

The Market Revolution in Early America: An Introduction

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For at least a dozen years now historians have talked about a “market revolution” that marked the history of the United States during the first half of the nineteenth century. Charles G. Sellers’s book by that name (1991) suggests a particular, synthetic explanation of changes that reshaped American life during the so-called “Age of Jackson”; but other historians, before and since, have used the term a bit more loosely to refer to a host of developments that accompanied the spread of an expanding, ambitious, innovative, self-governing people across the early United States before the more dramatic advent of heavy industrialization in the post-Civil War era.

Without confining the term too precisely, any definition of “the market revolution” must center on the general displacement of traditional, cultural controls over production, distribution, and exchange—defining characteristics of so-called “early modern economies”—by market transactions governed almost exclusively by economic factors such as supply, demand, and price. To be sure, markets and exchange existed long before the nineteenth century and could be found, and still can be found, in societies that bear few marks of the modern capitalist system. Just as certainly, human behavior, even in the twenty-first century, never quite mirrors that exquisitely rational action predicted by freshman-level economics textbooks. But if we step back for perspective, it seems clear enough that sometime after the Revolution and before the Civil War Americans allowed market forces and market relations to banish all kinds of emotional attachments, customary rights, familial considerations, class and gender privileges that once had cushioned (or clouded?) their material interactions. Before the market revolution, who you were, where you were, and what you were still played a determining factor in how you bought, sold, and prospered. After the market revolution, money alone mobilized goods and people, no matter how grand or mean the owner of the purse.

What caused this transformation? Here the game becomes contentious, because the phenomenon itself, like a mirage, tends to evaporate as we draw closer for analysis. At the time, some people credited the “genius of the age” and the “spirit of enterprise,” proclaiming it the natural consequence of freedom and opportunity. Others, especially those who

lost rights, status, or position, strained to look behind the curtain (as it were) to see who it was that conspired against their welfare. Historical perspective helps only a little, because in fact there were conspirators and geniuses both. Like all profound and complicated cultural changes, the market revolution offers up a cast of leading characters but also an uncounted host of bit players, members of a chorus who may or may not have even recognized their part in what was happening.

The sheer abundance of land and resources in North America contributed enormously to the outcome, although most persons at the time took the generosity of nature for granted. The general liberation produced by the American Revolution, celebrating liberty, equality, and property rights, gave ambitious individuals free access to those resources while it stayed the hand of kings or governors who might have restrained them. Depending on your view of human nature, competitive individualism may seem the natural result of removing controls or an unnatural instinct cultivated by a system of rewards and punishments. Either way, the market revolution proceeded on a very broad front, co-opting a majority—willingly or not—and planting in the popular mind a belief in “natural” economic laws as irreducible as gravity itself.

Three old colonial habits and one relatively new expediency helped provide the energy that followed American independence. **Pioneering** quite literally had defined the American experiment since the first settlers landed at Jamestown. Unlike Old Europe, where people stayed rooted in place for generations on end, Americans became Americans by pulling up stakes and venturing out into unknown lands. Children came of age in British North America assuming that they too would seize new land and bring it into production. Similarly, **innovation** marked the lives of colonists who, try as they might, never could reproduce traditional ways and means of living in the New World. Historians now commonly portray our eighteenth-century ancestors as disappointed by the ways in which they *failed* to reproduce British society. But in passing through the crucible of revolution, most of them came to see their makeshift, make-do habits of invention as a virtue rather than a vice. Finally, **slavery**—the rankest exploitation of labor for commercial gain—had typified economic life in the colonies since the

starving times of the 1600s. After five or six generations of buying and selling “hands” (in the case of Africans, with whole bodies attached), Americans had grown comfortable with separating labor as a factor of production from the rights and privileges of laborers as persons. The new expediency can be seen in the ease with which post-revolutionary entrepreneurs extended the **exploitation** once reserved for convicts, bound servants, and slaves to members of their own communities and households—women, children, and other free men.

Give people who have been conditioned to a life of pioneering, innovation, and the exploitation of labor free access to a continent of underdeveloped resources, limited only by governments of their own devising, in a world already steeped in commerce and tasting industrialization, and we should not be surprised to see a market revolution. But people *were* surprised, in large part because what seemed to them “traditional” behaviors suddenly gave birth to a new system of anonymous transactions that exploded the face-to-face, embedded cultural communities in which those traditional habits had prevailed. The façade of hierarchy, prerogative, and social deference was quickly ripped away after the Revolution in America. High mobility, political equality, and economic opportunity tended to cut people loose from ancestral homes and values and encourage them to reinvent themselves in new places pursuing new occupations. America’s famous “rootlessness” had begun.

Living among strangers now, mobile Americans had no choice but to find goods and services in markets where their own good name derived from honoring contracts and nothing else. People selling goods saw no benefit in flattering “gentlemen” with discounts and privileges when all stood equal before the law and the ballot box. Buyers just as quickly lost their loyalty to local vendors and producers when lower prices lured them into stores filled with goods from who-knows-where.

Negative consequences popped up all over the United States in the early years of the market revolution, but few people seemed to recognize their common origin or the significance of what they foretold. Pioneer farmers, whose wives gave up the spinning wheel and loom to purchase cloth from the dry goods merchant, found themselves bound to cash crops whose prices fluctuated wildly as the game progressed. New England farm girls took advantage of cash wages in the well-ordered boardinghouse systems of the Lowell mills, only to find the market squeezing down their incomes while their chances for marriage slipped quietly away. Planters on worn-out tobacco farms may

have felt paternalistic toward their “black families,” but their sons nevertheless took those slaves to the cotton or sugar frontier where their worth (and their hardships) dramatically increased. Craftsmen making shoes and hats and hardware struggled to meet burgeoning demand in the American domestic trade, inventing in the process what their journeymen called the “bastard workshop,” where men in their thirties with families still labored for wages better suited to single teenagers. Everyone was knit together in a web of credits that unraveled when-

ever money grew tight, confidence waned, or world prices for corn and cotton suddenly dipped. Voices of protest could be heard everywhere, but seldom in harmony, except during panics when hostility was aimed at banks and politicians—neither one of which really controlled most of what was going on.

For generations what we now call the market revolution was known to history and its teachers simply as “progress,” the story of the rising success of the American nation. Freed by their rebellion from the “corrupt” institutions of king, class, and established church, Americans blossomed as nature intended in their pastoral wilderness, multiplying riches in Biblical proportions. This naïve perspective was itself a product of the market revolution, of the liberal ideology that gave supremacy to free exchange and individual self-determination over all other bonds and obligations. For this reason, most texts and monographs written before the 1960s saw little need to explain the triumph of capitalist relations in America: what had happened was what ought to be. Historians puzzled over the primacy of stimulating factors: Was it the presence of “free land” on the frontier? Some kind of technological genius born of hardship and necessity? The spirit of Protestant religiosity? A

manifestation of middle-class ambitions unchecked by aristocracy? But only occasional Marxists really questioned the benevolence of American economic development—and their ideological convictions were thought to be perverse.

The result of this widespread consensus was a literature more descriptive than analytical, epitomized by a nine volume *Economic History of the United States* started in 1947 that included Curtis Nettels, *The Emergence of a National Economy, 1775-1815* (1962); George Rogers Taylor, *The Transportation Revolution, 1815-1860* (1951); Paul Wallace Gates, *The Farmer’s Age: Agriculture, 1815-1860* (1960); and Edward C. Kirkland, *Industry Comes of Age: Business, Labor, and Public Policy, 1860-1897* (1961). Some scholars did probe the causal connections between politics and economics in such works as *Commonwealth: A Study of*



Settlers, such as these depicted in the engraving “Spring--Burning fallen trees in a girdled clearing,” built cabins and created fields on the so-called “empty” frontier. (Engraved by W.J. Bennett N.A. from the original painting by G. Harvey A.N.A. Image courtesy of the Library of Congress, LC-USZC4-10085)

the *Role of Government in the American Economy: Massachusetts, 1774-1861* (1947) by Oscar Handlin and Mary Flug Handlin, and *Economic Policy and Democratic Thought: Pennsylvania, 1776-1860* (1948), by Louis Hartz; and University of Wisconsin legal historian J. Willard Hurst added a major analytical dimension to the historiography with *Law and the Conditions of Freedom in the Nineteenth-Century United States* (1956). But none of the literature before the 1960s looked much beyond the assumptions of the liberal capitalist tradition for explanations of the causes of modernization and economic growth.

Three lines of inquiry appeared in the 1960s to produce an explosion of scholarship relating to the market revolution. First, a group of historical economists in the 1960s began trying to apply economic theory and quantification to historical problems, yielding such diverse works as Walt W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (1960); Robert W. Fogel, *The Union Pacific Railroad: A Case of Premature Enterprise* (1960); Douglass C. North, *The Economic Growth of the United States, 1790-1860* (1961); Lance E. Davis, Jonathan R. T. Hughes, and Duncan M. McDougall, *American Economic History: The Development of a National Economy* (1965); Stuart Bruchey, *The Roots of American Economic Growth, 1607-1861* (1965); and the revival in 1964 of a specialty journal, *Explorations in Entrepreneurial History*, dedicated to quantification and theory-enhanced argument.

The second new thread grew primarily out of the business history workshop of Alfred D. Chandler Jr. Prior to Chandler's breakthrough study, *Strategy and Structure: Chapters in the History of the Industrial Enterprise* (1962), business history existed as a class of biography centering on individual entrepreneurs or their firms; Chandler brought theory into play to study patterns and trends within the business system. As cases piled up in Chandler's files, a master synthesis gradually took shape that appeared in 1977 as *The Visible Hand: The Managerial Revolution in American Business*. Perhaps reinvigorated by Chandler's success, Thomas C. Cochran, who had been writing social histories of American business since the late 1940s, produced an excellent analytical essay on the antebellum economy, *Frontiers of Change: Early Industrialism in America* (1981).

Third, social historians strongly influenced by neo-Marxist critiques of politics and social conditions revived leftist perspectives from the Progressive Era and the 1930s (see, for example, Louis M. Hacker's 1940 work, *The Triumph of American Capitalism: The Development of Forces in American History to the End of the Nineteenth Century*) and challenged the entire notion of progress or benevolent economic growth. The best of this literature appeared first in English history, especially

in the works of Christopher Hill and E. P. Thompson. By the 1970s, American studies of social and economic structures, class, and social dynamics blended elements of radical European historiography, historical sociology, and cultural anthropology into a new cultural history that was holistic, left-leaning, and highly critical of what earlier liberal scholars had assumed was simple progress.

This third thread became intertwined quickly with a new interpretation of the American revolutionary movement, originating with Bernard Bailyn, *The Ideological Origins of the American Revolution* (1967) and perfected by Gordon S. Wood, *The Creation of the American Republic, 1776-1787* (1969), that placed republican ideology at the center of the American independence campaign. All of a sudden American historians saw a cultural watershed between a colonial world of monarchy, privilege, and hierarchy and a new order dedicated to individual liberty and equality—a watershed that coincided (more or less) with the breakdown of pre-modern, culturally embedded economic relations and the emergence of "heartless" markets. Important essays by James Henretta, "Families and Farms: *Mentalité* in Pre-Industrial America," *William and Mary Quarterly* (1978), and Michael Merrill, "'Cash is Good to Eat': Self-Sufficiency and Exchange in the Rural Economy of the United States," *Radical History Review* (1977), a collection of essays edited by Steven Hahn and Jonathan Prude, *The Countryside in the Age of Capitalist Transformation* (1985), and Allan Kulikoff, *The Agrarian Origins of American Capitalism* (1992) marked some of the possibilities of this line of

interpretation. While not exactly hostile to the intentions of the Framers—after the fashion of Charles A. Beard's *Economic Interpretation of the Constitution* (1913)—this new scholarship nevertheless reintroduced the idea of the founding of the republic as a two-edged sword, bringing loss as well as gain.

This convergence of scholarly trends set the stage for the present generation's debates about the market revolution—and it framed the central dilemma in the literature. At least sentimentally, the pre-modern economic order seems "good," while ruthless capitalism seems "bad"; but monarchy is "bad" and democracy is "good." American history as morality tale was coming apart at the seams. As a result, teachers seeking to read up on the market revolution will encounter some surprisingly contentious literature about things they did not know were quite so controversial. (This essay may serve as something of a guide to the innocent as they enter this academic thicket.)

Most recent writings have tended to cluster in camps, one around the theoretical promises of neoclassical economic theory and the tech-



Peddlers became an important part of the new market economy, carrying their wares with them. (Anonymous peddler, ca. 1840-1860. Image courtesy of Daguerreotype collection at the Library of Congress, LC-USZC4-4161 DLC.)

nically impressive performance of modern, capitalist economies, the other around a more nostalgic vision of the “world we have lost” and a critical view of the wreckage produced by capitalist relations especially among poor, less educated persons, subject classes or nations, and the environment. A good primer for this literature can be found in Paul A. Gilje, ed., *Wages of Independence: Capitalism in the Early American Republic* (1997), especially chapter one. Also notable for balance and synthetic ambition is a new book by Martin Bruegel, *Farm Shop, Landing: The Rise of a Market Society in the Hudson Valley, 1780-1860* (2002), one of a number of new works striving to reintegrate the fruits of this argumentative scholarship into a comprehensible account of what happened and why in the early American economy. □

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