underdeveloped South. In fact, however, many features of the Confederate war mobilization were far more statist and modern than their counterparts in the Union (see Chapter 3). This appraisal does not in itself vitiate a connection between modernization and state development. For example, the theoretical framework could be amended by interpreting war mobilizations as statist responses driven more by the battlefield challenge presented by the enemy than by the domestic consequences of economic development, thus excepting war from the normal course of state development. Even so, proper recognition and correct implementation of the statist response to such challenges requires a modern sensibility not often attributed to the southern plantation elite. On these grounds alone, we might conclude that the (already contingent)

and *Peasant in the Making of the Modern World* (Boston: Beacon Press, 1967), ch. 3; Richard D. Brown, *Modernization: The Transformation of American Life, 1600-1865* (New York: Hill and Wang, 1976), ch. 7; and C. E. Black, *The Dynamics of Modernization: A Study in Comparative History* (New York: Harper & Row, 1966), p. 111.

9. Skowronek, *Building a New American State*, p. 11. Also see Bright, "The State in the United States during the Nineteenth Century," pp. 121-58.

connection between modernization and state development in the nineteenth century was somewhat looser than has been suggested. ✓

A second problem with the thesis as applied to the American case arises out of the tendency to assume a "unitary" society in the sense that modernization policies advance the development of the entire society or are a response to external challenges arising out of increased participation in the world system.¹⁰ On both counts, the reality was very different in the United States in the nineteenth century. In the United States, central state policies promoted modernization primarily in the North and, to a lesser extent, the West. Economic development took place in those regions at the expense of the southern periphery, which fell further and further behind the remainder of the nation throughout the late nineteenth century (see Chapter 7).¹¹ State-sponsored modernization in the South (such as the replacement of slavery with more market-oriented versions of peonage) was carried out only incidentally, if at all, for national developmental

10. This preoccupation with national destiny led Barrington Moore to pose, as a counterfactual possibility, "what would have happened had the Southern plantation system been able to establish itself in the West by the middle of the nineteenth century and surrounded the Northeast. Then the United States would have been in the position of some modernizing countries today, with a latifundia economy, a dominant anti-democratic aristocracy, and a weak and dependent commercial and industrial class, unable and unwilling to push forward toward political democracy." *Social Origins of Dictatorship and Democracy*, p. 153. Given the climatic constraints on the territorial expansion of the southern plantation economy and the fact that antebellum southern political systems were, with few exceptions, as fully democratic as any in the North and more democratic than any contemporary European system, the historical possibility of this counterfactual faces major theoretical and empirical difficulties. The point, however, is not to criticize Moore's vision but, instead, to suggest a reason why he chose to project a southern-dominated United States rather than the much more plausible separation of the South into a new nation. Moore's "unitary" counterfactual was chosen over southern independence, I would argue, because he wanted to compare the American experience with the unitary histories of Britain, France, and Japan. In the process, however, he implicitly confused a hypothetical contest over control of the national political economy with a struggle for separate national existence. An exception to the mainstream emphasis on national modernization is David F. Good, "Uneven Development in the Nineteenth Century: A Comparison of the Habsburg Empire and the United States," *Journal of Economic History* 46 (March 1986): 137-51.

11. See, for example, Richard A. Easterlin, "Regional Income Trends, 1840-1950," in S. E. Harris, ed., *American Economic History* (New York: McGraw-Hill, 1961); and Easterlin, "Interregional Differences in Per Capita Income, Population, and Total Income, 1840-1950," in *Trends in the American Economy in the Nineteenth Century* (Princeton, N.J.: Princeton University Press, 1960), pp. 85-9. Though this book will take the position that the Civil War on the whole contributed to the modernization of the American nation, that contention is subject to a number of important qualifications and is even susceptible to repudiation in terms of national economic growth. See, for example, Thomas C. Cochran, "Did the Civil War Retard Industrialization?" and Stanley L. Engerman, "The Economic Impact of the Civil War," in Ralph Andreado, ed., *The Economic Impact of the American Civil War* (Cambridge, Mass.: Schenkman, 1967), pp. 167-79, 188-209.

reasons.¹² The primary purpose and impact of such policies was a weakening of the political economic base of the southern plantation elite, not the promotion of social efficiencies arising out of free market allocation of the southern labor supply.

Nor can the modernization of the American state be ascribed to external challenges arising out of increased participation in the world system. America's relative isolation in the western hemisphere presented the emergent world power with opportunities for territorial and market expansion, not challenges to national survival. Unlike many states within the intensely competitive European system, the United States could more or less ignore foreign challenges for months at a time, if not years, without endangering national independence. This relative isolation focused American state development much more intensely and exclusively on questions of internal cohesion and political integration than was the case for major European states. As part of this global perspective, modernization theories commonly interpret the American Civil War as part of a worldwide expansion of market capitalism. The conflict thus becomes a product of exogenous forces in the world economy that compelled hitherto isolated and relatively backward regions to link up with and participate in production for global markets. This interpretation is problematic in that such forces were not evident at all in the antebellum secession crisis (which unfolded in an international vacuum) and in that southern plantations already constituted the most internationally integrated sector of the

12. The most general form of the modernization thesis maintains that the replacement of slavery with some form of labor market and the removal of plantation-elite opposition in national politics were necessary steps for the economic development of the United States and says little or nothing about their impact upon the South. In fact, the combination of these two alterations in the national political economy produced an environment in which representatives of southern plantation and subsistence agriculture could not resist the massive redistribution of wealth and resources to the northern economy that enabled American industrialization to proceed. For that reason alone, the Civil War can be interpreted as a modernizing event for the northern industrial system and, plausibly, for the nation. Just as certainly, however, the policies of the federal government during the Civil War and Reconstruction retarded southern economic development by systematically redistributing wealth to the North. Secondary consequences of this redistribution of wealth include strong southern opposition to central state expansion and progressive disfranchisement of blacks and poor whites in the last decades of the nineteenth century. A complete account of the demodernizing influence of the Civil War upon the American South would include references to all three impacts: retardation of economic development, resistance to central state expansion, and a retreat from mass-based political participation. See, for example, J. Morgan Kousser, *The Shaping of Southern Politics: Suffrage Restriction and the Establishment of the One-Party South, 1880-1910* (New Haven, Conn.: Yale University Press, 1974) for an account of disfranchisement; and Richard Benschel, *Sectionalism and American Political Development, 1880-1980* (Madison: University of Wisconsin Press, 1984), ch. 3, for a description of southern opposition to expansion of the central state in the late nineteenth century.

American economy. During the war itself, foreign powers continued to stand aside, though the war disrupted the British textile industry and shifted the loci of world cotton cultivation to areas securely within the British sphere of influence. In fact, when foreign pressure did appear, European states threatened to intervene on the side of the less-developed Confederacy and thus could be said to have hindered northern efforts to modernize the southern economy.

In the American context, modernization theory seriously understates the influence of purely state-centered concerns as proximate causes of the Civil War. Two of these concerns were the managed development of the western frontier and the suppression of separatism as a fundamental threat to national unity. These concerns may be associated with modern states such as the Soviet Union but are hardly unique to them. Since the end of the French Revolution, all central states that were not monarchies have resisted the secession of contiguous territory with some degree of violence.¹³ Similarly, it is not clear what the "modernizing" choice was during Reconstruction. There were two broad alternatives. One was expensive, state-centered reorganization of the southern political economy with consequent constraints on national economic growth (caused by, for example, higher levels of taxation), deleterious impact on the position of the United States in the world economy (for example, because of disorganization in cotton production), and potential intensification of class conflict in the industrial economy.¹⁴ The other alternative was an accommodation with the southern plantation elite that would enable efficient northern exploitation of the southern export economy during the industrialization period of American development (through the redistribution of wealth under the operation of the tariff and military pensions).¹⁵ These choices posed a trade-off between central state expansion and economic development that, in effect, distinguished political from economic modernization.

All of these caveats aside, the modernization model does invite, even compel, cross-national comparison and attention to the global context within which the Civil War was fought. In addition, the model allows

13. In fact American policies aimed at pacification of the separatist South had interesting parallels in the less successful efforts to integrate Ireland and Algeria into the parent states of Britain and France (to take but two examples). In all three cases, the central state relied on settlers or other sponsored groups to represent state interests and neglected or suppressed indigenous groups.

14. On apprehension that land distribution to freedmen would have inhibited cash crop production, see, for example, Foner, *Politics and Ideology*, p. III. For a broad suggestion of one way that Reconstruction could have intensified class conflict throughout the national political economy, see Chapter 5 of this book.

15. For the regional redistributive impact of military pensions and the tariff, see Benschel, *Sectionalism and American Political Development*, pp. 62-73.

the consideration of alternative developmental trajectories as historical possibilities and places the conflict within a set of fairly well-defined economic and political processes.

Overview

This book examines one case of revolutionary state formation: the United States between 1859 and 1877. Capture of the antebellum state by the Republican party brought on the American Civil War, which, in turn, permitted the development of a party-state resting on a broad economic coalition capable of fighting and winning the world's first modern, industrial war. The conditions of Civil War allowed the party to secure its hold on the state by disfranchising disloyal citizens, expanding the suffrage to dependent freedmen, and imposing martial law and other security measures throughout most of the nation (see Chapter 3).¹⁶ Yet the character that state formation assumed during the war limited this party-state's capacity for further expansion. The party-state's leaders created a clientele, finance capitalists, that then limited the development of the national state, despite the fact that Union victory and Reconstruction presented an opportunity for a second phase of state-building. As a result of these limits, the party-state eventually reached a stalemate in the late nineteenth century – a state similar to the one that existed in the antebellum period in that the political economic coalitions supporting and opposing state expansion had many parallels. Consequently, a new state-building problem (inadequate administrative capacity) gradually replaced the old (southern separatism), but the resolution of this new problem occurred within the structures imprinted upon the American state by the revolutionary Republican party. For these reasons, the Civil War, even more than the end of British colonial rule, represents the true foundational moment in American political development.

The American state that emerged from the late nineteenth century was primarily the result of successful repression of southern separatism and the pursuit of economic advantage over the South by the industrializing regions of the Northeast and the Great Lakes. The Republican party coalition that enacted these policies constructed the American state upon two principles. The first was a robust nationalism that made loyalty to

16. For other national experiences in which one-party regimes, economic development, and political modernization have been connected, see Joseph LaPalombara and Myron Weiner, "Origin and Development of Political Parties," in their *Political Parties and Political Development* (Princeton, N.J.: Princeton University Press, 1966), pp. 17, 37–8.

the Union a prerequisite for representation in state institutions. This nationalism found its purest expression in military reconstruction of the South following the Civil War but also can be ascribed to martial law rule in the border regions during the war itself and to sporadic attempts to nationalize suffrage rights after the period known as Reconstruction ended. The second principle proposed a political economy in which central state power could sweep aside regional and local barriers to the development of a national capitalist market and directly assist in the construction of the physical and financial infrastructure necessary for that market.

During the years just prior to the Civil War, the uncompromising hostility of southern Democrats to state expansion and their growing nationalism – embracing the broader ideology supporting secession and the formation of an independent state – were based on a realistic appraisal of the current direction of the national political economy and the rise of the Republican party (see Chapter 2). They were a reaction to several trends: increasing penetration of the South by institutions and processes associated with the northern political economy, and the imminent exclusion of most of the South from participation in those political coalitions that were to control the central state. By contrast, northern Republicans became a "nationalist" force only as their class coalition occupied the national seats of power and were able to impose their developmental program upon the remainder of the nation.¹⁷ In the southern Confederacy, nationalism was a response to the external threat represented by northern Republicans; the relative unity of the South during the Civil War can be attributed to this defensive position. In the northern Union, the war against southern separatism was driven by the need to maintain the newly dominant position of the Republican coalition in the domestic political economy. Both the offensive character of Republican

17. The basis of Republican nationalism was clearly different from that underlying nineteenth-century European state formation, where the two criteria guiding state development were "the principle of 'nationality,' by which a state would claim that populations currently subject to a neighboring state were 'nationally' the same as the claimant's own population and hence should join the latter in a single system of rule ... [and] 'natural borders,' physical boundaries that would provide the state with military defensibility and a sense of integrity and completeness." Neither of these justifications for nationalist claims fits the American case (a nation made up of immigrants can hardly lay claim to ethnicity, and "natural borders" are a much less relevant consideration in the context of an extremely weak central state and little international competition). The nationalists who suppressed southern separatism neither maintained that Southerners were ethnically "American" nor that the natural, defensible borders of the United States included the Gulf of Mexico and the western boundary of Texas. Poggi, *Development of the Modern State*, p. 90.

nationalism and the exclusive nature of the ruling coalition help explain the comparative dissension within the northern Union during the war (see Chapter 3).¹⁸

An immediate consequence of secession is a change in the scope and content of the political economy of the parent nation. This change alters the strategic considerations that supported the position of formerly dominant classes and thus can undermine the cohesion of a ruling class coalition. For example, the Republican coalition of yeoman agriculture and industrialists would probably have rapidly fractured in a political system that did not include the southern plantation economy. Without the South, the national political economy would have lacked the major reservoir of wealth that the coalition could potentially redistribute to its own members and the base of the party would have narrowed as each sector sought to impose redistributive claims upon the other. Thus the viability of a dominant class coalition changes with the scope of the political economy potentially subject to central state rule. If an independent southern nation had been successfully established, the two wings of the Republican alliance might themselves have become separatist in the new northern political economy. In sum, then, southern secession posed serious risks for the continued viability of the Republican coalition in the North and, if successful, could have begun a process of centrifugal disintegration of the entire Union.

The Confederate and Union states started the American Civil War with almost identical governmental structures, and their close similarity permits a study of comparative central state evolution that is unique in world history (see Chapter 3). The Confederacy absorbed the physical plant and personnel of the federal government throughout the South, adopted a constitutional framework that was almost a verbatim copy of the federal model, and passed legislation that adopted without change almost all antebellum federal statutes. When the war began, the two national governments were more similar in formal structure and established bureaucratic routine than any other two states in history. This meant that their expansion and development during the war was almost *solely* the product of the nature of the challenge presented by the war itself and the differences in their internal political economies (slave-plantation versus industrial-free soil systems). The combination of both factors served

18. In this context, Seward's proposal to begin a war with Spain and France over Santo Domingo and Mexico revealed the new secretary of state's profound awareness of the narrow basis of northern nationalism during the early months of the Lincoln administration. Seward evidently believed that such a foreign crisis might reunite the nation (by creating an external threat) and thus avoid civil war. Lincoln rejected the suggestion. James M. McPherson, *Battle Cry of Freedom: The Civil War Era* (New York: Oxford University Press, 1988), p. 270.

to produce central states of roughly equivalent overall strengths but with significant and surprising internal differences.

The strong Confederate state that emerged out of the southern war mobilization was remarkable in a number of respects. From a modernizing perspective, the premodern plantation elite that staffed and led the Confederate mobilization should have been hostile to the formation of an advanced state apparatus. The South did, in fact, oppose expansion of the central state both before and after the Civil War when the region belonged to a larger American political system that included an increasingly powerful northern economy. Furthermore, this southern opposition was reinforced by a states' rights political ideology and a conservative posture on constitutional interpretation that suggested a pervasive decentralizing world view on the proper role of a national government in economy and society. The claim has often been made that this ideological world view carried over into the construction and operation of the Confederacy.

The problem with this interpretation of southern state formation is that it never compared the administrative structure and policies of the central governments of the Union and the Confederacy. If, as I will maintain here, the South created in the Confederacy a central state at least as strong as the one that guided Union war mobilization, we can begin to distinguish between states' rights ideology, on the one hand, as a determinative world view and, on the other, as a pragmatic political program. From the latter perspective, both decentralist opposition to a strong federal government (when the South was in the Union) and support for a strong Confederate state can be viewed as defensive strategies directed against the hegemonic influence of the northern industrial economy in the middle and late nineteenth century. Thus, explanations of the antithetical positions of plantation and industrial elites in American development should assign the primary part to highly divergent regional political economies and only a tactical role to ideological principles. In the Union, the South needed states' rights in order to organize a consistent and broad institutional opposition to central state growth. Out of the Union, the South jettisoned states' rights and built a central state much stronger than either the antebellum or post-Reconstruction federal governments, a government to mobilize resistance to the military forces of the Union. That it did this in the space of one year from secession underscores the limiting, tactical context of states' rights philosophical concerns.¹⁹ In fact, one of the great ironies of American political development

19. This subordination of ideological "worldview" to the strategic position of the economic base does not deny the partially independent existence of ideological concerns as policy systems in which class coalitions can identify and project their "rights" into

is that a central state as well organized and powerful as the Confederacy did not emerge until the New Deal and subsequent mobilization for World War II.) Only then, some seven decades later, did the American state begin to approximate the bureaucratic controls on property and labor that had enabled the South to resist the Union during the Civil War.

The Union government chose to finance the northern war mobilization by expanding the power of the central state in three directions: abandoning the gold standard in the domestic economy and conferring legal tender status on paper currency (greenbacks); creating a national bank system that abolished locally chartered banks of issue and effectively nationalized the currency; and permanently placing (through the national bank system) a large part of the national debt with finance capitalists (see Chapters 4 and 5). The net effect of all these choices was the creation of a dependent financial class tied to the success of central state extraction and fiscal policy generally. Within the new financial system designed by the Union, however, the interests of finance capitalists became antithetical to radical Republican efforts to reconstruct the South and the new financial elite ultimately forced retrenchment and helped to bring an end to Reconstruction. In effect, by taking the form it did, Union financial policy mortgaged a radical Reconstruction of the South even before the war ended. The failure of Reconstruction, in turn, effectively ended further significant central state expansion for the remainder of the nineteenth century.

Chapters 4 and 5 thus recount one example of postwar "conservative reaction" and specify a process with some cross-national and historical applicability. The thesis they present may also reconcile some of the apparent divergence of interpretation between southern Reconstruction and postwar monetary policies that now characterizes much of American historiography. In addition, they posit a political-economic explanation for at least one of the ways in which the process of state expansion in any specific period can be self-limiting (by creating new groups and interests in the national political economy that retard further expansion). The way in which the North chose to finance the Civil War created, through its own structure, crucial, unforeseen limitations on the growth of the state in the late nineteenth century.

Once we recognize that both the Union and Confederate states were comparatively strong and that the federal government's Reconstruction policies were the most ambitious effort to remake society in American

the future. For an excellent example of this kind of interpretation, see Eric Foner, *Free Soil, Free Labor, Free Men: The Ideology of the Republican Party before the Civil War* (New York: Oxford University Press, 1970).

history, the major question associated with American state formation in the nineteenth century is not to explain its weakness but to explain why those Civil War and Reconstruction governments were dismantled. Since those governments coexisted with robust democratic systems, it cannot be the case, as most modernization theorists would have it, that wide popular access to the ballot necessarily debilitated state-building efforts. Nor can the political party competition in which antebellum, Civil War, and Reconstruction voters participated be described as a charade. The major parties, in fact, presented much more concrete and substantial political economic programs between 1859 and 1877 than ever before or since in American history.

An explanation for the disappearance of the Civil War/Reconstruction state and its replacement by the laissez-faire model of the Gilded Age is proposed at the end of Chapter 6 and distinguishes the respective interests of plantation owners and industrialists with regard to the exercise of central state authority. Plantation owners in a slave economy and for some time after the Civil War were separatist (by which is meant that they denied the legitimacy of state authority). After Reconstruction, this position was modified but, even then, resistance to central authority had a strong separatist theme. By contrast, northern industrialists were fervent nationalists and consistently favored the expansion of central state authority in two primary areas: the suppression of southern separatism and the imposition of a unified market economy throughout the entire nation. One of the main themes of Reconstruction, in fact, combined these areas by supporting the development of a free labor market in the South which would, it was hoped, encourage the emergence of indigenous, self-sustaining loyalist elements in the former states of the Confederacy.

Union victory determined the shape of the national political economy by forcefully including the plantation South within its boundaries. This victory both identified the Republican party with the survival of the state and opened up possibilities for interregional redistribution of wealth that would not have otherwise been possible. Furthermore, the central state's identification with northern economic development following the Civil War associated state power with modernization of private economic and institutional organizations. This alignment of state, region, and party only required a spare institutional apparatus dedicated to the suppression of local regulatory barriers to interstate trade and investment.²⁰ The

20. The agency of the central state most responsible for the emergence of national markets in the post-Reconstruction era was the judiciary, the very model of lean administrative organization. For example, Charles W. McCurdy has argued that "The Supreme Court's commerce clause decisions of the 1875-1890 period were of immediate importance to large-scale manufacturers and had an enduring influence on American

southern plantation elite, on the other hand, preferred a central state either too weak to overcome the centrifugal thrust of local governments or, failing that, a state just strong enough to thwart the designs of northern industrialists by imposing federal regulation on interstate commerce and investment. This interpretation, for example, can explain why John Reagan of Texas could be both the postmaster general of the Confederacy and, twenty years later, the major political proponent of the Interstate Commerce Commission, the precedent-setting extension of central state authority over the nation's railroads. As Confederate postmaster, Reagan followed his first and his deepest desire for a separate political existence for the South. His support for the ICC was an act of desperation, of self-defense against the rampaging forces let loose by industrialization. The impetus for that Commission, the Sherman Antitrust Act, and subsequent efforts to regulate the giant corporations that sprang up in the postwar decades came from western and southern agrarian efforts to restrain the economic nationalism of eastern industrialists, thus creating the first of the administrative agencies and insulated bureaucracies that have come to typify the modern state.²¹ That these early efforts failed to accomplish their purpose and, instead, were turned to very different ends by the agents of northern industrialists and financiers should not obscure either their origins in the political economy or the fundamental alignment of central state authority with northern economic development.

Within this interpretation, it is possible to suggest that the economic nationalism of the industrial North was the original impetus behind American state expansion in the late nineteenth century. It was this drive to unify the national marketplace that eventually broke the back of southern separatism. Social and political reconstruction failed because the

economic growth for they firmly established the Supreme Court's role as the umpire of the nation's [internal] free-trade network." He observes that the cases leading to these decisions were generated by the legal counsel of the giant corporations whose growth was further encouraged by these Supreme Court rulings. In other words, the cases in some instances followed the initial expansion of corporate enterprise and then accelerated a further concentration of economic power. "American Law and the Marketing Structure of the Large Corporation, 1875-1890," *Journal of Economic History* 38 (September 1978): 631-49.

21. For example, on the decision to substitute the Reagan bill for the much weaker Senate version of the proposed Interstate Commerce Act, every one of the 52 Confederate veterans who voted supported the strengthening substitute. In sharp contrast, Union veterans broke almost two to one (43 to 22) against aggressive central-state regulation of railroad rates. For further discussion of the significance of this particular vote and the Interstate Commerce Act, see Elizabeth Sanders, "Industrial Concentration, Sectional Competition and Antitrust Politics in America, 1880-1980," Karen Orren and Stephen Skowronek, eds., *Studies in American Political Development* 1 (1986), pp. 154-6. On southern agrarian influence on state expansion generally, see Elizabeth Sanders, *Farmers, Workers and the State, 1880-1916* (Chicago: University of Chicago Press, forthcoming).

installation of federally sponsored loyalist groups in the South implied broader policies of wealth distribution that threatened private property rights and had no natural northern constituency. Economic nationalism, on the other hand, had a vigorous, powerful clientele in northern industrialism. Thus, the defensive reaction to economic nationalism – southern support for an infant administrative state – was, in fact, intended to restrain the rampaging forces of northern development. In the last decades of the nineteenth century, northern idealists and reformers who desired a more conventional, European-style state were frustrated, first, because they were only marginally relevant to the major problem facing the nation (southern separatism) and, second, because those elements in the political system most opposed to state expansion (aside from regulation of northern capitalist expansion) ultimately became their most likely allies.²²

I propose an alternative explanation for the comparative weakness of the American state in the late nineteenth century that has these elements: (1) The Republican class coalition that captured the federal government just prior to the Civil War subsequently produced the central state's confrontation with southern separatism. (2) The major problem facing state-builders was thus not associated with a robust democracy, but southern separatism. (3) In confronting separatism, the central state moved from violent repression to a state-centered solution (involving Reconstruction), and, finally, to a (loosely effected) market integration. (4) In sum, American state formation assumed the form of a northern, industrial program in which incomplete political integration coincided with the creation of national markets and corporate consolidation.

There were, then, at least five different American states in the late-nineteenth century: the self-effacing antebellum state; the two national governments of the Civil War; the highly centralized Reconstruction state; and the market-oriented state that followed the withdrawal of military troops from the South. None of them bears much resemblance to classic European models, but they don't resemble one another very much, either. They are linked together by their focus on one central problem, the persistent demands of southern separatism.

22. For example, see Sanders, "Industrial Concentration, Sectional Competition and Antitrust," pp. 142-214.