

Unit: Civil War

Lesson: Economic Impacts of Reconstruction

Name _____



Union General William T. Sherman brought destruction to Southern lands during his March to the Sea.

Most of the Civil War battles were fought in the South, which ravaged Southern lands. Farms were no longer able to produce crops, railroad tracks were destroyed, bridges and roads were unusable, and buildings were burned or demolished. Many of the South's natural resources were destroyed. As a result, the effects of the war devastated the Southern economy. Property values decreased, and many small farms were ruined with no hopes of recovering. It effected



Atlanta was one of many Southern cities destroyed by the war.

Southerners in every economic class. They were poorer than they were when the war began.

After the war, Southern governments had to rebuild the region. **Public works** programs were started. Roads, bridges, and railroads were repaired. However, these projects were expensive. There were few funds available, so the governments increased taxes which slowed the South's economic recovery.

After the war, many African Americans wanted land to own. They wanted to have financial freedom. In January 1865, Union General William T. Sherman had promised 40 acres of land and the use of army mules to any freed slave who fought in his army. When the war ended, about 40,000 **freedmen** settled on 400,000



Illustration showing a freedman farming in 1866.

abandoned acres in Georgia and South Carolina. These lands were suitable for farming. However, in August 1865, President Andrew Johnson declared those lands be returned to the original owners and forced the freedmen to leave. Republican leader Thaddeus Stevens called for the federal government to confiscate some of the lands and redistribute it to African Americans. Many Republicans believed it was wrong to take citizens' private property, so the government refused to redistribute land in the South. The government did pass the 1866 Southern Homestead Act, which set aside 44 million acres in the South for freedmen and loyal whites. However, this land was swampy and unsuitable for farming. Many

freedmen did not have the money to purchase farmable land, and many whites refused to sell land to African Americans. As a result, few freedmen became land owners, and many ended up working for **wages** on white-owned plantations.

Southern planters struggled after the war because they were used to having complete control over their labor force. After the war, freedmen now had control over their personal lives. They could decide which members of their family worked in the fields. Many African American women chose to spend more time raising their families, and many children began to attend school. Some planters did not want to pay wages to former slaves, and some freedmen refused to work in the fields under former slaveholders. As a result, many planters complained of a labor shortage. There were also disputes over wages, and many planters tried writing into labor contracts that African Americans had to obey all commands. Even though many African Americans did not want to sign labor contracts, they needed to be able to grow crops to feed their families. Many could not buy their own land, so they became **sharecroppers**. The system of sharecropping involved wealthy land owners allowing



Sharecropper's cabin in the late 1800s.

poor whites and African Americans to farm their land in exchange for some of the crops. Once the crops were harvested, the land owner would take a share, usually about one-half to two-thirds. Then the sharecropper could sell the rest for a profit. Some sharecroppers would be able to save money and pay rent to farm the land instead of giving up some of their harvest. **Tenant farming** allowed them to keep all of their harvest, and eventually they would be able to save enough money to buy their own land. The system was supposed to allow African Americans and poor whites to eventually become land owners.

However, in reality many sharecroppers stayed in **debt** because they had to borrow money for supplies and equipment, and often the profit was not enough to pay off the debt owed. Many sharecroppers had to remain on the land farming, until the debt was paid off, if ever. Many became tied to the land they farmed, with

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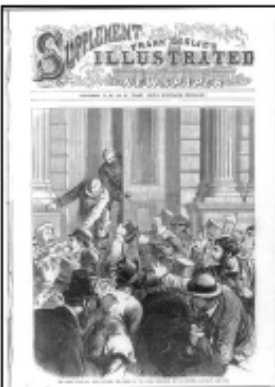
no hopes of getting out of debt. Those who were able to become tenant farmers had to use **credit** to purchase supplies, and merchants often charged high prices. Many tenant farmers were not able to pay off past debts, which meant they would never be able to buy their own land. Sharecropping kept the South's economy from growing, and it kept most sharecroppers in poverty. By 1880, most farmers in the South were sharecroppers, with 80% of African Americans being sharecroppers.

Prior to the Civil War, the South was an agrarian society, and cotton was the South's most important crop. During the war, however, other countries increased their cotton production, and the demand for Southern cotton decreased. After the war, some Southern planters increased cotton production, which helped drive the price further down. In 1864, a pound of cotton was 50 cents, and at the end of Reconstruction a pound was less than 10 cents. After the war, planters turned to a different crop to make money—tobacco. The South also opened textile factories. Freedmen who lived in the South realized that cities offered more opportunities for them, so many moved to cities. From 1865 to 1870, the African American population doubled in the ten largest Southern cities. Many found work as domestic servants. Most were manual laborers. However, in the South, African Americans were usually not hired at factories. Most of the factory jobs went to whites. As industrialization and the tobacco industry grew, the Southern economy improved, but it still lagged behind the Northern economy.

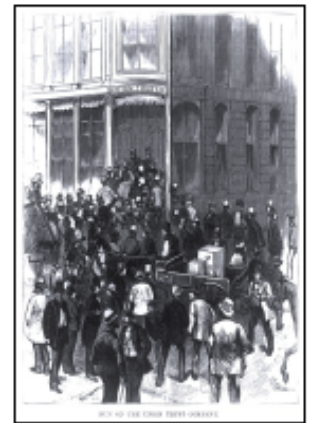


Tobacco farming became popular in the South.

In 1873, the worst **depression** in American history began. Since the end of the war, Northern and Southern **investors** had been taking out **loans** to rebuild the South. Unfortunately, many took out large loans they could not pay back. The Panic of 1873 saw several small banks go out of business, and even the stock market temporarily closed. By 1875, more than 18,000 companies had gone **bankrupt**. The unemployment rate hit 15%, and millions lost their jobs. African Americans, whites who did not own land, and immigrants were hit hard, and they wanted relief from the federal government. Republicans passed the Resumption Act of 1875 to prevent inflation. Northerners were angry, and they voted Democrat in the 1876 election, which ended Congressional Reconstruction. The poor economic state of the country became the focus for most Northerners and the Republican Party. As a result, Reconstruction efforts slowed and eventually stopped, and the Southern economy would suffer into the 20th century.



Doors of the Stock Exchange closing (1873)



A scene from Wall Street (1873)