COTTON MILLS OF THE NEW SOUTH AND AMERICAN FOREIGN POLICY 1865 - 1901

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Chapter I

The Dawn of a New Era

The Civil War looms large behind the development of southern cotton mills and their increasing influence on American foreign policy. In declaring independence, the South served notice of its decision that it was no longer in its interest to remain in the Union. The long, hard struggle which followed resulted in heavy losses of men and material resources, particularly in the South. The war left angry scars and bitter memories that were not soon forgotten; and northerners even more than defeat - demanded repentance from the South for its past sins.

But the people from the defeated section had not lost their pride and they refused to humiliate themselves by asking the pardon of their masters. Northerners also demanded a social and intellectual revolution in the southern attitude toward the Negro. But having a deep belief in the innate inferiority of the black man, southerners continued to resist northern attempts to force them to accept the Negro as a social equal. Gradually, social and economic forces moderated the misunderstanding and sectional hatred generated by the Civil War and Reconstruction;[1] but it was not until the end of the century that cotton manufacturers from both the North and the South came together for the purpose of supporting a foreign policy thought to be in the interest of both sections.

In the years immediately following the war, the nation's political stability depended upon the force of northern armies. Radical attempts to reorganize southern society were resisted by southerners who felt

they were defending their rights. This sectional deadlock was not broken until business interests in the North decided that radical rule was postponing their opportunity to exploit southern resources. Having accepted military defeat, southern business interests also began to think about their future in the new nation. And with few alternatives open, the South, led by conservatives of Old Whig traditions, gradually accepted the northern system of industrial capitalism. The disputed election of 1876 opened the way for a bargain. The North was willing to abandon its demand for social equality for the Negro and to restore home rule in the South. The South was willing to surrender the presidency and to exchange its resources for northern capital and internal improvements. More and more, southerners relegated national politics to the background and turned to economic - or real - reconstruction. The Compromise of 1877 sounded reveille for the rise of the New South.[2]

These political and psychological results of the war were not the only ingredients that went into the construction of cotton mills in the New South. Economic conditions were also important. Swayed by the inertia of habit and custom, southern rebels soon returned to their cotton fields to cultivate the staple that continued to be the backbone of their economy. And the high prices for raw cotton, resulting from low production during the four years following surrender, contributed materially to the economic recovery of the South.[3] The rapid construction of railroads was another significant factor laying the groundwork for the growth of southern cotton manufacturing, and before the end of the 1870's a railroad network connected the South Atlantic states to northern markets and seaports.[4] In reviewing these developments, one

economic historian has concluded that the era of reconstruction was a "germinal period" for manufacturing in the South.[5]

The Piedmont region possessed an excellent combination of resources for the manufacture of rough cotton textiles. In the first place, the region had great fields that were filled with short staple cotton which was used in the production of coarse grades of goods, and this local supply reduced the cost of transporting the raw material to the factories. Secondly, the mountain streams cutting through the area afforded an adequate supply of water power which lowered the cost of operating the machinery. Finally, the poor whites residing in the nearby mountains and surrounding farm lands provided an additional low-cost input easily adaptable to the technological developments in the textile industry. Some of these people were without jobs, and others, who eked out an existence as sharecroppers and tenant farmers, were increasingly pinched by the downward trend in the price for raw cotton. Conditions of poverty caused whole families of this poor white class to be sucked into the southern industrial process. And this large supply of cheap labor became the foundation upon which the cotton mills of the New South were solidly based.[6]

Understanding the valuable resources of the Piedmont region, southern business interests remained active in cotton manufacturing and no appreciable break in this infant southern industry occurred during political reconstruction. A large number of the southern establishments emerged from the war unscathed. In South Carolina, for example, only one of the 16 mills operating before the war was destroyed.[7] The factory at Graniteville had experienced little interruption and in 1867 it

was reorganized under the leadership of H. H. Hickman.[8] This rapid recovery is indicated by the 69 cotton mills in operation in the South by 1868. This was approximately two-thirds of the number in 1860.[9] These mills soon brought high returns to their owners. During the three years after the war, for example, the Augusta Factory paid 20 per cent dividends; and other southern mills were equally profitable.[10]

An air of confidence prevailed in the South and many new cotton factories were projected. But just as construction commenced, the movement was halted by the panic of 1873 and the ensuing depression.[11] The Piedmont Manufacturing Company of South Carolina was organized in 1873, for example, but operations were interrupted by the panic of that year and it was not actually built for another three years.[12] Even during the depression, however, a number of southern establishments continued to pay annual dividends of 8 to 16 per cent.[13] And when prosperity returned at the end of the decade, many southerners were anxious to invest in new factories. Between 1880 and 1883 cotton mills were rapidly constructed in the South and the four leading states showed remarkable gains in their number of cotton spindles:[14]

	1880	1883
Alabama	55,072	90,000
North Carolina	102,767	156,630
Georgia	200,974	300,000
South Carolina	92,788	180,701

This boom in mill building was infused with so much enthusiasm that it assumed the dimensions of a crusade against the North. In breaking away from the old, purely agricultural way of life, southerners had no intention of surrendering their autonomy or losing their identity

in the sea of Yankee Industrialism. Rather than a change of heart, the South's acceptance of industrial progress represented a change in tactics.[15] And the cotton mills, which came to symbolize the New South, were to provide employment for the common whites and were to be closed to the Negro. The South had opted into the system of the North, but it did so without forgetting the Civil War or giving up the sectional struggle. By taking up the economic weapons of their conqueror, southerners began to argue that they could restore their pride as well as regain prosperity. The construction of each new mill in the early 1880's was hailed as a victory over the North, and southern newspapers kept score in articles entitled The Cotton Mill Campaign.

Most of the capital used in the building of mills during the crusade to "Bring the Cotton Mills to the Cotton Fields" came from native sources.[16] The falling price of raw cotton led many southerners to seek investment opportunities outside agriculture.[17] The construction of the smaller mills was dependent upon local capital gathered from a wide variety of people - farmers as well as doctors and clergymen. Even for the larger establishments, moreover, most of the capital came from the South, especially from businessmen in the more sizeable cities. Jobbers and cotton merchants of Charleston, for example, were the principal backers of the Pelzer Manufacturing Company built in 1883. And the leading bankers and industrialists of Atlanta were among the major stockholders of the Exposition Cotton Mills erected in 1882.[18] In addition to home capital, some money from the North was invested in southern factories as the political tensions eased following the Compromise of 1877. This outside capital, when added to that accumulated

in the South, may have made the difference between success and failure for some individual mills, but for the most part the South built its own mills.

The initial impetus and leadership of the movement to Bring the Cotton Mills to the Cotton Fields was also southern. The economic aspirations of southern businessmen and the redeemer politicians who represented them were reflected in the Compromise of 1877, and most of the new mill leaders had family connections with business interests in railroading, banking, or commerce. Henry P. Hammett of the Piedmont Company, for example, had been a president of the Greenville and Columbia Railroad, while H. M. Cramer, one of the key organizers of the Bibb Manufacturing Company, was a wealthy cotton factor in Savannah. Another typical case, Francis J. Pelzer, a successful Charleston merchant, was an investor in the Graniteville, Clifton, and Pelzer mills. These native-born southern industrial leaders of middle-class origin were described by contemporaries as "cold, shrewd, farsighted."[19]

Secondary studies dealing with the rise of cotton mills in the South have generally concerned themselves with value judgements in explaining the phenomenon. Little attention has been devoted to the question of how southerners thought that factories in their section would make a profit. W. J. Cash, in The Mind of the South, gives a "Peter the Hermit" account of southern mill construction. "This was not a business, but a social movement," Cash states. "Any profit that might accrue to the originators of the mill was but incidental. The main thing was the salvation of the community, and especially the poor whites, who were in danger of being submerged altogether."[20]

On the other hand, Jack Blicksilver, in Cotton Manufacturing in the Southeast An Historical Analysis, maintains that the "Southern Yankees" responsible for mill building were "basically" motivated, "as were their northern counterparts by economic considerations."[21] Thus the issue has often been cast in terms of whether the activity was spurred by selfish or humanitarian motives. Stated in these terms it is quite difficult, if not impossible, to answer. It is more fruitful to begin by asking what southerners had to say concerning their own motives. Their comments make it apparent that the factories were constructed on the premise that they would produce a good profit.

Southerners pointed to the large dividends paid by the Augusta, Graniteville, and Langley establishments as very "powerful incentives to the development of kindred enterprises."[22] In arguing for the construction of cotton factories in Charleston, the News and Courier told capitalists that "they can make more money by such an investment than by any other."[23] In editorials designed to stimulate investment in cotton mills, southerners argued from a theory of human nature that offered a resolution of the tension between the traditions of Christianity and the ethics of business.

A typical appeal in the Augusta Chronicle and Constitutionalist, calling for investment in the Sibley Manufacturing Company, affords a good illustration of this pattern. "The pride which we feel in the growth of our city," the editors explained, "and the desire to be useful and do good to our fellows, and the powerful motives of self-interest all combine in appealing to our moneyed men."[24] Southerners thus avoided confronting themselves with a black and white choice. They

argued from the outset that they could have their rectitude and their profits. As long as the cotton mills were profitable, all interests would be best served.

When southerners asked how their cotton factories would prosper, they habitually compared their conditions with those in New England. They maintained that the South had the advantages of a milder climate and abundant supplies of raw cotton and water power. Besides these "natural" advantages, southerners claimed that their labor was cheaper because living costs were lower in the South than in New England. Some felt as early as 1877 that the "manufacture of cotton has passed beyond the experimental stage" in the South,[25] and a new sectional conflict had opened. Bring the Cotton Mills to the Cotton Fields became the battle cry of the New South. There are over 200,000 spindles to Georgia's credit, cried the Columbus Enquirer in 1880, and these are the "weapons peace gave us, and right trusty ones they are."[26]

The strategy of the New South called first for the monopolizing of the manufacture of coarse cottons followed by an assault on New England's position as leader of the fine counts produced. A member of the staff of the Charleston News and Courier visited the cotton mills of South Carolina in 1880 and found that the profits of these factories ranged from 18 to 25 per cent. He predicted that "for many years to come the bulk of the cotton mills in the South will be making yarns and coarse cloths." But ultimately, "in the fullness of time...the South shall successfully control the cotton manufactures of the country."[27] A year later, the Atlanta Constitution declared that "the conflict between New England and the South as the true seat of cotton manufacture has

just fairly begun." Admitting that the South lacked "capital, experience, and skill," the Constitution confidently boasted that "the south can win--and win it will, because all else is in its favor."[28]

The Cotton Mill Campaign opened with an attack on the tariff on textile machinery. The Memphis Appeal felt that the southern manufacturer ought to be "relieved by allowing him to get his machinery and whatever else he may require in his business where he can get them the cheapest."[29] A young Georgia congressman, Emory L. Speer, viewed the tariff on textile machinery as "a prohibition on the purchase of machinery abroad," which was slowing the New South's mill building program. He put the matter simply--"We want the load taken off."[30] Henry Grady's Atlanta Constitution was especially vocal in expressing discontent about the tariff that prevented the South from adding "thousands of spindles to those she now possesses." The Constitution clearly defined New England as the enemy of the South's industrial progress. "Until we have a tariff revised in the interests of the producing classes, as distinguished from the capitalists and monopolists, New England will maintain its ascendency in new manufactures."[31]

Northern spokesmen for the textile industry were well aware of the southern advantages in the manufacture of cotton goods. The editors of Bradstreet's experienced anxiety already by 1880, fearing that "it would not be surprising if the center of cotton manufacture gradually drifted in a southerly direction."[32] Later in the year its Charleston correspondent had little doubt that the South "will some day seriously compete with the East in the manufacture of cotton goods."[33] The New England Cotton Manufacturer's Association was warned in 1881 of the

implications of the Cotton Mill Campaign. Richard Gursed, its official representative at the Atlanta Exposition, reported his impressions of the South to the members of the association. "I have been compelled," stated Gursed, "to change my views very materially of the chances of the Southern manufacturer being more of a competitor than we are anxious to have."[34]

As New England turned to meet this challenge, many commentators suggested emphasizing finer goods to avoid competition from the South. The Boston Journal of Commerce, the leading textile journal in New England, thought that "it will not be many years before the majority of heavy goods will be made in the South." This "will require New England to go further with fine goods" and "in return will cut off the exports of fine French, German, and English goods" to America.[35] The Philadelphia Times agreed that "the eastern manufacturers have no permanent remedy against this new competition, except in the manufacture of a finer and better finished grade of goods."[36] And as early as 1881, Philadelphia manufacturers began planning a textile school in that city in order to become more skillful in the production of finer counts in the face of the threat from the South.[37]

But most New England cotton manufacturers declined to abandon the manufacture of coarse cloth without a good battle. The Boston Journal of Commerce made it clear that, in its opinion, cheap labor constituted the South's most important advantage over the North, and predicted in 1882 that this advantage "will undoubtedly be opposed in the near future by those who wish to be placed on equal terms in this important industry."[38] Although the push for national labor legislation to

equalize conditions of production in both sections did not come until much later, northerners did begin to employ other means to undercut southern advantages. As early as 1880, the Southern Railway & Steamship Association had institutionalized a regional freight rate discrimination in favor of New England.[39] The Manufacturers' Record interpreted the appeal of New England cotton manufacturers for lower freight rates to meet "the growing opposition of Southern cotton mills" as "a plea of weakness."[40]

Edward Atkinson led the northern response to the South's mill building crusade. During the 1870's, Atkinson was the treasurer of several large cotton establishments in the North as well as a vice president of the New England Cotton Manufacturer's Association. The members of this association were concerned, not only about southern competition, but also about the poor quality of raw cotton their mills received. Atkinson went south in 1880 to begin a "campaign of education" among cotton planters to get them to improve the cultivation and handling of their crop. About the same time, he suggested holding an exposition in the South to help accomplish his purposes.[41] Atkinson "visualized the future growth of the South along lines which would be supplementary and not antagonistic to the economic interests of the North."[42] The idea of an exposition easily excited southerners because they were already dreaming about transforming their section into the cotton manufacturing center of the world. Atkinson tried to steer them away from that objective by telling them that their shortage of capital made it wise to invest in other branches of industry.[43]

Southerners reacted bitterly against the idea that they should be

on the agricultural end of an imperial relationship with the industrial North. When the Piedmont Company was built in 1876, Edward Atkinson wrote an article explaining why cotton manufacturing could not pay in the South. Upon reading the article, the president of the mill clipped a statement of its 20 per cent profit rate for the year to the article and had it sent to Atkinson.[44] Other southerners made similar responses to Atkinson's "educational campaign" in 1880. A visitor reported that most southerners disagreed with the ideas of Atkinson and felt confident of their ultimate victory in the Cotton Mill Campaign.

> Mr. Atkinson thinks it might be easier, or better, for the Southern people to begin with other manufactures, such as shoemaking and other industries requiring a less costly 'plant' than with the manufacture of cotton, until they have more capital than at present. But Southern men insist that the South is the natural and proper place for the manufacture of cotton, and that the time has already arrived for them to make all the coarse cotton fabrics.[45]

Not satisfied with the status of shoe makers for the North, the editors of the Augusta Chronicle and Constitutionalist were outraged by the insults Atkinson had thrust at their section. They pointed to the large establishments of their city that were paying handsome dividends as proof of the South's ability to manufacture cotton at a good profit, and they suggested that Atkinson ought to see the facts for himself.[46]

Hoping to escape the confines of a colonial economy, southern newspapers enunciated a developmental program for the New South. They called for the construction of cotton factories as a way of overhauling the entire economy of the South.[47] Their argument may be summarized as follows: Once cotton factories were established and paying good dividends, other industries would move south. This growth of industry

would stimulate urbanization. With the establishment and growth of mill towns, diversified agriculture would become possible, for the urban population would create a local demand for corn, flour, and other agricultural products. The cotton mills built in the South would also create a demand for raw cotton which would increase the price received by the planter. This was what southerners meant by real reconstruction.

This plan for the New South was based upon the assumption of continually expanding markets for its cotton goods, and southerners were confident of their ability to compete profitably both at home and abroad. William C. Sibley, president of the Langley Manufacturing Company, maintained that the lower cost of cotton and cheaper labor gave the South an advantage over New England and "she has competed successfully with New England in the manufacture of brown sheetings, shirtings, and drills, both for the home and export trade."[48] The annual report to the stockholders of the Augusta Factory in 1878 supported Sibley's argument. "The factory has already a considerable foreign trade, and it is not improbable that in a few years this trade will take a large portion of the production of the mill." At this time, the factory was paying regular dividends of 8 per cent.[49]

Henry P. Hammett and his Piedmont Company illustrate how many southerners viewed their marketing problems during the Cotton Mill Campaign. Hammett was a pioneer in the South's cotton industry and his mill served as a model for the Pelzer Company and other large establishments built in the vicinity of Greenville, South Carolina. As early as 1880, the Piedmont Mill was producing large quantities of heavy sheetings and drills to fill export orders for South America,[50] and in the

following year it shipped 1,200 bales of sheetings and shirtings directly to China.[51] This same mill exported over 50 per cent of its total production in 1881 and 1882.[52]

Hammett insisted that the New South would have no problem in finding a market for its heavy coarse cottons. "The demand for the style of goods made at the South is at present sufficient to take all that are made and the demand is constantly increasing," Hammett assured. "Besides the demand for distribution in the United States," he added, "a demand for Southern goods made for export is constantly increasing...and is today sufficient to reduce any large quantity that may be accumulated."[53] This belief in an ever enlarging foreign market for their cotton goods bulked large in the eyes of those responsible for mill building in the South. And as they increased their sales abroad, southerners like Hammett began to seek government aid for the maintenance and extension of their export trade. In this way, the cotton mills of the New South exerted an increasing influence on American foreign policy.

FOOTNOTES

[1]Paul H. Buck, The Road to Reunion (Boston: Little Brown and Co., 1937), Chapter 4.

[2]C. Vann Woodward, Origins of the New South 1877-1913 (Baton Rouge, La.: Louisiana State University Press, 1951), Chapters 1 and 2.

[3]Richard W. Griffin, "Reconstruction of the North Carolina Textile Industry, 1865-1885," The North Carolina Historical Review, XLI, No. 1 (January 1964), 40.

[4]Jack Blicksilver, Cotton Manufacturing in the Southeast An Historical Analysis (Atlanta: Bureau of Business and Economic Research, Georgia State College of Business Administration, Bulletin No. 5, July 1959), 4.

[5]Victor S. Clark, "Modern Manufacturing Development in the South, 1880-1905," The South in the Building of the Nation, VI (Richmond, Va.: Southern Historical Society, 1909), 253-255.

[6]Broadus Mitchell, The Rise of Cotton Mills in the South (Baltimore: Johns Hopkins University Press, 1921), Chapter 3.

[7]Gustavus G. Williamson, Jr., "Cotton Manufacturing in South Carolina, 1865-1892" (Unpublished Ph.D. dissertation, Johns Hopkins University, 1954), 42.

[8]Charleston News and Courier, Feb. 10, 1880.

[9]Clark, "Modern Manufacturing Development in the South," 255-256.

[10]Ibid.

[11]Williamson, "Cotton Manufacturing in South Carolina," 64-65.

[12]Baltimore Manufacturers' Record, May 31, 1895, 11-12.

[13]Blicksilver, Cotton Manufacturing in the Southeast, 37.

[14]Fayetteville (N.C.) Observer, Nov. 1, 1883: as quoted in "Cotton History Notes," The Cotton History Review, I, No. 1 (January 1960), 32.

[15]W. J. Cash, The Mind of the South (New York: Alfred A. Knopf Inc., 1941), 187-188.

[16]"Bring the Cotton Mills to the Cotton Fields" became a routine headline for such discussions. It can be found in almost all of the southern newspapers cited in this study.

[17]Philip A. Bruce, Rise of the New South (Philadelphia: George Barrie & Sons, 1905), 170.

[18]Blicksilver, Cotton Manufacturing in the Southeast, 5-6.

[19]Ibid., 14.

[20]Cash, The Mind of the South, 182.

[21]Blicksilver, Cotton Manufacturing in the Southeast, 13.

[22]Augusta Chronicle and Constitutionalist, Feb. 15, 1880, 2.

[23]Charleston N. and C., Sept. 20, 1880, 2.

[24]Augusta C. and C., Feb. 15, 1880, 2.

[25]The South, A Journal of Southern and Southwestern Progress, N.Y., Jan. 6, 1877, 8.

[26]Columbus Enquirer: as quoted in Atlanta Constitution, March 9, 1880.

[27]Charleston N. and C., Feb. 10, 1880, 2.

[28]Atlanta Constitution, Jan. 21, 1881.

[29]Memphis Appeal: as quoted in Charleston N. and C., Dec. 10, 1881.

[30]Atlanta Constitution, Jan. 6, 1881.

[31]Ibid., Jan. 26, 1881.

[32]Bradstreet's, March 10, 1880, 4.

[33]Ibid., May 22, 1880, 3.

[34]New England Cotton Manufacturers' Association, Proceedings, Oct. 26, 1881, 29.

[35]Boston Journal of Commerce, Jan. 9, 1883, 90.

[36]Philadelphia Times: as quoted in Bradstreet's, April 21, 1883, 247.

[37]Bradstreet's, Jan. 29, 1881, 54.

[38]Boston J. of C., Dec. 23, 1882, 98.

[39]David M. Potter, "The Historical Development of Eastern-Southern Freight Rate Relationships," Law and Contemporary Problems, XIV (Durham, N.C.: 1947), 428-431.

[40]Baltimore M. R., March 29, 1883.

[41]Harold F. Williamson, Edward Atkinson: The Biography of an American Liberal 1827-1905 (Cambridge, Mass.: Riverside Press, 1934), 166-167.

[42]Pamphlet, Address of Edward Atkinson of Boston Massachusetts Given in Atlanta, Georgia, in October, 1880, for the Promotion of an International Exhibition, 8: as quoted in Williamson, Edward Atkinson, 171.

[43]Williamson, Edward Atkinson, 171.

[44]Mitchell, The Rise of Cotton Mills in the South, 121.

[45]Charleston N. and C., May 11, 1881.

[46]Augusta C. and C., Oct. 23, 1880, 2.

[47]Ibid., Jan. 13, 1880, 2; Carolina Spartan (Spartanburg, S. C.), July 27, 1881, 1.

[48]Augusta C. and C., Feb. 14, 1880, 2.

[49]Ibid., June 30, 1878.

[50]Charleston N. and C., June 28, 1880, 1.

[51]Williamson, "Cotton Manufacturing in South Carolina," 72-73.

[52]Baltimore M. R., Feb. 1, 1883, 448.

[53]Charleston N. and C., Aug. 1, 1881, 1.

Chapter II

The Dream of a New South and the Foreign Market

The South's postwar hopes and plans were disrupted by the depression of the 1870's. During that decade of frustration, however, southerners conceived new visions of a transfigured South filled with cotton mills and other industrial establishments, and basking in prosperity. In addition to provoking such dreams about the future, the depression also impressed southerners with the practical importance of finding markets for their infant industries. The experiences of New England and their own section led many southerners to view the export trade as a lever to pry themselves out of political reconstruction into an era of real reconstruction. They began to define foreign markets for cotton goods as an important element in the functioning of their economic system, and hence necessary to realize the dream of a New South.

At the time of the depression, the bulk of the American cotton textile industry was located in New England. There were only 327,871 cotton spindles in the South in 1870. New England had 5,498,308. At the end of the decade, the South had 542,048 spindles, New England had 8,632,087.[1] The majority of New England's spindles were in cotton factories operating south of Cape Cod, especially in the area between Providence and Fall River. These establishments concentrated mostly on the manufacture of medium and finer cottons and sold almost exclusively in the home market. On the other hand, the factories along the Merrimac from Lawrence to Manchester (and their sister establishments

further up the New England coast) manufactured coarser cottons and sold a portion of their output abroad.

The depression hit the New England textile industry hard, and many mills sought relief in the export trade. Factories in the northern part of the region, already engaged in foreign commerce, tried to increase their export trade which had fallen off during the Civil War. And the establishments in southern New England, manufacturing a less adaptable class of goods for export, were driven into dumping their surpluses into foreign markets. As the depression continued, cotton manufacturers in Fall River sent a special agent to study the South American market. This mission led to the establishment of several agencies for American goods in Brazil, and sales to that country increased.[2] The general rise in the exports of American cotton goods illustrates the response made to the depression. In the five year period from 1871 to 1875 the average annual export of American cottons valued only $3.1 million. During the following five years, this jumped to $10.0 million, more than a 3 fold increase.[3]

The New York Commercial and Financial Chronicle analyzed the ills of the New England textile industry in terms of domestic overproduction and persistently harped that foreign markets were the only remedy for the problem. Reviewing the cotton manufacturing situation in 1874, the editors maintained that "production must either be decreased or our own circle of consumers enlarged. We cannot accept the former alternative." Therefore, the United States must "compete with England and Holland in the markets of the world."[4] And painful though it was, they hoped the depression would teach cotton manufacturers that

domestic overproduction required an expanding export trade. "Our power to consume cotton has outstripped our capacity for consuming goods. At present we are suffering the natural consequence - a kind of commercial paralysis. . . .And, if we are wise, the end will be a wider field for American enterprise, a successful competition with other countries in the markets of the world."[5]

As the depression became more severe in 1877, the editors of the Chronicle argued that American cotton manufacturers needed cheap transportation to succeed in acquiring a larger foreign trade. Our cotton goods were "cheaper when they left our mills - cheaper than English goods; when they reached their various destinations we could only boast of quality - not price."[6] American cotton manufacturers needed direct communications so they could lay down their goods "at a market where they are wanted, with as little cost as our rivals for transportation." The editors argued that this would enable Americans to defeat Great Britain in the "constantly-growing" markets of China and South America.[7]

Edward Atkinson, having personal interests in New England cotton mills as well as being a leading economist, responded actively to the depression. In a major paper before the New England Cotton Manufacturers' Association in 1876, he maintained that the basic problem was not one of domestic "overproduction" but rather a "restricted home consumption." He felt that American cotton could displace adulterated British goods in China, and that this market would provide relief for the temporary problem faced by those mills suffering most. He also called upon the members of the association to press for reciprocity treaties with countries in the Western Hemisphere. Atkinson concluded

by predicting that developments in the exportation of cotton goods will have a surprising "effect upon our prosperity."[8] In the same year, he influenced mill owners to display samples of their fabrics in the principal cotton consuming countries of the world.[9] Atkinson also induced several cotton manufacturers to petition the government for action to discourage the British from imitating American trade-marks, and he personally protested to Secretary of State Hamilton Fish.[10]

As the depression deepened, Atkinson began to think that all segments of the economy were producing more than the country could consume. Calling attention to the need for opening new markets, he pointed out that British cotton exports to the Western Hemisphere totalled more than one-fourth of the total American production. All the United States needed in order to increase its export trade in cottons and other goods, however, was "a revision of treaties, an effective consular service, and a better means of communication."[11] After the hard times had passed, Atkinson reminded the business community that his proposed solution for the depressed cotton trade had been generally successful, and his special report for the Census Bureau in 1880 emphasized the important role the export trade had played. He maintained that exports of cotton fabrics were not made at a loss; and that they were made by strong mills paying regular dividends. Accordingly, the foreign market "constitutes a most important element in the returning prosperity of our cotton-mills." These exports, reported Atkinson, consisted mainly of sheetings and drills sent to China, Africa, and South America.[12]

Remarks made by Edward Atkinson, as well as the experiences of New

England cotton mills during the depression, were highly relevant to emerging dreams about a New South. In the catalogue accompanying samples of cotton goods at the Philadelphia Exposition, Atkinson stated that "the capacity of the factories is a little in advance of the present needs of the country" and suggested reciprocity treaties as a weapon for pushing Britain out of the cotton goods trade in the Western Hemisphere. He thought this had "an especial interest for Southern manufacturers, as their fabrics are mostly of the coarser kinds, absorbing a heavy weight of cotton, and it is in these fabrics that our relative advantage over Great Britain is the greatest."[13] He also commented to the same point in his census report. "If Georgia has twice the advantage over Lancashire that New England now possesses, it will only be the fault of the people of Georgia if they do not reap the benefit of it."[14] Atkinson later attempted to discourage the South from exploiting the very advantages he pointed out. They took only his advice to produce for the export trade.[15]

The depression did more to shape the South's attitude toward foreign markets than Atkinson. Cotton mills in the South were in an experimental stage and the depression provided the acid test. While the home market was glutted, a journal advocating southern progress claimed that South American markets were "open to occupancy by the coarser fabrics of the Southern factories, some of which are already yielding almost fabulous profits."[16] The Augusta Factory, one of the southern establishments paying attractive dividends, had a "considerable foreign trade."[17] Although cotton mills in New England experienced heavy losses, the depression did not affect the southern branch of

the textile industry so severely. The Commercial and Financial Chronicle reported in 1877 that cotton mills in the South were "in a more hopeful condition than in any other portion of the country," and that a main reason involved the production of heavy coarse goods for export to Asia and Latin America.[18]

The idea of using the foreign market to turn the dream of a New South into a reality grew out of the depression experience. During the boom in the early 1880's, southerners constructed cotton mills in anticipation of a constantly enlarging export trade. The Augusta Chronicle and Constitutionalist encouraged mill building in 1879 because with the "opening up [of] American cotton goods to other countries, there will be a revival of prosperity."[19] A year later, an owner of the Glendale Mill at Spartanburg, South Carolina, explained why he would put his "last dollar" in cotton manufacturing in his state. "When the Northern mills were losing we were making money, and now while everything is booming upward we are making handsome profits." He attributed these excellent prospects to "a steady and increasing home demand, no accumulation of stocks and a good export demand."[20] The incorporators of the Sibley Company announced plans in 1880 to build the 24,000 spindle mill for the "purpose of manufacturing colored and white fabrics, of popular qualities, for home and export use."[21]

Southerners were confident that the foreign market assured the success of the Cotton Mill Campaign. The president of the Mississippi Valley Cotton Planters' Association advocated mill building in the South because the growing export trade in cotton goods "will reach into the billions."[22] A periodical entitled The South said the demand

for English cottons stamped as American reflects the "now almost universal demand" for southern fabrics. "Clearly, all these things are proof enough that the South ought to increase her cotton mills a hundred fold."[23] And the Richmond Dispatch, in discussing the desirability of constructing factories in the South, saw no reason why foreign commerce in cotton textiles would not continue to expand.[24] Clearly enough, southerners based their optimism on a belief in their ability to compete successfully in the foreign market.

According to the Augusta Chronicle and Constitutionalist, the advantages of the South over New and Old England in the export trade was an established fact. Hence it was "only a question of time" before the South became "among the most extensive manufacturing places on the globe."[25] Since New England can compete successfully with English spinners in the markets of the world, J. F. Awtry asked rhetorically "what could not Georgia do with her unequalled advantages if her energies and capital were once turned in this direction?"[26] And the Charleston News and Courier dispelled any fears that the world might not have room enough for the rise of the New South. "We may go on building mills as hard as we please for the next fifty years," the editors assumed, "and we will not produce a greater effect on the cotton trade of the world than an additional river flowing into the ocean."[27]

The International Cotton Exposition held at Atlanta in 1881 reflected the maturing conception of a New South filled with cotton mills selling to home and foreign markets. Southerners quickly translated Atkinson's idea of an exposition designed to increase the efficiency

of northern colonization of the South into a conscious expression of their faith in the progress of their section. This spirit spread widely and newspapers throughout the nation viewed the Exposition at Atlanta as the symbol of the New South. As the New York Tribune phrased it, the Exposition signaled a "red letter day in the history of the new south."[28] The Baltimorean characterized it as "the celebration of the marriage of cotton growing to cotton manufacturing."[29] Henry Grady's Atlanta Constitution predicted that the Exposition would stimulate the exportation of southern textiles, and the economic reconstruction of the South was coming "just at the point of time when the wants of the world are crying most loudly for them."[30]

Those participating in the Atlanta Exposition frequently discussed the idea of exporting southern cotton goods. On the opening day, Senator Daniel W. Voorchees of Indiana called attention to the advantages gained from the fact that "cotton grows up to the doorstep of your mills." Then, the Senator envisioned a transfigured South based on cotton factories "sending to all the world the manufacture of the neighboring plains."[31] An article in the Atlanta Constitution proclaimed that "a new era has dawned upon the south:" there was no need to be "afraid of 'over production'" of cotton fabrics because we "mean to have our share in the world's commerce." The way to get such export markets lay in the development of American shipping. "We hold the the king [i.e., cotton], but we have not the queen of industry to develop the product of the king." Thus, the article continued, "we must have a merchant marine - the queen of the industry or the king is impotent."[32] Many southerners looked forward to a marriage between the

royal couple to enable them to penetrate the foreign market for cotton textiles.

A special consular report, "The Cotton Goods Trade of the World," was made available to all who attended the exposition. Samples of cotton goods in demand accompanied the views of various consuls in regard to the market conditions in their districts. Secretary of State James G. Blaine explained the purpose of the report in the introduction: "We have reached the stage where, after supplying our home demands, we have a surplus left which must find consumption in foreign markets; and as this overproduction will continue to augment year after year a full understanding of the world's wants is of the first importance to our manufacturers."[33]

Complying with the request to display the samples and reports at Atlanta, Blaine added that, as they represent "the various phases of the cotton goods trade of the world, I sincerely hope their exhibition will fulfill all your expectations." He believed that the appearance of the samples alone "will be a matter of great interest and profit to our cotton manufacturers and exporters."[34] Bradstreet's noted that the display of the State Department, located at the center of Main Exposition Hall, attracted "much attention."[35]

The response of Senator John T. Morgan to Blaine's consular report dramatized the relationship between the rise of cotton mills in the New South and the foreign market. The Senator from Alabama was "so impressed with the advantages that might follow the exhibition of these collections" that he asked the Secretary of State to send them to Atlanta.[36] Later in 1881, Morgan proposed a resolution in Congress

for the printing and distribution of 2,500 copies of this "most instructive volume" showing that "the market of the world furnishes an unlimited opportunity for the increase of cotton manufactures of the United States."[37] And in the same year, Senator Morgan began his long fight for an isthmian canal to provide southern states with an outlet for cotton fabrics and other commodities in the markets of Asia and Latin America.[38]

The congressional debate over the Chinese Immigration Bill in 1882 affords further evidence that the construction of cotton mills was linked with expectations of a growing export trade in the minds of southern leadership. A periodical sponsoring the New South stated that the need to continue exporting fabrics from southern factories should be remembered by the country's statesmen "the next time the Chinese question crowds upon Congress."[39] As the debate opened, Senator Joseph E. Brown of Georgia led a minority of congressmen who argued that the bill to exclude Chinese from entering the country would injure American trade in Asia. The advocate of the New South stated the issue forcefully. "It was of very great importance to my section of the country that we should maintain friendly relations with the Chinese; because if we seek in the South to build up our infant manufacturing establishments of cotton, woolen, etc., and especially cotton, there is no market in the world so inviting to us for the class of goods we make as the market of China."[40]

The Atlanta Constitution applauded Brown's speech as "one of the most notable the senator has made. It ranked by common consent as the ablest argument against the bill." According to the editors, "the

nerve that runs the American pocket is one of the most sensitive in his organization, and the Georgia senator tingled it yesterday." The paper declared that the South was "fast becoming a manufacturing section" and its heavy cotton goods will find a "boundless" market in China. Over 400,000,000 Chinese are to be clothed in cotton and their "slow hand looms must give a free market to the steel fingers impelled in tireless labor by steam."[41] Believing that the realization of their dreams about a New South depended upon an expanding market place for cotton goods, southerners desired to use their technological advantages to open foreign markets, even if it meant the destruction of the domestic industries in underdeveloped areas of the world.

The redeemer politicians in Georgia demonstrate the future market place orientation of the early exponents of the New South. Hailing the erection of the first cotton factory in Atlanta in 1878, Governor Alexander H. Stevens based his visions of a New South on the export trade. "It is my dream when in every valley there will be found a cotton factory to convert the raw material of the neighborhood into fabrics which shall make warm limbs for the Japanese and Chinese."[42] Because Georgia was "becoming fast one of the cotton manufacturing States of the Union," Senator Brown argued before Congress in 1880 for the need to improve the Savannah harbor. This method of clearing the path to the foreign market was urged by the Senator in preparation for Georgia's industrial progress. "We are adding each year now about two good factories to the number we already have. We intend to add more."[43]

The Georgia redeemers supported other measures to assure southern cotton manufacturers success in the competition for the markets of the

world. Senator Benjamin H. Hill lectured the Congress in 1879 on the means for opening foreign markets that was most consistently pursued by textile interests in the South. "We have the beginning of a new era in the South," he explained. "We look forward to the time when all the cotton raised in the South shall be manufactured in the South . . . . We think that South America, and Central America, and the West Indies are our proper markets." In order to open these markets to southern cotton goods, steamship lines must be encouraged by government subsidies, and Hill called for steamers connecting southern ports with Latin American countries. "I repeat," hammered Hill, "that the prospect before us in the South is a most inviting one, but we must have an outlet [;] we must have markets."[44]

Basing the program for a New South upon the assumption of a growing export trade, southerners began to define Great Britain as a threat to their system. During the Cotton Mill Campaign of the early 1880's, southerners viewed Britain as an enemy to the progress of their section. The Manufacturers' Record warned that cotton mills needed a rigid economy to "compete with England" in foreign markets. "Until we do begin to manufacture cotton goods, not simply for America, but for the world, we cannot hope to see this important branch of industry reach its proper development."[45] Even earlier (in 1880), several articles in the Raleigh Observer talked in terms of acquiring the China market for American cotton fabrics at the expense of English mills.[46]

The Atlanta Exposition helped focus the attention of southerners on Britain's position as their major competitor in the export trade.

The Baltimore Times claimed that the Exposition demonstrated that, "when the time comes to manufacture cotton where it is grown," the United States will outmaneuver England, "our great competitor" for the "inconceivably vast" markets of the world.[47] Also drawing lessons from the Exposition, the Atlanta Constitution stated that the display of the State Department on the world's cotton goods trade illustrated that "we can undersell England in all countries." Cotton manufacturers in the South have already won the "first battle related to our home trade" and "there is no reason why the victory in the second and final contest need be less complete, especially in Mexico and all South American countries."[48]

Realizing that Great Britain controlled the cotton goods trade of the world, Americans gave considerable thought to ways that they could capture a share of this trade for themselves. The 400,000,000 people in China staggered the American imagination. In order to increase sales of cottons in China, they concluded, two primary requirements had to be met. The fabrics had to be cheap, and they had to be durable. A debate soon developed among American consuls concerning the kind of goods demanded in China. Consul Owen N. Denny maintained that "England can produce an inferior quality of goods cheaper than the United States manufacturer can." Hence, American cotton manufacturers must "force competition for the best quality of goods."[49] And James G. Blaine asked if it would pay to add sizing to American cottons and to "compete with the British manufacturers, who have advanced adulteration to a science?"[50]

The majority of those in the debate did not feel that it was in

America's interest to export sized cottons to China. The cold climate and heavy labor conditions made durable clothes a necessity, and highly weighted cottons did not hold up when washed. "It is quality alone," warned the consul at Hankow, "that has put the Americans where they are in these markets."[51] Some joined moral considerations with the economic interests of the United States. Consul Isaac F. Sheppard argued that the American Way of "honesty" would "result in the ascendency of American interests, and a complete revising of the present huge and unnatural dispropriation between American and English trade in China."[52] And Secretary of State William M. Evarts maintained that the exportation of "inferior goods" would inevitably end in America being "surely and justly beaten" in the competition for the markets of the world.[53]

Cotton textile interests representing both the northern and southern branches of the industry agreed on the desirability of maintaining the quality of American cottons as a way of displacing Britain in the China market. The Charleston News and Courier said that the Chinese "however anxious to buy in a cheap market are not foolish enough to be cheated into buying glue for cotton."[54] The Boston Commercial Bulletin felt that the "story of American cotton goods such as drills and heavy sheetings, successfully competing in China with the starch, china-clay, terra alba stuffed English article is familiar to all newspaper readers."[55] Arguments such as these were not sectioned in character. They were designed to increase the exports of American cottons and thereby benefit the whole country at the expense of Britain. The consensus in favor of upholding the reputation of American cotton

exports included spokesmen from Massachusetts and South Carolina, once the bitterest of enemies.

The strong desire on the part of American cotton manufacturers to outdo Britain in foreign markets foreshadowed the rise of an economic nationalism. Cotton interests began pushing for national legislation in their battle for commercial supremacy. A paper read before the New England Cotton Manufacturers' Association in 1878 called for steamship connections to the "enormous market open to our manufactures in South America," and encouraged the members "to use such influence as you may possess upon Congress to induce them to aid in this matter."[56] Bradstreet's also argued that steamships would increase exports of cottons to South America, and added that the gains would be known already "if our Congressmen were only capable of forgetting party interests just long enough to look after the industrial interests of the whole people."[57] A consul report from Shanghai suggested the direction this economic nationalism would ultimately take. It pointed out that American cotton goods held special favor in the northern provinces, but the disturbed condition of China's relations with Russia delayed American sales in this area.[58]

The forces of sectionalism were still dominant in the early 1880's during the crusade to Bring the Cotton Mills to the Cotton Fields. Those who dreamed of a New South had not forgotten the Civil War nor were they unaware of northern attempts to inhibit their industrial progress. New England was the immediate enemy and the first aim of the Cotton Mill Campaign was to win a monopoly of the manufacture of the coarse goods. Southerners also began to view access to foreign

markets for their class of cottons as a weapon to use against New England in their struggle to break the chains of a colonial economy.

But it was Old England rather than New England that controlled the cotton goods trade of the world. And when southerners began to talk about using the foreign market to make room for continued cotton mill building, they also began to talk about federal expenditures for harbor improvements, steamship subsidies, and other means to enable them to defeat Great Britain in the second battle for the market places of the world. Therefore, the Weltanschuung of the New South provided fertile soil not only for the continuation of sectional hostility, but for the roots of a growing economic nationalism.

FOOTNOTES

[1] U. S. Census of Manufactures, IX, Pt. 3, 1900, 54-57.

[2] American Iron and Steel Association, Bulletin, XI, June 6, 1877, 154.

[3] U. S. Statistical Abstract, 1910, 491.

[4] New York Commercial and Financial Chronicle, Nov. 21, 1874, 517.

[5] Ibid., Jan. 1, 1876, 5.

[6] Ibid., Feb. 24, 1877, 167-169.

[7] Ibid., June 30, 1877, 601.

[8] New England Cotton Manufacturers' Association, Proceedings, April 26, 1876, 2.

[9] Harold F. Williamson, Edward Atkinson: The Biography of an American Liberal 1827-1905 (Cambridge, Mass.: Riverside Press, 1934), 37.

[10] Ibid.

[11] N. Y. C. and F. Chronicle, May 19, 1877, 456.

[12] U. S. Census of Manufacturers, II, 1880, 12.

[13] The South, A Journal of Southern and Southwestern Progress, N. Y., Jan. 27, 1877, 2.

[14] U. S. Census of Manufacturers, II, 1880, 5.

[15] International Cotton Exposition 1881, Report of the Director General (New York: D. Appleton and Co., 1882), 24.

[16] The South, Jan. 27, 1887, 8.

[17] Augusta Chronicle and Constitutionalist, June 30, 1878.

[18] N. Y. C. and F. Chronicle, Sept. 15, 1877.

[19] Augusta C. and C., March 22, 1879, 2.

[20] Carolina Spartan, Feb. 18, 1880, 1.

[21] Augusta C. and C., Feb. 15, 1880, 2.

[22] Ibid., July 22, 1879, 3.

[23] The South, Feb., 1879, 12.

[24] Richmond Dispatch: as cited in Charleston News and Courier, March 25, 1881, 1.

[25] Augusta C. and C., Feb. 28, 1880, 2.

[26] Ibid., Oct. 9, 1879, 2.

[27] Charleston N. and C., April 12, 1881.

[28] New York Tribune: as quoted in Atlanta Constitution, Oct. 8, 1881, 4.

[29] Baltimorean: as quoted in Atlanta Const., Oct. 12, 1881, 2.

[30] Atlanta Const., Dec. 4, 1880; Nov. 19, 1881.

[31] Ibid., Oct. 6, 1881, 7.

[32] Ibid., Nov. 10, 1881, 6.

[33] U. S. Consular Report, No. 12 (June 1881), 8.

[34] Blaine to John T. Morgan, June 22, 1881: National Archives, Record Group 59, Department of State, Domestic Letters.

[35] Bradstreet's, Dec. 3, 1881, 357.

[36] Morgan to Blaine: as quoted in U. S. Consular Report, No. 12 (June 1881), 369.

[37] Congressional Record, Vol. 12, 524, Oct. 15, 1881.

[38] August C. Radke, "Senator Morgan and the Nicaraguan Canal," Alabama Review (January 1959), 5-12.

[39] The South, April, 1879, 13.

[40] C. R., Vol. 13, Pt. 2, 1639-40, March 6, 1882.

[41] Atlanta Const., March 10, 1882, 5.

[42] Baltimore M. R., March 1, 1895, 71.

[43] C. R., Vol. 10, Pt. 4, 4016, June 1, 1880.

[44] C. R., Vol. 8, Pt. 2, 1635-36, Feb. 20, 1879.

[45] Baltimore M. R., Sept. 15, 1883, 139.

[46] Raleigh Observer, Feb. 14, 1880; June 19, 1880; and July 25, 1880: as cited by Mitchell, The Rise of Cotton Mills in the South, 147.

[47] Baltimore Times: as quoted in Atlanta Const., Jan. 5, 1882.

[48] Atlanta Const., Feb. 25, 1882, 4.

[49] U. S. Consular Report, No. 12 (June 1881), 307.

[50] Ibid., 51-52.

[51] Ibid., 314.

[52] Ibid., 301.

[53] Am. Iron and Steel Asso., Bulletin, Sept. 8, 1880, 218.

[54] Charleston N. and C., Nov. 25, 1879, 1.

[55] Boston Commercial Bulletin: as quoted in Baltimore M. R., April 5, 1883, 149.

[56] N. E. Cotton Mfgs.' Asso., Proceedings, April 24, 1878, 46-49.

[57] Bradstreet's, Oct. 8, 1879, 2.

[58] Ibid., Jan. 29, 1881, 55.

Chapter III

The Business Cycle and the Foreign Market

The upswing of the business cycle between 1879 and 1883 brought prosperity to the American cotton textile industry. New England factories entered a period of full production and southern establishments paid handsome dividends ranging from 17 to 24 per cent.[1] Confidence filled the air and one southerner stated that "a cotton factory which is not making money now had better close at once."[2] But as prices for cotton fabrics improved in the home market, export sales dropped sharply. Shipments to China fell off 25 per cent in a single year,[3] and between 1878 and 1880 the foreign trade in American cotton goods declined in value from $11,438,666 to $9,981,418.[4]

Reviewing this sudden decrease, secondary studies have generally concluded that prosperity turned cotton manufacturers away from the foreign market. They base this interpretation on statistical reports and contemporary periodicals like the New York Commercial and Financial Chronicle, which explained the dragging cotton exports as a result of high prices at home.[5] But a closer analysis of the period makes it clear that such analyses oversimplify the matter. To begin with, the declining trend in cotton exports reversed itself in 1881, when the value increased by $3,584,969 over the preceding year.[6] And consular reports chronicled these increases in various foreign markets, especially in China.[7]

Furthermore, the gross statistics do not report cotton exports

either by quality of goods or place of manufacture. The division between colored and uncolored cloths suggests, however, that the export of finer goods declined, while coarser grades held their own or even increased in sales abroad. The export of colored cloths dropped from 45,116,056 to 29,525,672 yards, between 1879 and 1882, while that of uncolored cloths rose from 84,081,319 to 114,994,402 yards.[8] Uncolored fabrics generally indicate a coarser quality of goods made in the northern part of New England or in the southern states. Thus it must not be automatically concluded that cotton manufacturers in all parts of the country, engaged in the production of all kinds of goods, lost interest in foreign markets as the country returned to prosperity.

The tendency to generalize what happened in the southern part of New England to the rest of the country has distorted many studies. Located in the heart of the textile industry, establishments in this region emphasized finer goods. Many of them did dump their surpluses in foreign markets during the depression of the 1870's, but they turned back to the home market with the revival of the business cycle. Both high prices at home and a lack of demand for finer counts abroad accounted for this development. Bradstreet's remarked that there was a large export demand for heavy sheetings, but that such was not the case for print goods.[9] However, factories in upper New England, manufacturing coarser goods, continued to export in the years of prosperity. The Boston Commercial Bulletin, for example, reported several large mills in Massachusetts running "almost exclusively" on sheetings and drills for the export trade.[10]

Whatever the situation in the north, southerners did not depreciate

the importance of the foreign market nor did they withdraw from the export trade when the country recovered from the depression. Eastern commission houses began to direct Chinese orders to southern factories,[11] and in 1881 an Augusta company shipped $250,000 worth of cotton to China.[12] During the Cotton Mill Campaign, other large southern establishments like the Anniston Manufacturing Company engaged themselves in the China trade.[13] And in explaining why mills built in the South were sure to pay, H. P. Hammett noted the growing demand for southern fabrics in China (and other countries) as a way of discounting any fears of a large accumulation of goods. He stated that the increased volume of cottons shipped from New York and Boston between 1870 and 1881 illustrates this rapidly rising foreign demand. "Of course," concluded Hammett, "these were not all of Southern manufacture, but a large portion of them were."[14]

The fact that many extremely profitable mills in the New South continued their large exports contradicts the idea that in times of prosperity the home market afforded better prices for all kinds of cotton goods. In the early 1880's, several profitable South Carolina establishments, such as those in Charleston, Graniteville, and Pelzer, shipped a large part of their output to China.[15] The Piedmont Factory, under H. P. Hammett, offers a good example of this point. The mill was early heralded as the South's first success in large scale cotton manufacturing, its owner was looked upon as a leading exponent of southern industrialism, and its labor force was regarded as a pool from which to hire superintendents for new mills in the region. Its exports to China were considered as pointing the way to solving the marketing

problems of the New South.[16] This model mill paid between 20 and 30 per cent dividends, and in 1882 it increased its spindles to 24,896. Considered the most profitable establishment in the South, the Piedmont Factory exported over 50 per cent of its total production in 1881 and 1882.[17]

The business cycle turned down again in 1883 and revival did not come until 1887. Plans for the construction of new cotton mills were scrapped as the trouble began, and general curtailment of production came in 1884.[18] Profits fell, operatives lost their jobs, and some mills were forced to close. The New York Commercial and Financial Chronicle reported that the summer of 1886 was "about the darkest period the cotton goods trade ever experienced in this country."[19] The confidence that had characterized the industry quickly disappeared as the depression convinced mill owners that the days of wide margins between cost and selling price were over.[20]

The depression severely affected the New England branch of the cotton industry and at one point approximately half of its spindles were silenced.[21] Establishments in southern New England were hurt by the sinking demand in the home market, especially for the finer cottons. Mills in northern New England were also strained because they met strong competition from the coarse goods manufacturers in the New South. Aside from having to pay higher wages, some of these mills found that their need for power exceeded the available water supply and had to convert to steam. This forced them to pay high transportation charges for bringing coal inland. Caught in a cost - price squeeze, a few of these mills transferred their operations to the South. A Vermont mill moved

to Alabama in 1886 and two years later a factory in Massachusetts shipped part of its machinery to a mill in South Carolina.[22]

But some factories located in more favorable positions in the upper regions showed good profits in the midst of the depression. They were able to compete with the New South and Great Britain in foreign markets because their highly respected trade-marks, as a result of shipments of pure cotton over many years, commanded a quarter of a cent above the market price. The great corporations at Biddeford and Saco, Maine, for example, were very successful in 1884. The Pepperell Mill operated 100,000 spindles and paid 12 per cent dividends, and the Lanconia Mill ran 75,000 spindles and paid 6 per cent dividends. Reports stated that half of the total output of these two mills are sold in Asia "and this is where they make their money."[23] The New York Commercial and Financial Chronicle compared these mills with others suffering from the depressed home market as a lesson of the importance of the foreign market.[24]

As the depression deepened, New England's interest in foreign markets for cotton textiles became more intense. Edward Atkinson's article that had appeared in the New York Herald during the depression of the 1870's was reprinted by the New England Cotton Manufacturer's Association to encourage exports to China.[25] The Boston Journal of Commerce criticized New England cotton mill men for ignoring the export trade during times of prosperity and advised them to seek foreign markets in order to avoid periodic depressions.[26] But it repeated its earlier warning that the policy of irregular exports "militates against successful competition when the time comes when we stand

need of it."[27] The Journal, however, was ten years ahead of its time. For it was not until the depression of the 1890's that the belief became widespread in New England that foreign markets for cotton goods provided the only remedy for recurring slumps in the business cycle.

Bradstreet's reflected the opinion which prevailed among most New England cotton manufacturers. As the depression became serious in 1884, it pointed to domestic "underconsumption" and suggested that "a paying foreign market would counterbalance the commercial depression at home." It hoped that American cotton manufacturers would turn to the foreign market as an "escape valve" for the present lack of home demand.[28] The editors reported in 1886 that the majority of cotton mill owners in New England regarded the export movement "rather as a temporary outlet for surplus goods than as the beginning of permanent competition with England in foreign markets." They did point out, however, that the foreign demand had improved the domestic market for heavy fabrics, but that this favored the South more than New England.[29]

The depression presented a serious challenge to the South's Cotton Mill Campaign, and periodicals like the Manufacturers' Record that made a habit of sounding the horn of the New South remained noticably silent during these years. When the depression hit the southern textile industry, mill building suddenly declined. The number of charters issued to cotton manufacturing corporations in South Carolina, for example, dropped from 28 between 1879 and 1883 to 6 in the depressed years of 1883 through 1887.[30] As profits declined, many southern establishments reduced their hours of operation and some of the smaller mills failed. The large, strong mills rode out the lean years by tightening their

organizations, but even some mills in this category experienced trouble. H. H. Hickman, the president of the 24,264 spindle establishment at Graniteville, for example, reported that 1884 marked the first loss that his profitable mill had made since its reorganization seventeen years earlier.[31]

In association with a few other southern factories, the Graniteville Company proposed a solution to the problem of a large accumulation of fabrics. In a circular letter in 1885, these companies suggested the formation of a selling pool in order to limit production. "There are too many goods manufactured for demand," cried the circular, and "unless some concert of action is taken by all engaged in the manufacture of cotton, most of the capital invested in cotton mills will be swamped."[32] C. J. Walker, the president of the Charleston Company, explained why he thought this effort to curtail production would fail. He reasoned that a "great many" southern cotton factories have "large orders for export" and have no intention of reducing their output.[33] Walker's prediction proved correct. The larger mills, heavily engaged in foreign trade, refused to enter into the proposed pool.[34] Southerners clearly rejected the alternative of curtailing production as an answer to the lack of home demand.

Instead, the mill owners turned to the foreign market as the remedy for their domestic ills. And in 1884, southerners made plans for the New Orleans Cotton Exposition "principally to obtain" export markets for American factories that were "overflowing with surplus productions."[35] President Arthur viewed the "importance, purposes, and benefits" of the Exposition in terms of penetrating the "almost unopened markets of

Spanish and Portugese America."[36] And Director-General Burk predicted that it "will create a tidal wave of American trade" with Latin America.[37] The editor of the Southern Industrial Review, John W. Ryckman, offered an optimistic appraisal of the fortunes of the New South: "The New Orleans Exposition is going to open to the South many sure, steady, and profitable markets for cottons...that will vastly stimulate the growth of mills."[38]

Southern mill interests also looked to Africa during the depression, and many thought that the expanding markets in the dark continent could take the product of all the mills in Georgia.[39] Always interested in opening new markets for southern cotton goods, Senator Morgan of Alabama proposed an open door for American products in the Congo.[40] Along with Henry Sanford and Secretary of State Frederick T. Frelinghuysen, Morgan formed an unofficial lobby to involve the American government in the European power struggle in the Congo.[41] Southern cotton interests demonstrated their support by sending notices and circulars of the New Orleans Cotton Exposition to American representatives soon after the Berlin Conference opened in 1884.[42] Although the United States did not ratify the treaty that was produced, its pressure for a fair field and no favor in the Congo foreshadowed the thinking behind its participation in later events in the Orient.

Many felt that the foreign market in general and the China market in particular helped bail the New South out of the depression. "In spite of the most depressing years that cotton manufacturing ever experienced," the Boston Journal of Commerce noted in 1885, "several reports from southern cotton mills that make an exhibit of profit."[43]

Large establishments in Georgia and South Carolina made sizable sales for "shipment to China, to the south coast of Africa, and to South America."[44] And H. P. Hammett wrote one of his commission houses that the export trade had saved many southern mills from the effects of the depression.[45] Looking backward, in 1887, the Cotton World offered this estimate of the years after 1883: "The depression which set in during 1884, not only checked the organization of new mills, but crippled a good many institutions already in operation....A pretty good export trade...has afforded relief for over production during the last two years."[46]

The depression heightened the feelings of hostility between the northern and southern cotton interests. Dixie complained, for example, that the "legalized robbery known as the Protective tariff" on textile machinery inhibited the growth of the cotton mills in the South.[47] Feeling the pressure from southern competition, the Boston Post accused southern factories of counterfeiting New England trade-marks in order to increase their sales in China.[48] The Southern Industrial Review pleasingly chronicled the failure of northern attempts to drive the South out of the market and rejoiced that "a great many of them are now ready to shut down."[49] And a prominent Augusta manufacturer boasted that the New England mills must either move south or change over to finer productions. "I still draw a grain of comfort from the cotton goods depression," he sadistically remarked, for in "this struggle caused by overproduction the fittest must survive."[50] In short, the frustration experienced during the depression intensified aggressive sectional attitudes within the textile industry.

The depression also strengthened the forces of economic nationalism developing among American cotton interests. The New York Commercial and Financial Chronicle warned that the coming war between France and China will re-kindle native prejudice against foreigners and disturb American trade in China. Therefore, "pressure should be brought to bear upon France without delay" in order to prevent such an unfortunate event.[51] Later, the Pepperell and Lanconia mills reported that the war in China had interfered with their profitable trade in that country.[52] H. P. Hammett explained the small profits of the Piedmont Factory in 1884 by blaming the depression at home and the war in China which "checked the demand for all American goods" in that market.[53] This concern of American cotton interests with the stability of the China market reappeared in a more vigorous form during the even greater depression of the 1890's.

In the meantime, as the American economy returned to a state of relative prosperity between 1887 and 1893, the exports of American cotton goods again declined. Two factors help explain this phenomenon. First, many establishments making prints and finer goods in lower New England stopped dumping in foreign markets. The Boston Journal of Commerce remarked that the export trade "is not solicited, as the home demand takes up all the mills' production at more remunerative prices."[54] Bradstreet's agreed that "the falling off in exports is to be attributed, in part at least, to the general buoyance of the domestic market."[55] But not all cotton manufacturers in New England lost interest in foreign markets. The Stark Mills of Manchester continued to export large amounts of cottons,[56] and the Lowell Times predicted that an augmenting

foreign trade would make local cotton manufacturer's appetite "as insatiable as the tiger's thirst for blood."[57]

The second factor was the China market. For, between 1887 and 1890, a sudden drop in the China demand corresponded with the decline in the total export of American cottons. The United States exported $9,256,486 worth of uncolored cloth in 1887, and $5,181,050 of this went to China. Three years later, the total export of uncolored cloth had declined to $5,480,403 and the China market took only $1,203,540.[58] In his annual report to the stockholders in 1889, the president of the Augusta Factory blamed the "depressed conditions of the China market (which is our main outlet)" for the large accumulation of stock plaguing the mill. According to the report, the unhealthy demand for American fabrics in China is "due to the disastrous floods in the Yellow River and Northern districts of that country, followed by famine in other large districts."[59]

The export market was an ever present factor. The boom in cotton mill construction that followed the depression was related to the overseas trade. Mill building began quickly, and during the first six months of 1887 the number of cotton factories erected in the South reached 44; there had only been 8 during the corresponding part of 1886.[60] In the next five years, 28 charters for cotton manufacturing corporations were issued in the state of South Carolina alone.[61] Although there was much talk about manufacturing finer grades, southern cotton mills built during this period were designed to make coarse goods and "few of them will even attempt the finer fabrics."[62]

This was due in part to northern attempts to block the South from manufacturing the finer counts which depended upon long staple cotton

not grown in the Piedmont region. In order to enter into successful competition with New England in the production of finer goods, establishments of the Piedmont area had to transport long staple cotton from the gulf coastal plain west of Georgia. But in crossing state lines to get raw cotton, southern factories met railroad freight rate discriminations favoring New England.[63] These hard facts, combined with the memory of experiences encountered during the depression, were in the minds of southerners like H. H. Hickman when they discussed the South's position within the industry.[64] As a result, the cotton mills built during these years were designed to manufacture cloths of the export variety. It is apparent that the confidence behind this boom was based on the anticipation of a growing foreign market.

Many of the leading southern cotton establishments had export orders taking a large share of their total output during the upward swing of the business cycle.[65] The Graniteville Company, for example, reported a large portion of its sales going to China in 1887.[66] One worried Bostonian declared in 1888 that the "southern mills are now exporting more cotton fabrics to China than all of New England."[67] Two years later, Bradstreet's commented that "Southern rivalry continues to be felt" by New England cotton mills in the export trade.[68] The complaint of the British consul-general at Shanghai that the Americans "are walking away from us" in the cotton goods trade in China also indicated that the South continued to be active in this field. He supported his contention with the following comparison of American and British imports of cotton piece goods into China:[69]

	drills (pieces)		sheetings (pieces)	
	Am.	Br.	Am.	Br.
1881	488,000	643,000	599,000	175,000
1891	856,000	277,000	2,009,000	820,000

The seeming contradiction between these reports on the significance of the China trade and the decline in the gross exports to China is more apparent than real.[70] The China trade was important to the companies involved, and the Americans were passing the British during the period of lowered imports by China. The decline did, however, affect the New South more than New England because most of the mills in the north did not concentrate on coarse fabrics. Bradstreet's noted in 1889 that the southern branch of the industry is "temporarily depressed, owing to the overproduction of coarse goods."[71] And in the same year, Edward Atkinson commented on the accumulation of "export goods at present."[72]

The small amount of cotton goods exported caused the State Department to send out circulars to various consuls asking information about the conditions of the trade in their districts.[73] And, feeling that there was an overproduction of coarse fabrics, some southern cotton manufacturers viewed the foreign market as the only solution to the problem of the business cycle. A stockholder in an Augusta mill maintained in 1888 that a persistent effort to export cotton goods is necessary in order to avoid "the old, old story -- overproduction, the home market glutted, fall of prices, general stagnation, years of depression."[74]

In response to the drop in the China demand, and the consequent accumulation of coarse goods at home, cotton manufacturers of the New

South turned toward Latin America to open new markets for their fabrics. In doing so, they maintained that government-subsidized steamship lines were necessary if they were to compete with European countries. The Manufacturers' Record sent questionnaires to southern cotton manufacturers in 1889 asking for their outlook on the industry in the South. Their responses indicated that they were generally "strong advocates of government aid to steamship lines." The president of the Atlanta Cotton Mills typically answered that "foreign trade with South American States can only be increased by American shipping, and 'subsidy' is the only way to secure it."[75]

The reception of John F. Hanson's address before the Southern Textile Association in December of 1888 reflected this strong interest of southern cotton manufacturers in subsidized shipping. Hanson (of the Bibb Manufacturing Company of Georgia) made the following forceful statement: The South is "face to face with a serious problem....We must have more consumers, new demand, new outlet. Where can these be had? Naturally we turn to countries south of us-to Mexico, Central and South America and the West Indies. With these countries, or most of them, our means of communications are by way of Liverpool or other foreign ports, or irregular and inadequate when direct. The trade is ours by natural laws, and a wise and liberal policy on the part of our government will secure it....There is no adequate remedy except government subsidies to American shipping."

The representatives of 39 large southern cotton mills applauded Hanson's ideas and then, by unanimous vote, adopted two resolutions to put his ideas into effect. The first established a committee, with

Hanson as chairman, to "memorialize Congress in behalf of subsidizing steamship lines from Savannah and other southern parts for the purpose of establishing trade" with Latin American countries. The second instructed the committee to request Senator Joseph E. Brown "to present and advocate the cause and purpose as set forth herein."[76]

The pressure from this special committee soon made itself felt. Before the end of the month following the convention, Senator Brown was on the floor of Congress presenting the resolutions passed by the Southern Textile Association and endorsing the American Shipping and Industrial League.[77] Later in the year, Hanson sent a long letter to Secretary of State Blaine strongly urging government subsidies to shipping. He stated bluntly that "we cannot compete with England, France or Germany for this trade with Spanish America, while we are without prompt and regular mail and transportation facilities." Hanson continued that "if payment of the subsidies represents a contribution or so much loss by the government, as the representative of the people, and their aggregate interests, it is right that it should pay this loss from their common Treasury, and for their common benefit."[78] Thus, on the one hand, Hanson, like other southern businessmen, preached the liberalism of the natural laws of trade and fought federal interference with their domestic institution of cheap labor. On the other hand, Hanson asked the government for aid in the acquisition of foreign markets to maintain the functioning of the system and to meet the specific needs of southern cotton mills.

Reciprocity treaties were another tactic that Americans hoped to use to drive their European competitors out of the cotton goods trade

in Latin America. The president of the Enterprise Manufacturing Company of Atlanta thought that such treaties would give a "new impetus" to the cotton industry. "What we want is a foreign market for our surplus goods," they stated, "and any legislation that would secure us this is in the right direction."[79] Secretary of State Blaine included cotton textiles in his conception of reciprocal trade. "We ought to have in exchange for free sugar from certain countries," he explained in 1890, "a free market for breadstuffs and provisions, besides various fabrics."[80] Blaine cautioned President Harrison that it would be a "mistake" to make agricultural commodities "the sole basis for reciprocity" in all Latin American countries. Agricultural products will be "the best basis" with some countries, but "with others I think fabrics would be better."[81] And Bradstreet's predicted that cotton fabrics would be "early and possibly large gainers" in the event that reciprocity treaties are adopted.[82]

Southern cotton manufacturers did not exhibit nearly the excitement over reciprocity treaties in 1891 that they had two years earlier concerning subsidized shipping. Addressing the Southern Textile Association in 1891, President H. H. Hickman reflected the sentiment that Blaine's reciprocity weapon was not enough. "Reciprocity is the stepping-stone to an outlet for all our production," admitted Hickman. "But we want more than reciprocity. We want steamship lines....We want and must have banking facilities for South America."[83] Two factors underlay the half-hearted nature of this support for reciprocity. First, it was feared that Britain enjoyed a most-favored-nation position in various Latin countries like Brazil, and that America's treaties would be largely impotent.[84] Secondly, the rising demand for

American cottons in China drew the attention of southern manufacturers toward the Far East. Between 1890 and 1891 American exports of uncolored cloth to China skyrocketted in value from $1,203,540 to $5,321,500.[85]

A small group of southern cotton mill owners did sustain their strong interest in Latin America after the China demand recovered. The view that cotton plaids had "reached the stage of overproduction" steadily gained support, and in 1889 a meeting was called "to see what can be done to improve the situation."[86] Most of the plaid manufacturers in the South entered into an agreement in 1891 with the Cone Importing and Exporting Company in order "to obtain a better market for their goods." The president of the firm, Moses H. Cone, said his purpose was to carry a similar class of goods and sell them through one channel. By this means "it is hoped that a profitable export business will be built up with the South American States," and American manufactures will replace British fabrics.[87] Within two years the Cone Company had a man stationed in Brazil and it was making regular shipments of cotton plaids to that country.[88]

In connection with China, meanwhile, the situation of the preceding years reversed itself. Bradstreet's noted in 1891 that "the cotton mills which at present are reported in best condition are those which manufacture principally for export."[89] And an important textile journal announced in the same year that the depressed condition of New England's print goods trade is offset by the "increase in shipments of cotton cloth to China."[90] This situation heightened the anxiety of New Englanders over southern competition. The Boston Journal of Commerce, for

example, bombarded northern cotton mill owners with warnings that the South is "fast on the heels of the north" and the only way northerners can "lead the procession" is to get onto finer counts requiring more skill to make.[91] Southerners like J. F. Hanson agreed with the analysis. New England must "surrender" the production of coarse cottons to the South, and "climb the scale" of manufacture, taking from Europe the sale of finer goods in the home market.[92]

As the New South regained its trade with China, its propagandists revived their visions of southern dominance of the cotton goods trade of the world. The Manufacturers' Record, for example, looked to the foreign market as the ultimate place of deposit for cotton manufactured by the new mills under construction. And it pointed to Great Britain as the ultimate foe in the markets of the world. "In the industrial readjustment that is now taking place all over the world," boasted the editors, "only the fittest will survive, and Lancashire, which occupies an anomolous position in the world of the cotton industry must be forced to the wall." The editors matter-of-factly concluded that "the legitimate successor to Lancashire is unquestionably the South."[93]

Throughout the 1880's, the business cycle heightened the tension between sections and nations with regard to the cotton textile industry. The struggle with the North was intensified, but southerners began to define Old England as the most powerful enemy standing in the way of the New South. Southerners employed the rhetoric of Herbert Spencer against Britain just as they had done against their old enemy to the north. In turning cotton manufacturers, especially in the South, more sharply toward foreign markets, the business cycle strengthened the

rising forces of economic nationalism. And in this way, the business cycle was to play an increasingly important role in the shaping of American diplomacy.

FOOTNOTES

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[11]Jack Blicksilver, Cotton Manufacturing in the Southeast an Historical Analysis (Atlanta, Georgia: Bureau of Business and Economic Research, Georgia State College of Business Administration, July, 1959, No. 5), 22.

[12]Clark, History of Manufactures, 415.

[13]Atlanta Constitution, March 26, 1882, 5.

[14]Charleston News and Courier, Aug. 1, 1881, 1.

[15]Gustavus G. Williamson, "Cotton Manufacturing in South Carolina, 1865-1892" (Unpublished Ph.D. dissertation, Johns Hopkins University, 1954), 42.

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[17]Baltimore Manufacturers' Record, Feb. 1, 1883, 448.

[18]Melvin T. Copeland, The Cotton Manufacturing History of the United States (Cambridge, Mass.: Harvard University Press, 1912), 202-203.

[19]N. Y. C. and F. Chronicle, Sept. 11, 1886.

[20] Clark, History of Manufactures, 410.

[21] Williamson, "Cotton Manufacturing in South Carolina," 96.

[22] Blicksilver, Cotton Manufacturing in the Southeast, 18.

[23] Boston Journal of Commerce, Feb. 14, 1885, 176.

[24] N. Y. C. and F. Chronicle, Feb. 21, 1885, 246.

[25] New York Herald: as cited in the New England Cotton Manufacturers' Association, Proceedings, Oct. 28, 1885.

[26] Boston J. of C., Oct. 25, 1884, 20.

[27] Ibid., Sept. 19, 1885, 224.

[28] Bradstreet's, Oct. 11, 1884, 225-228.

[29] Ibid., July 24, 1886, 52.

[30] Williamson, "Cotton Manufacturing in South Carolina," Tables.

[31] Report of the President of the Graniteville Manufacturing Company at the Annual Meeting of the Stockholders on 23 April 1885, 5.

[32] Boston J. of C., July 4, 1885, 111.

[33] Baltimore M. R., July 18, 1885, 711.

[34] Boston J. of C., Aug. 8, 1885, 164.

[35] Ibid., Oct. 18, 1884, 10.

[36] Bradstreet's, June 14, 1884, 369.

[37] Boston J. of C., May 31, 1884, 66.

[38] Southern Industrial Review: as quoted in Boston J. of C., July 5, 1884, 116.

[39] Clark, History of Manufactures, 415.

[40] Walter LaFeber, The New Empire: An Interpretation of American Expansion 1860-1898 (Ithaca, N. Y.: Cornell University Press, 1963), 52.

[41] Tom Edward Terrill, "The United States and the Congo 1883-1885: The Second Liberia" (Unpublished Master's thesis, University of Wisconsin, 1963), 60-61.

[42] Ibid., 98.

[43] Boston J. of C., May 30, 1885, 64.

[44] U. S. Congress, House, Morrison Tariff Hearings 48th Cong. 1st Sess., 1884, 379.

[45] Williamson, "Cotton Manufacturing in South Carolina," 103.

[46] Cotton World, Sept. 17, 1887, 45.

[47] Dixie: as quoted in Am. Iron and Steel Asso., Bulletin, Jan. 6, 1886, 4.

[48] Boston Post: as cited in Boston J. of C., Nov. 13, 1886, 46.

[49] Southern Industrial Review: as quoted in Boston J. of C., May 3, 1884, 27.

[50] Baltimore M. R., Sept. 20, 1884, 167.

[51] N. Y. C. and F. Chronicle, Aug. 16, 1884, 172.

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[53] Boston J. of C., May 30, 1885, 67.

[54] Ibid., June 9, 1888, 84.

[55] Bradstreet's, May 18, 1889, 311.

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[63] Boston J. of C., May 7, 1898, 100; N. E. Cotton Mfgs. Assoc., Transactions, April 28, 1897, 92-93; Textile World, Sept., 1897, 29; the testimony of the Superintendent of the Graniteville Company made this point clear - "Cotton shipped from Little Rock, Ark., to Columbia S. C. is 68 cents a hundred, and to Fall River, Mass., it is 47 cents a hundred," Report of the Industrial Commission on the Relations and Conditions of Capital and Labor, VII, House Doc. No. 495 (Washington, D. C.: Government Printing Office, 1901), 491.

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[66] Williamson, "Cotton Manufacturing in South Carolina," 117.

[67] Bradstreet's, Nov. 10, 1888, 719.

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[70] See page 47 for the decline in the China trade.

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[81] Blaine to Harrison, July 24, 1890: Benjamin Harrison Papers, Library of Congress, Washington, D. C.

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[90] Textile Manufacturers Review and Industrial Record, June 15, 1891, 402.

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[93] Baltimore M. R., Aug. 5, 1892, 10.

Chapter IV

The Depression of the 1890's

The panic of 1893 and the depression lasting into 1897 had a tremendous impact upon the thought and action of Americans concerned with the textile industry. New Englanders confronted the old experience of falling prices at home, general curtailment of production, and a renewed effort to dump surplus cottons in foreign markets.[1] Two factors sharpened the effects of the depression in the North. First, labor legislation, especially in the progressive state of Massachusetts, put New England mill owners at a disadvantage in competition with the South. Secondly, the number of spindles in the country rapidly increased from 10,635,435 in 1880 to 19,008,952 in 1900, while the rate of population growth lagged behind.[2] This led more and more New England cotton manufacturers to fear the onslaught of domestic overproduction, and their response to the depression varied as a consequence of the different conditions under which they operated.

Labor was the most important element in the eyes of New Englanders when they looked to southern competition, and a worried group of these cotton mill owners travelled south in 1895 to observe the manufacturing process. "The mill party never overlooked the opportunity of inquiring into the labor conditions," explained a southern periodical, "and they seemed from their outlook to lay more stress upon this than anything else....They attributed the superior condition of labor to the fact that it was native; that the foreign element which is accustomed to unrest, had not made itself felt."[3] Unhampered by organized labor,

southerners were also free from state interference in their exploitation of labor. There were no child labor laws, and while the percentage of children under 16 years old dropped from 14.1 to 6.9 in New England in the 1880's, the percentage remained at about 25 in the South between 1880 and 1900.[4] Moreover, southern mill owners benefited from lower wages and longer hours. The work week in North Carolina cotton mills, for example, ranged from 63 to 75 hours with the average close to 69 hours.[5]

Massachusetts cotton manufacturers felt particularly harassed by state interference with their business practices. Their state led the way in labor legislation, and in 1892 a law was enacted that restricted work in Massachusetts cotton factories to 58 hours per week. But the threat of further reductions remained present in the minds of mill owners. In the preceding year, a 56-hour bill passed in the Massachusetts House of Representatives, but it was defeated in the Senate. State congressmen had even debated a 54-hour labor bill in 1891, and many continued to support such reductions in the following years.[6] Coincident with the depression, this actual and potential labor legislation elicited strong reactions from cotton textile interest in Massachusetts.

Mills in Massachusetts running on coarse cottons for export met stiff competition from the South during the depression. Some of the best managed and most prosperous mills responded by erecting branches in the South to manufacture coarse goods and by turning the machinery in the home plants onto finer production. Consistently advocating such a policy, the Boston Journal of Commerce called it a "move in the right direction."[7] Other Massachusetts factories, not wanting to take on

the expense of a move south, began climbing the ladder to finer counts. Running almost entirely on goods of the export class, the Appleton Manufacturing Company, for example, shifted part of its machinery at Lowell to specialties like cotton blankets.[8] Another big Lowell exporter, the Lawrence Manufacturing Company, closed down its 75,000 spindle sheeting department. The treasurer of the Lawrence mill explained in 1896 that competition from the South caused this change "and we see no hope, with their low wages, of being able to meet it at a profit here." He stated that "this crisis has been pending for three or four years."[9]

Representatives of the Boott Cotton Mills of Lowell explained why manufacturers in Massachusetts decided to establish branch factories in the South. The Boott Mills produced about 7,000,000 yards of cotton goods in 1890 and exported about one quarter of this yearly output. Elliot C. Clark, the treasurer of the corporation, was outraged in 1892 at a pending law to reduce labor in Massachusetts to 54 hours per week. "I simply want to give you a few cold facts in regard to Southern competition," cried Clark. "Southern mills are taking away my work from me, taking my contracts from me....It is the same in regard to the trade in China."[10]

Clark announced in 1895 that his corporation planned to establish a mill in the South because coarse cottons, such as sheetings, "can be manufactured at a smaller expense in the south."[11] He maintained that "southern companies are making a good profit at what would be starvation for the Boott Company;" and noted that in the past two years his factory had been preparing to make finer goods which would meet northern

competition only. Clark explained that "the principle desire of the company in its present move is to preserve its trade marks, which are very valuable, especially in foreign markets, notably China." The president of the Boott Mills simply explained the move south as "a case where the company is driven to the wall, and must do something to keep alive."[12]

The Massachusetts Mills provides another illustration of why branches were built in the South. This Lowell company exported over three quarters of its yearly production of 45,000,000 yards of cloth. An agent for the mill said it moved south because it "was losing to its Southern competitors the export trade to China, which it had had for so many years and must keep in order to pay any returns."[13] The treasurer of the mill, Charles L. Lovering, said that soon after he had taken control in 1890, "I was forced to recognize that we could not make goods in Lowell and export them at a profit." However, the company had "a great many valuable trade-marks, and I wish to preserve them." He stated that "Lowell is rather handicapped for manufacturing goods for export" because "a great deal of our power is obtained from steam, and the freight on coal is very high" and because "wages are 30 per cent less and hours are 8 hours longer per week in Georgia than in Massachusetts." Lovering maintained that most of the goods made at his southern branch were manufactured for export, and concluded: "I am an exporter. I want the world."[14]

A few other large Massachusetts factories soon joined the southward migration to hold their export trade. Sending a "considerable portion" of its production abroad, the Dwight Manufacturing Company

decided in 1894 to construct a large mill in Alabama. The treasurer explained that the move would allow his company to escape from the continually more restrictive labor legislation in the home state.[15] The Dwight corporation intended to manufacture sheetings for export in the South and devote the plant at Chicopee wholly to finer cottons.[16] In the following year, the Whitter Cotton Mills of Lowell made plans to build a factory in Atlanta, and later in the decade, the Merrimac Manufacturing Company established a branch in Alabama to produce coarse cottons for the foreign market.[17]

The movement of some of New England's great cotton factories to the South gratified the sectional pride of southerners who had disagreed with Edward Atkinson during the Cotton Mill Campaign in the early 1880's. Atkinson continued to argue that southern mills could never compete with New England because higher wages constituted cheaper labor - superior operatives were more productive. Southerners answered Atkinson by building more factories. The New Englanders who moved cotton mills to the cotton fields settled the dispute. William S. Southworth of the Massachusetts Mills maintained that "this talk about the inability of Southern mills to produce as much per capita of employes as the Northern mills has no foundation in fact." But he did admit that young children employed in the South could not do the work of an adult. With that single exception, however, "every individual does as much in our Southern mill as an individual in our Northern mill."[18]

New England textile interests looked to the manufacture of finer goods as a second alternative to the problem of southern competition compounded by the depression. This solution particularly interested

mill owners in the southern part of New England where the emphasis was on the finer productions. And as late as 1900, the two adjoining counties of Bristol, Massachusetts, and Providence, Rhode Island contained over 30 per cent of the spindles in the United States.[19] Hoping to foster the development of finer manufacturing, the Massachusetts legislature passed in 1895 a law which authorized the establishment of a textile school in cities having over 450,000 spindles and granted $25,000 in state aid on the condition that the municipality raise an equal amount. A year later, Lowell constructed a textile school and, by the end of the decade, New Bedford and Fall River had done likewise.[20]

But the idea of turning to finer production to avoid southern competition possessed inherent difficulties. To begin with, the home market for finer goods was relatively small compared to the demand for medium and coarser goods. As one New Englander put it, southern competition will drive northern mills onto finer goods "and then too many fine goods will be made."[21] Edward Stanwood pointed out in his census report that "the fact that there is a great demand for coarse and medium goods and a limited demand for fine goods is pertinent" to the idea that a solution can be found "in turning to the spinning of fine yarns."[22] Another pertinent consideration was that southern cotton manufacturers were already moving in the direction of finer production. During the 1890's, the South increased its proportion of the total amount of medium yarns produced in the country from 3 to 26 per cent.[23] The first fine goods mill in the South, built in 1896, was equipped with machinery to use Sea Island and Egyptian cottons.[24]

The powerful Arkwright Club of Boston acted as the watchdog over the interests of the cotton establishments in southern New England, and its president, William C. Lovering, offered two reasons for concluding that the manufacture of finer goods provided no easy solution to southern competition. First, "hardly 10 per cent of all the goods consumed in this country...are termed fine goods;" and, secondly, "the average number of yarns spun at the South has been growing year by year."[25] Taking up the fight against the reduction of labor hours in Massachusetts, President Lovering explained the problem to the state legislature. Southern factories "are coming nearer and nearer year by year, month by month and day by day. They have already strangled many of our industries and imperiled others."[26] Responding to the dragging demand for cotton goods in April 1893, Lovering addressed an open letter to Senator Robert Howard, Chairman of the Committee on Labor in the Massachusetts legislature, in protest of the pending 54-hour labor bill.[27]

The Arkwright Club's Report on Southern Competition also dismissed the idea of turning to finer goods because Southern mills were already moving in this direction and because it would lead to greater competition among northern mills for a limited market. According to the report, published in 1897, the heart of the problem lay in the labor-cost differences. "The long hours run and the low prices paid, we believe, make the cost of labor in the South about 40 per cent less than in the North." Southern mills could undersell northern mills and still have a margin of profit for further expansion of the industry. Because there was no chance to change the conditions of labor in the South,

the Massachusetts labor laws must be repealed. Although the report stated that there was an overproduction of cottons, it did not view the solution in terms of foreign markets. Rather, "the policy recommended looks to an equalization of the conditions of production as a necessary preliminary to an effective curtailment."[28]

Realizing the improbability of having the Massachusetts labor laws repealed, some frustrated New Englanders became more aggressive in their attitude toward the South. A Fall River manufacturer said "a national law controlling the hours of labor" is needed as "the chief solution to the problem of competition with the different sections of our country."[29] And another New England cotton manufacturer called for such a national labor law even if it "might be necessary to amend the Constitution."[30] Actually, the chances for a national labor law to equalize the conditions of production were further removed from reality than were the chances to have the Massachusetts labor laws repealed. At the turn of the century, for example, the Industrial Commission concluded that federal legislation requiring uniform labor laws was unconstitutional.[31]

Other than moving south or going into finer products, New England's third response to the depression was a turn to foreign markets as a solution to fears of overproduction. And in 1894, the Boston Journal of Commerce began a campaign to encourage the exportation of cottons. "The next ten years will unquestionably see a large increase in our cotton spindles, especially in the South," and the editors thought that "this fact should induce some of our large cotton mills to make strenuous efforts to open up foreign markets for their goods."[32] The

Journal habitually compared the running mills in the South with the silent spindles in New England, as an object lesson of the importance of the export trade. "There are very few who realize the amount of goods sent abroad by our southern cotton mills," stated the editors, "and to this, perhaps as much as any other one thing, can be attributed their success during the last six months."[33]

A year later the Journal of Commerce began to define the foreign market as the only solution to what it viewed as a state of domestic overproduction. "As our cotton spindles increase in this country, and the competition between the northern and southern mills becomes more severe, the need of a foreign market for our cotton goods becomes more apparent," said the editors. "We shall soon be in a condition to manufacture more cotton goods than we can use in this country and shall be obliged to have an outlet for them."[34] Accepting the business cycle as a given, the Journal called for "persistent efforts to extend our markets as a co-ordinate branch of the industry regardless of surplus stocks."[35] For such a policy will enable mill owners "to keep their machinery always fully employed."[36] And the editors looked to China as a solution to the problem of overproduction compounded by the effects of the business cycle. The China trade "must come to us; it cannot be otherwise."[37]

The cotton manufacturers of the New South also responded to the depression by heightening their interest in foreign markets in order to continue their mill building program. The panic of 1893 only temporarily checked the growth of the southern cotton industry, and 1894 was one of the most active years of southern mill construction to that date.[38] The

number of spindles in the four leading southern states rose by 182.7 per cent in the 1880's, and the increase in the next decade was 217 per cent. In reviewing these figures, the census of 1900 reported that "the growth of the industry in the South is the one great fact in its history during the past ten years."[39]

Southerners felt that the foreign market played the major role in this rapid rise of cotton factories in spite of the depression. The Manufacturers' Record consistently linked the expansion of cotton mills in the New South to the great potential of the export trade. Soon after the panic of 1893, it printed an article entitled "The South Can Have China's Trade in Cotton Goods,"[40] and later in the year, it predicted that with the enlarging consumption of cottons in the world "will the cotton manufacturing interests of the South develop."[41] In a supplement devoted to the southern industry, the editors viewed the rise of cotton mills in a symbiotic relationship with the rest of the world. "The measure of a nation's civilization is its consumption of cotton goods," stated the editors, and "advancing civilization in Asia, in Africa, and in South America and in Mexico means broader markets for the South's cotton."[42]

Expecting a growing export trade, northern machine companies and export houses invested some capital in new mills in the South during the 1890's. The Boston Journal of Commerce repeatedly argued that foreign markets opened the way for the construction of new factories in the South. "American manufacturers will find a market for their goods; if not in this country, a successful effort will be made to establish an export trade in other places."[43] Underlying these editorials was

the desire to encourage northern investment in southern enterprises. The editors made this point clear when they asked that southern mill stocks be listed on the national exchange in order to inform northern capitalists of the profitable field for investment that lay to the south.[44] "We are about entering upon an era of a large export trade in cotton goods," and cried the editors, "we fail to understand why more northern capital is not invested in southern cotton mills."[45]

Although some northern capitalists did follow the advice of the Boston Journal, the extent of outside investment in southern establishments has sometimes been overestimated. Machine companies did take southern mill stock, and did liberalize credits to stimulate mill construction in the South. But as a group, they were not heavy contributors of capital to the southern mill development. The Lowell Machine Shop and the Whitin Machine Works dominated the southern market for textile equipment, and in 1895 they installed over half of all new spindles erected in the South.[46] But the Whitin company never had more than 5 per cent of its sales paid for in stock, and the Lowell company took absolutely no mill stock even during the depression.[47] And the stock taken by machine makers was sold back to southerners as soon as possible.[48] The Governor of South Carolina maintained that most of the new cotton factories built in his state during the depression were based on local capital accumulated by the installment plan, and "it is a mistake to think that this rapidity of development is due to outside capital."[49]

As the depression deepened in the cotton industry in 1896, the option of curtailing production presented itself to the New South.

General curtailment took place in New England, and in June the Southern Textile Association passed a watered-down resolution calling for a 50 per cent curtailment arranged "as will best suit the conditions governing different mills."[50] A month later, the Manufacturers' Record said that it was "particularly noticeable" that "practically all of the mills that will continue on full time are working on contracts for export orders."[51] According to Henry G. Hester, secretary of the New Orleans Cotton Exchange, only about 13 per cent, of the southern establishments actually closed down entirely in August.[52] And the New York Commercial and Financial Chronicle summarized the situation in the South in its annual review (September) of the cotton goods trade. "There has been," said the editors, "some resort to short time within the past month or two, but it has been sporadic rather than general. Southern mills have largely increased their export business, especially with China, to which country heavy shipments have lately been made, and at better prices than could be obtained for the same goods in the home market."[53]

Rejecting the alternative of curtailing production during the depression, cotton mill owners of the New South turned more sharply toward foreign markets. As a result, their interest in the construction of an isthmian canal became stronger. The Manufacturers' Record persistently pushed for a Nicaraguan canal because the "opening up of China to the world's trade opens up a field of almost unlimited absorbing capacity for American cotton goods."[54] Richard H. Edmonds boasted that the canal will make the New South's position "impregnable" in the manufacture of cotton.[55] And Senator Matthew C. Butler of South Carolina advocated government aid for a canal at Nicaragua because of its "vital importance"

to Americans. "This canal would be of especial advantage" to southern states, for cotton manufacturers "must cultivate the markets of hundreds of millions of people on the far side of the Pacific ocean." The Senator explained that the savings in transportation "will give them an incalculable advantage."[56]

The New South became increasingly tied to the export trade, and especially to the China market. Many of the larger establishments exported heavily and some shipped almost their entire production abroad. The giants at Piedmont and Pelzer in South Carolina illustrate this trend. The town built around the Piedmont Factory had a population of 3,000, and the 60,000 spindle mill employed 1,150 operatives. The factory exported about 75 per cent of its total output.[57] Having a population of 10,000, the Village of Pelzer became the largest mill town in the South, and its highly profitable factory of over 100,000 spindles exported a large proportion of its production.[58] These two establishments made a single shipment to China in 1897 valued at $100,000.[59] A year earlier, a cotton manufacturer stated that "the marks on the productions of Pelzer, Piedmont and other Southern mills are as well known among the Chinese" as "Fruit of the Loom" is here.[60]

Southern cotton manufacturers became convinced that they were dependent upon the China market. The president of the 34,000 spindle factory at Graniteville reported in 1896 that "nearly all my looms are on export goods" and "I have sold quite a lot of goods for export to China."[61] The Henrietta Mills of North Carolina contained over 60,000 spindles and shipped heavily to China. Typifying the aggressive salesmanship of southern manufacturers, president Simpson Bobo Tanner was so

interested in the China market that he "became an expert on the geography of inner Manchuria."[62] South Carolina's Spartanburg County developed into an exporting center of the New South and its cotton factories employed 6,340 people, nearly half of the population of the entire county.[63] Living in Spartanburg, John H. Montgomery presided over the Pacolet and Spartan mills of 56,000 and 74,000 spindles respectively. Montgomery maintained in 1896 that the China trade was "becoming a great one for our cotton mills, and if our Chinese exports were entirely cut off some of the mills would not be working."[64]

Contemporary reports made it clear that southern cotton mills, particularly those in South Carolina, were America's number one business interest in the China trade. An Atlanta manufacturer told the Industrial Commission that the "greater proportion" of the cottons sold under New England brands for marketing in China are made in the South.[65] The Census Bureau reported that "so far as managers of mills are able to trace their products" during the year 1899-1900 "almost 60 per cent of the total value represents the product of Southern mills" and South Carolina alone accounted for almost half the total.[66] Consul John Fowler maintained that the cotton goods trade represented more than half of America's exports to China in 1899 and that China took more than half of the country's foreign sales of cotton goods. Fowler cautioned, moreover, that "both of these estimates are under the mark, as neither includes the exports received via London and Hongkong, as well as Japan."[67]

During the depression, the New South altered its attitude toward foreign markets. As the Cotton Mill Campaign commenced in the early

1880's, southerners dreamed of using the export trade to realize their program for real reconstruction. In those years of optimism, southerners viewed foreign markets in a positive sense as stimulants to the expansion of the cotton industry. But as cotton factories rose rapidly, and as they sent larger portions of their output abroad, advocates of the New South began to fear that the very existence of the mills already established depended upon the maintenance of the export trade. In the last decade of the century, therefore, southerners mixed a positive desire to enlarge the marketplace to make room for more mills with a negative fear that foreign markets were vitally important to prevent the malfunctioning of their industrial system.

Daniel A. Tompkins was a leading exponent of the New South's attitude in the 1890's. Raised on a cotton plantation and educated at a northern school of engineering, he returned home to sell textile machinery. The D. A. Tompkins Machine Company at Charlotte supplied the equipment for many new mills, and for old ones expanding their capacity.[68] Tompkins' own interests were closely tied to the general welfare of the southern cotton industry when the panic of 1893 threatened to interrupt mill building. He responded by viewing foreign markets as the solution to the problems of the New South. Asked in 1893 if additional southern factories would result in the business being overdone, Tompkins answered that "England would be driven to the wall entirely before the Southern mills would be reduced to the point of unprofitable operation."[69] His interest in marketing the cottons of the New South became stronger when he assumed ownership of several mills. His response to the depression contained the origins of a maturing world view

that culminated in a definition of foreign markets as crucial to the whole American economy.

As the depression deepened in 1896, Tompkins' address before the New England Cotton Manufacturers' Association reflected the attitude of the New South toward foreign markets. On the positive side, he predicted prosperity for the whole cotton industry "if we find means to extend our markets in the same proportion as the manufacture increases in the South." Negatively, he warned that by "relying alone on the domestic markets, times of depression are bound to come." And he called for a merchant marine and reciprocity treaties as means of avoiding "each recurring depression period" when the competition between North and South "must become sharper and sharper."[70] The Manufacturers' Record printed several letters written by leading mill owners of the New South who agreed with Tompkins' address. "I concur with his views," commented the president of the model John P. King Manufacturing Company. "He seems to have gone over the ground thoroughly and left no points untouched."[71]

Even the Negro question was integrated into the analysis by Tompkins when he lectured the New Englanders. "Without the relief of foreign markets, New England and the South will soon be at a life and death conflict in our domestic market." He believed that "the South is best equipped for such a conflict," and the equipment included the Negro. Tompkins warned that "our colored population...may be drawn upon to make goods that the South may sell cheaper than you can compete with at fair prices for your labor." If the North failed to cooperate with the South in pushing for the enlargement of the export trade, he

threatened that an "unnatural competition" between black and white labor might be the ugly consequences.[72] This message to New England struck home a year later when southerners began testing Negro operatives in cotton factories.[73]

The idea of employing Negro operatives in cotton establishments dramatizes the basic change in the attitude of the New South. The president of the Piedmont Factory, James L. Orr, testified before the Industrial Commission in 1900 that southern cotton mills had long been considered asylums protecting the poor whites from Negro labor. "I think that the preference should be given to the white labor," Orr stated, "because they have had a hard time in the South for a long time in competition with Negro labor, and this is the only sphere, as it was, set aside for their benefit."[74] Southerners thought the New South depended upon foreign markets and that a loss of the export trade would force greater competition with New England. But bringing the Negro into the cotton mills to strengthen their hand against northern competition would undercut deeply rooted prejudices inherent in the New South habit of mind. Southerners saw the way out of this dilemma through seeking northern aid in opening foreign markets for their coarse cottons.

The New South created an institutional foundation for its drive to expand the market place with the organization of the Southern Cotton Spinners' Association in the depressed year of 1896. The association announced a set of purposes which revolved around the theme of enlarging the foreign market. And it urged the principles of reciprocity treaties and shipping subsidies so "our home market would be retained

and supplied by our own producers, and our foreign trade relations should be extended in every direction." Then, the members adopted a resolution by Tompkins which suggested a broad strategy for accomplishing the goals of southern cotton manufacturers and appointed a committee to carry out the policy. The resolution called for southerners "to co-operate" with the National Association of Manufacturers, and the New England Cotton Manufacturers' Association, "in matters pertaining to the extension of American trade."[75]

The adoption of this resolution marked the softening of the New South's hostile attitude toward the North. Confronted by what they believed to be the harsh fact of overproduction, southern cotton manufacturers began to look to northerners for support in the extension of American trade. New Englanders also began to redirect their attention away from sectional concerns and toward the export trade. The Boston Commercial Bulletin hoped that "the expansion of this export demand may ease the pressure from southern looms."[76] And noting that a "large percentage" of southern cottons are exported, the Boston Journal of Commerce said that "the goods thus sold do not to any extent compete with our northern mills."[77] The editor of Dixie stated in 1896 that "we must extend our markets, else the manufacture of cotton in this country has reached a limit for years to come." The editors of the Boston Journal concurred: "Mr. Martin is right. We must extend our export orders to keep our spindles from overproduction."[78]

The forces of sectionalism were being shoved into the back seat by the forces of economic nationalism, and the assumption underlying this transformation was one of domestic overproduction. Southern

cotton manufacturers more intensely desired foreign markets because they exported large amounts of coarse goods and because they viewed the future of the New South in terms of the export trade. New Englanders also began to view the foreign market as important because they felt it would take the pressure off the home market by absorbing the ever growing production of southern mills. The Boston Journal of Commerce suggested as early as 1894 that "the time has come when the name of the New England Cotton Manufacturers' Association should be changed to the National Cotton Manufacturers' Association," and that its place of meeting should be changed to some point "that could be more easily accessible to southern manufacturers, who should, to a man, be members."[79]

The depression of the 1890's thus opened the way for the union of northern and southern cotton manufacturers for the purpose of supporting a foreign policy thought to be in the interest of both sections.

FOOTNOTES

[1] Melvin T. Copeland, The Cotton Manufacturing History of the United States (Cambridge, Mass.: Harvard University Press, 1912), 220.

[2] U. S. Census of Manufactures, IX, Pt. 2, 1900, 54-57.

[3] Baltimore Manufacturers' Record, April 19, 1895, 188.

[4] U. S. Census of Manufactures, IX, Pt. 2, 1900, 32.

[5] Holland Thompson, From the Cotton Field to the Cotton Mill: A Study of the Industrial Transition in North Carolina (New York: MacMillan Company, 1906), 133.

[6] John R. Commons and Associates, History of Labour in the United States, III (New York: MacMillan Company, 1935), 465.

[7] Boston Journal of Commerce, June 26, 1895, 246.

[8] Ibid., June 13, 1896, 184.

[9] Baltimore Manufacturers' Record, April 3, 1896, 159.

[10] Ibid., April 29, 1892, 34.

[11] Boston J. of C., Jan. 12, 1895, 232.

[12] Ibid., Jan. 26, 1895, 246.

[13] Baltimore M. R., April 1, 1898, 169.

[14] U. S. Congress, Report of the Industrial Commission on the Relations and Conditions of Capital and Labor, XIV, House Doc. No. 183 (Washington, D. C.: Government Printing Office, 1901), 529.

[15] Boston J. of C., Dec. 15, 1894, 168.

[16] Baltimore M. R., Jan. 25, 1894, 398; Feb. 2, 1894, 2.

[17] Victor S. Clark, The History of Manufactures in the United States, II (New York: McGraw-Hill Inc., 1929), 709.

[18] Baltimore M. R., April 1, 1898, 164.

[19] U. S. Census of Manufactures, IX, Pt. 2, 1900, 30.

[20] Copeland, Cotton Manufacturing History of U. S., 135.

[21] Baltimore M. R., April 17, 1896, 190.

[22] U. S. Census of Manufactures, IX, Pt. 2, 1900, 39.

[23] Jack Blicksilver, Cotton Manufacturing in the Southeast An Historical Analysis (Atlanta: Bureau of Business and Economic Research, Georgia State College of Business Administration, Bulletin No. 5, July, 1959), 21.

[24] Baltimore M. R., June 20, 1896, 362.

[25] Ibid., Jan. 23, 1895, 392.

[26] Ibid., April 11, 1891, 75.

[27] Boston J. of C., May 13, 1893, 88.

[28] Report of the Committee on Southern Competition (Boston: the Arkwright Club, 1899).

[29] Boston J. of C., Feb. 2, 1895, 286.

[30] New England Cotton Manufacturers' Association, Transactions, April 28, 1897, 94.

[31] Baltimore M. R., May 31, 1900, 313.

[32] Boston J. of C., July 7, 1894, 216.

[33] Ibid., May 12, 1894, 88.

[34] Ibid., March 23, 1895, 392.

[35] Ibid., Oct. 10, 1896, 24.

[36] Ibid., July 13, 1895, 232.

[37] Ibid., Feb. 22, 1896, 336.

[38] Victor S. Clark, "Modern Manufacturing Development in The South, 1880-1905," The South in the Building of the Nation, VI (Richmond, Virginia: Southern Historical Society, 1909), 284-287.

[39] U. S. Census of Manufactures, IX, Pt. 2, 1900, 28.

[40] Baltimore M. R., July 21, 1893, 448.

[41] Ibid., Dec. 22, 1893, 345.

[42] Ibid., June 1, 1895, 5 and 27.

[43] Boston J. of C., Dec. 29, 1894, 200.

[44] Ibid., Oct. 27, 1894, 56.

[45] Ibid., May 25, 1895, 120.

[46] George Sweet Gibb, The Saco-Lowell Shops: Textile Machine Building in New England 1813-1949 (Cambridge, Mass.: Harvard University Press, 1950), 244.

[47] Thomas R. Navin, The Whitin Machine Work Since 1831 (Cambridge, Mass.: Harvard University Press, 1950), 229-230.

[48] Broadus Mitchell, The Rise of Cotton Mills in the South (Baltimore: Johns Hopkins Press, 1921), 247.

[49] Baltimore M. R., Jan. 1, 1897, 390.

[50] Boston J. of C., July 4, 1896, 228.

[51] Baltimore M. R., July 17, 1896, 410.

[52] Ibid., Sept. 11, 1896, 108.

[53] New York Commercial and Financial Chronicle: as quoted in Baltimore M. R., Sept. 18, 1896, 128.

[54] Baltimore M. R., April 19, 1895, 177.

[55] Raleigh News & Observer, Nov. 28, 1895.

[56] Baltimore M. R., Nov. 28, 1894, 252.

[57] Ibid., May 31, 1895, 11-12.

[58] Ibid., June 5, 1896, 312.

[59] Ibid., April 2, 1897, 169.

[60] Ibid., Dec. 14, 1899, 10.

[61] Ibid., July 31, 1896, 5.

[62] Gerald W. Johnson, The Making of a Southern Industrialist: A Biographical Study of Simpson Bobo Tanner (Chapel Hill, N. C.: The University of North Carolina Press, 1952), 65-66.

[63] Baltimore M. R., May 17, 1895, 244.

[64] Boston J. of C., Dec. 12, 1896, 165.

[65] U. S. Congress, Report of the Industrial Commission on the Relations and Conditions of Capital and Labor, VIII, House Doc. No. 495 (Washington, D. C.: Government Printing Office, 1901), 516.

[66] U. S. Census of Manufactures, IX, Pt. 2, 1900, 25.

[67] U. S. Consular Report, No. 239 (August, 1900), 474-475.

[68] George T. Winston, A Builder of the New South; Being the Story of the Life Work of Daniel Augustus Tompkins (Garden City, New York: Doubleday, Page and Company, 1920), Chapter 20.

[69] Baltimore M. R., April 14, 1893, 197.

[70] N. E. Cotton Mfgs. Asso., Transactions, April 30, 1896, 245-247.

[71] Baltimore M. R., May 22, 1896, 280.

[72] N. E. Cotton Mfgs. Asso., Transactions, April 30, 1896, 245-247.

[73] Textile World, July, 1897, 41.

[74] U. S. Congress, Report of the Industrial Commission in the Relations and Conditions of Capital and Labor, VII, House Doc. No. 495 (Washington, D. C.: Government Printing Office, 1901), 482.

[75] Boston J. of C., May 30, 1896, 151.

[76] Boston Commercial Bulletin: as quoted in Boston J. of C., January 26, 1895, 62.

[77] Boston J. of C., Dec. 25, 1897, 200.

[78] Ibid., May 23, 1896, 132.

[79] Ibid., Nov. 17, 1894, 104.

Chapter V

The Road to Reunion and the Open Door Policy

Daniel A. Tompkins played a central role in uniting northern and southern cotton textile interests behind the drive to influence American foreign policy. His actions, as well as those of his supporters, stemmed from similar assumptions about economic reality. At the core of Tompkins' world view lay the idea that the cotton mills of the New South depended upon a continually expanding market for their products. And he believed that the acquisition of such markets benefited the agricultural sector of the southern economy. For with the construction of more cotton factories, "we get more for our cotton, and we also create home markets for other farm products than cotton."[1]

Tompkins generalized his conception of the functioning of the economy of the South to the whole American economic system. In his book, Cotton Mill, Commercial Features, he presented statistical tables arguing that not only was the number of spindles growing more rapidly than the population of the country, but that the same phenomenon characterized the industrial community.[2] Tompkins sent copies of this book to influential Americans such as Benjamin R. Tillman, a Senator from South Carolina, and he made explicit references to these figures in letters to opinion leaders like John Foord - an editor of the New York Journal of Commerce and Commercial Bulletin and the secretary of the American Asiatic Association. In one of these letters, he concluded that "this makes it plain that our export markets are absolutely essential to our future growth and prosperity."[3]

As president of the Southern Cotton Spinners' Association, Tompkins worked hard at his task of sublimating sectional energies into a framework of economic nationalism. In the spring of 1898, he admonished the members that "we have reached that point in the development of the cotton industry where we make more goods than the markets which we now have will take." Dismissing the alternative of making domestic adjustments to meet the problem of overproduction, Tompkins maintained that "curtailment of production can bring only the most temporary and unsatisfactory relief." The enlargement of foreign trade is the only permanent solution for domestic ills and the "measures of relief are the same for both sections." Therefore, cotton manufacturers from both North and South must "join together to procure the necessary legislation from Congress." Because "no controversy between the sections will give relief," reiterated Tompkins, there must be "co-operation of all who are engaged in cotton manufacture in the United States."[4]

In the following spring, the retiring president of the Southern Cotton Spinners' repeated that he had "no sympathy with the talk about competition...between the North and the South. The competition is rather between the whole United States and the rest of the world." He told the members of the association that the problem of overproduction of cotton goods raises a basic question. "Shall we enter upon a destructive competition between ourselves for the limited business that the home market furnishes," he asked, "or shall we work together to create new trade for the whole United States in competition with Germany, France, England and other foreign countries?"[5] The Manufacturers'

Record commented that "there is much wisdom in Mr. Tompkins' remarks" that "much valuable energy may be expended in a rivalry within a limited market." The editors agreed that "the same energy exerted for the promotion of common interests in a wider market will undoubtedly have a beneficial effect both North and South."[6]

Many southern cotton manufacturers already shared Tompkins' belief in the necessity of foreign markets for their goods and others were ripe for such an idea. Speaking before the Southern Industrial League in August 1899, Tompkins insisted that the overproduction of cotton fabrics demanded export markets. "Mr. Tompkins' speech indicates strongly the trend of thought of leading Southern men," remarked a journal firmly behind the New South movement.[7] And during October 1899, Tompkins gave several addresses calling for an open door policy in China to solve the problem of surplus cotton textiles. Commenting on one of them, the Boston Journal of Commerce stated that it has started southern mill owners "toward an active movement" for "congressional legislation" to help secure "a chance for the exportation of their cotton manufactures into China." And the Boston Journal had "no doubt but that the next meeting of the national legislative bodies will hear a great many important discussions on this subject."[8]

A "most notable" meeting of the Southern Cotton Spinners' in May 1900 illustrated the general acceptance of Tompkins' ideas. Nearly 500 people directly connected with the manufacture and sale of cotton goods, from the North as well as the South, attended the Charlotte convention. In his speech on "The Unification and Enlargement of American Interests," Tompkins asked for cooperation between the sections as he

lined up morality with a definition of national interest. "For the advantage of our people at home in their trade with China, and for the advancement of the work of our Christian missionaries," he argued, "we should insist upon the preservation of our treaty rights with China and resist the partition of that empire. Our duty and our interests lie together in these matters." A set of resolutions, introduced by Tompkins and adopted unanimously, committed the association to press Congress to help finance the extension of the nation's export trade.[9]

The "most striking fact regarding the whole meeting," reported Richard H. Edmonds, was the complete lack of disagreement from the central theme of the convention. "From the speech of welcome to the last toast at the banquet the same note was sounded. It was a demand for measures for the upbuilding of American commerce," particularly where the export sales of southern cottons were on the rise.

> Over and over again in the speeches that were made the warning was given to politicians that the time had come when the business men of the South proposed to unite with the business men of the North in demanding legislation that would be in the best interests of the country without regard to what the politicians of either party might prefer.

The enthusiasm shown for "every speech advocating subsidies to steamship lines, the building of the Nicaraguan canal and the maintenance of the open door in China and the retention of the Philippine Islands" demonstrated a "unanimity of sentiment" on these matters. Coming in close contact with the delegates, both at the meetings and over cocktails, Edmonds "failed to hear one single word of dissent from the propositions stated." He summed up his observations by acknowledging that the prevailing spirit indicated a "revolution in Southern

sentiment."[10]

Tompkins found his task more difficult in New England, but two factors worked in his favor. First, it became increasingly evident that the Massachusetts labor laws would not be repealed and that national labor legislation would not be enacted. Secondly, during 1897 - 98 the northern cotton industry entered a period of general prosperity.[11] And, as confidence returned, more and more New England cotton manufacturers felt that an enlarged export trade combined with a greater home demand would give them breathing room in the face of southern mill construction. Technological advantages in the manufacture of coarse goods enabled the South to compete in foreign markets, but cheap labor allowed Old England to outdo New England in America's fine goods market.[12] Each side of the sectional dispute was ready for the bargaining table. New England could support the expansion of the export trade and the South could support a high protective tariff on fine cottons. Tompkins offered the principle of reciprocity to meet the interests of both sections.

The reception that the New England Cotton Manufacturers' Association granted Tompkins indicated that a revolution in sentiment had also taken place in the North. Addressing the association in October 1899, Tompkins stated that "the cotton factories of America now make enough goods in eight months to meet all local demand. The question with Americans now is what shall be done with the output of the mills for the other four months?" Extending our trade in China, he argued, would make room for continued mill building, but if this trade was lost, America already has too many mills. Therefore "the most vital question

which concerns the cotton milling industry lies along the line of the country making sure of its export trade." After outlining several ways to aid in the development of this trade, he concluded that the New South in particular is dependent upon an "open door" to the China market. The applause that interrupted his speech upon 10 different occasions signaled a reunion of interest between North and South.[13]

Awarding Tompkins with another warm reception in the following year, the New England Cotton Manufacturers' reinforced the new sectional alliance. Tompkins focused his speech upon the principle of reciprocity treaties in order to help southern cotton manufacturers to attain foreign markets and to protect the home market for the fine counts made in New England. "This is a proposition which was announced years ago by the distinguished American statesman James G. Blaine (Applause)." And, Tompkins stated, "it is Democratic and it is Republican alike." The country needs export markets to remedy the ills of an overproduction of cotton goods. These new facts of life, he argued, require a re-definition of enemies. For we have "reached that point when the competitions of the world are rather betwixt nation and nation than betwixt individuals of the same nation." Therefore, North and South must come "together in the war of commerce to get our proportion of the trade of the world in competition with Germany and England and France and any other country that wants to come into competition with us (Great Applause)." Then, President D. M. Thompson said to the members of the association that "you have so clearly manifest your approval...that comment on my part is unnecessary....Cooperation will contribute material advantage to the interest of both sections."[14]

Between 1897 and 1901, a consensus emerged among textile interests that domestic overproduction made foreign markets vitally important. The president of the National Association of Manufacturers told the New England Cotton Manufacturers' in 1897 that the expansion of the export trade is "the most important matter which calls for the consideration of the cotton mill owners." Then the president of the cotton association cautioned the members that "these words are from a man who knows what he is talking about. Remember them carefully, treasure them....The recurrence of the periods of hard times may open our eyes to what we are able to do."[15] Later in the year, the New York Commercial and Financial Chronicle felt that there is a "deeper truth" accounting for the problems in the cotton industry than southern competition. "Must we not accept the conclusion that home consumption cannot take the product of our mills running on full time?"[16]

The dry goods editor of the New York Journal of Commerce and Commercial Bulletin, W. J. Mercer answered in the affirmative. Addressing the New York Merchants' Association, Mercer stated that "there is no room to doubt that the growth of the cotton manufacturing in the south... has resulted in the overproduction of cotton goods." Therefore, "we must find our markets to a very much larger extent outside our own country."[17] And the secretary of the New Orleans Cotton Exchange agreed that the country's cotton spindles were growing faster than its population.[18] The Textile World attributed the improved condition of the cotton industry in 1898 to the export demand and stated that "we have open to us a great field in which to work in this direction, the necessity of which we are more keenly alive to than ever before."[19]

And the following year a northerner boasted that, given the proper facilities, "the American cotton manufacturer is a potential DEWEY in the markets of the world."[20]

The director of the Philadelphia Commercial Museum concluded early in 1900 that the industry had reached "A critical moment in the History of the Export Trade in Cotton Manufactures." He made his belief clear that foreign trade is not an "academic question to be discussed in diletante fashion over the after-dinner cigar" but "rather a pressing and immediate necessity" because in America "the contented worker must be the busy worker."[21] By the turn of the century, the idea that foreign markets for cotton goods were the only alternative to depression was indeed widespread. In his special report on the cotton industry for the Census Bureau, Edward Stanwood remarked that "the existence of an important outlet for such goods saved manufacturers from a disastrous glut" as had been the case after the panic of 1893.[22]

The rapidly multiplying exports of American cotton goods to China reinforced the consensus on foreign markets. Augusta came to be known as the "Lowell of the South" and, following the path of their northern predecessors, the large cotton factories in this area made up a new export center.[23] For example, the 60,000 spindle John P. King Mill sent large amounts to China.[24] Other southern establishments sold almost exclusively to the China market. The Indian Head Cotton Mills of Alabama made a contract in 1898 to ship its total output for the next four years to China.[25] Southern cotton factories were pushing Britain out of the Orient and the great potential of the China market appeared to be materializing to allow the New South to continue its mill building

program. Between 1887 and 1897, British imports of plain gray and white cottons into China decreased 13.77 per cent in quantity and 7.9 per cent in value, while American imports increased 121.11 per cent in quantity and 59.45 per cent in value. An American consul noted that this "shows plainly that American manufacturers are now competing with Manchester in lower-grade goods" and that America "is now laying herself out for direct competition with the Lancashire export trade."[26]

But just as the dream of the New South appeared to be coming to life, a new enemy threatened to sever its umbilical cord. Russia presented herself as a potential destructor of the South's growing cotton goods trade in China. In the spring of 1898, European powers began moving in the direction of a policy to carve the Chinese Empire into economic spheres of influence. Germany received special privileges in the Shantung province, France enlarged her interest in China's three southern provinces, and Russia moved into the rich market area of Manchuria. After trying in vain to dissuade these moves, Britain joined the grab game by obtaining recognition of her economic interest in the Yangtsze Valley.[27] The Russian move particularly disturbed southern cotton mill interests as the majority of their exports to Asia were destined for northern China, especially Manchuria. By the mid 1890's, Russia had entered the cotton goods trade in China, and it was feared that Russia might close the doors of Manchuria to the cotton mills of the New South.[28]

This fear was intensified by the experience American cotton manufacturers had in their trade in Madagascar. For some years American cotton exports enjoyed a near monopoly in that French colony, but this

situation changed abruptly in 1897. In that year, France erected a protective tariff giving preference to her own goods in Madagascar and consequently American exports fell sharply. Between 1897 and 1899, American cottons exported to Madagascar dropped from $431,688 to $245 in value, while French exports of cotton goods to that country jumped from $97,340 to $1,542,858.[29] Some of the large southern establishments like the Pelzer Company lost their profitable trade in Madagascar, and this experience transferred to China and reinforced the fears of Russian control of Manchuria. Early in 1898, the New York Journal of Commerce and Commercial Bulletin cited this loss as a warning that the same could happen in China.[30]

The New South's fear of being excluded from the Manchurian market manifested itself almost immediately. James J. Hill told Congress in 1898 that his Great Northern Railroad carried over 20 million pounds of southern sheetings on route to China in the previous two years. South Carolina alone accounted for over 15 million pounds of the total and Hill did not carry a single pound manufactured in New England. Senator Cushman K. Davis tied these figures directly to American foreign policy. "Mr. Hill's statement demonstrates clearly the interest of the United States in the Asiatic trade and in the changes that may occur in European interventions in Chinese commerce."[31] And the Manufacturers' Record felt that "conditions in China are such that a slight turn of the wheel may either block American chances there indefinitely or produce a wonderful expansion of American markets." The editors warned that southern leaders "must do their part to impress upon public opinion the vital necessity of preventing the wheel being turned in the wrong

direction."[32]

Southern cotton mill owners received the support of well organized business groups in their efforts to maintain and extend their export trade. The National Association of Manufacturers, founded in 1896 for the purpose of increasing the sale of manufactures abroad, had a solid relationship with the New South. Its list of vice presidents included Ellison A. Smyth of the Pelzer Company and John F. Hanson of the Bibb Company as well as Daniel A. Tompkins. And the secretary of the Southern Cotton Spinners' announced in 1896 that "the work of extending markets for American manufactures has already been undertaken by a strong and influential organization." Referring to the N.A.M., he declared: "That organization deserves and should have the individual support of every cotton manufacturer in the United States."[33]

President Theodore C. Search made it clear that the N.A.M. was very much concerned with helping the cotton manufacturers of the New South increase their export trade. During the depression, he maintained that "the rapid development of cotton goods in the South has created new problems which must be solved and the home market is not able to absorb this output of the old and new mills." But Search optimistically asserted that "there is no doubt in my mind that the foreign market will not only take all our surplus but also afford an opportunity for the further expansion of the industry."[34]

After prosperity returned, Search told the Southern Cotton Spinners' that "no American industry has so much at stake in the future of the Orient" because "China has always been the largest market" for American cotton goods. "The building of new mills continues at a rapid

rate, and when another era of depression shall appear--as it will without possible doubt," Search warned, "the discrepancy between supply and demand in the home market will be more alarming than ever. To guard against such disaster, either there must be a stoppage of new construction and a curtailment of production, or new outlets must be created for the large surplus of goods which the home market cannot absorb."[35] Then, as the fear of Russian dominance of Manchuria intensified, Search testified before the Industrial Commission in March 1899 that "cotton is one of the subjects that is now especially taking the attention of the association." American manufacturers are producing more than the country can consume, he said, and this is particularly "true in cotton goods."[36]

The American Asiatic Association was another business organization closely related to the interests of the New South. This pressure group was founded early in 1898 for the primary purpose of preventing the dismemberment of the Chinese Empire and to keep it open to American goods, particularly southern cottons. Charles S. Campbell Jr. has related part of the story in his Special Business Interests and the Open Door Policy.[37] Exporting large quantities of southern fabrics to China, eastern commission houses were mainly responsible for the organization of A.A.A. As the Manufacturers' Record noted in June 1898, these commission houses "handle products of some of the largest Southern cotton mills, and their membership in the association undoubtedly means much for southern exports."[38] And representatives of several of these large southern mills soon became members of the A.A.A.

The A.A.A. quickly requisitioned government aid in defense of the

interest of the New South in China. On March 16, 1898, the China and Japan Trading Company, an exporter of southern cottons, petitioned Cornelius N. Bliss, McKinley's Secretary of the Interior. The commission house asked Bliss to help get the government to give "forceful expression of its intentions to have equal freedom for trade in China." Bliss himself was a partner in the Bliss, Fabyan & Company which exported southern fabrics to the Far East.[39] The A.A.A. continued to pressure the government for a vigorous policy in China and seemed generally satisfied with the results; after the first set of open door notes of the fall of 1899, president Everett Frazer remarked that the government had responded faithfully to the appeals of the association. "With President McKinley and his Cabinet associates, with frequent personal calls and correspondence, we keep in good accord," reported Frazer, and added that "our suggestions and resolutions...have been received with warm appreciation."[40]

In addition to acting through the N.A.M. and the A.A.A., southern cotton manufacturers joined with northerners in direct agitation for the protection of their China trade. On January 3, 1899, many engaged in the manufacture and sale of cottons from both sections petitioned Secretary of State John Hay for an open door policy. They informed Hay that well over half of America's total cotton exports are sent to Shanghai and "nearly all these goods" find a market in the northern parts of China, "in the territory already occupied or threatened by Russia." The appeal continued:[41]

> ...unless a vigorous policy is pursued on the part of the United States Government, these markets will be eventually closed to our trade, as has recently been the case in Madagascar.

> The territory threatened by Russia is much more important to us than to England, as her lighter goods find a larger market in the more southern ports of China;--hence we must look after our own interests in the North of China, and not rely on the assistance which England might give us.

Earnestly calling "attention to the above facts," the cotton manufacturers and commission houses asked that our representatives at St. Petersburg "be instructed to give special attention to this subject." Hay acted promptly by sending a copy of the petition to Minister Edwin H. Conger at Peking and to Herbert H. D. Pierce, Charge d'affaires at St. Petersburg. He told both diplomats that "the high characters and standing of the signers" warrants calling "serious attention to the subject." Hay wrote again to Pierce that "you will be expected to use every opportunity to act energetically in the sense desired by the numerous and influential signers of the petition."[42]

The cotton manufacturers who petitioned Hay made coarse goods in both the South and in northern New England. But the expansionistic spirit of the times also affected southern New England. Not only interested in keeping coarse goods producers occupied in China, these manufacturers of fine counts were also concerned with exporting their own goods. And on July 20, 1899, the Fall River Board of Trade asked John Hay to aid in extending the exportation of finer cottons to Canada. The Board does "earnestly petition the Administration and Congress to do everything that lies in their power, to have prepared and ratified a broad and equitable trade treaty between the two countries on the honest principles of give and take."[43]

Then, in September 1899, several prominent cotton mill owners of

South Carolina signed a letter urging the congressmen of that state to do all in their power to see that the government maintained the open door policy in China.

> The business of cotton manufacturing is the paramount manufacturing interest in the state. Next to agriculture, it is the principle employment of our people...a large number of the mills in this state are making goods for the China or Eastern trade. If by any chance this demand should be cut off, the mills would be compelled to shut down, or to get into direct competition with other mills which are making goods for home consumption. You can see at once what the importance of the China trade is to us; it is everything. The prosperity of the cotton mill business of South Carolina depends, in our opinion, upon the China trade. We believe that the expansion of this trade is the hope of the cotton mill industry in the South.

Until now, Anglo-American pressure "has led Russia to declare its purpose to admit the merchandise of other nations into Manchuria on terms equal to its own." But in the event that Russia changes that policy our Manchurian trade might "cease to exist, as did our trade under like circumstances, with Madagascar." Therefore, the "vital interest of your constituency" lies in maintaining America's "most favored nation" position in the China market. "Given the open door," concluded the letter, "we have no fears as to result or as to the future prosperity of our Commonwealth."[44]

Senator John McLaurin replied that "the 'open door policy' is what we need and want." Our victory at Manila "thwarted all the schemes of Russia for the dismemberment of China" and "if you want the 'open door,' the United States now holds the key" with its position in the Philippines. He maintained that "the control of them, or at least of some

portion, is the only safeguard for our trade interests in the East. The abandonment of them means the dismemberment of China, its partions among the European powers, and the inevitable loss of our China trade." Then, McLaurin made a clear distinction between economic imperialism and colonialism. Although he was against a "colonial policy," he wanted to "maintain sufficient interests in the islands to command equal trade rights with other nations in China." The Senator continued: "There is much political rot in the constant parading of the term 'imperialism.' It is a misnomer, intended to confuse and deceive." Colonialism is not "necessary to secure such commercial expansion as we want." The whole issue is "fraught with momentous consequences," for the cotton goods trade in China "is the hope of this great manufacturing industry in the South."[45]

Senator McLaurin later told the A.A.A. that he would not be "deterred by the spector of imperialism." Twenty years ago Henry Grady declared the existence of a New South and "as a representative of that 'new south'...I can proudly proclaim today that the sun of a new industrial era had dawned upon the South." But the loss of our cotton goods trade in China would result in the "shut down" of southern factories and labor "thrown out of employment." With "millions" invested in cotton mills which are "dependent" upon the China market, the New South must have American control of the Philippines to gain a "stepping-stone" to wider influence in the Orient. Sentimentalists and politicians cry imperialism, but "I will vote for the retention of these islands" and "if this be imperialism, let them make the most of it." Moreover, because of threats to the commercial open door in China

"self interest makes England and Japan our allies."[46]

In November 1899, the Southern Cotton Spinners' unanimously adopted the following resolutions presented by Tompkins: the whole economy is overproducing and cotton manufactures have found relief in China; therefore the President and Congress should preserve the integrity of the Chinese Empire and maintain the open door policy in China, restore order in the Philippines, construct an isthmian canal, and lay a cable across the Pacific. The association further recommended, if necessary, "cooperation of our government with the governments of England and Japan" to protect treaty rights in China, and "such increase in our navy as will make it fully adequate to protect our commerce in all seas and in all parts of the world."[47] The Manufacturers' Record felt that this action at the Charlotte convention "may be regarded as condensing opinions which are becoming every day stronger in this country." The editors said that Tompkins "has led the movement" for expansion in the South and the incentive for the resolutions is what he calls "the menacing policy of Russia."[48]

The Russian menace in raising the question of what to do with the Philippines illustrated the relationship between the New South and the New American Empire. The New York Journal of Commerce and Commercial Bulletin insisted in August 1898 that the policy of the government in regard to the Philippines will have a "portentous" bearing on the European threat to partition China.[49] In the same month, the Textile World felt it a "most vexing question" and "it seems a foregone conclusion that we should have, at least, a coaling station in that part of the world."[50] Responding to a questionnaire of the Manufacturers' Record

in June 1898, southern cotton manufactures revealed the basis of their views on American control of the Philippines. The response of John F. Hanson was particularly candid: "It is a cold question of business," stated Hanson, "and I am in favor of or opposed to annexation according to the measure of advantage or disadvantage that will come to us from one or the other course."[51]

More and more cotton manufacturers of the New South came to agree that America must exercise sufficient control over the Philippines to keep the door open in China. The swing in this direction was in part the result of the work of propagandists like John Barrett, who told a southern audience in October 1899 that control of the islands was essential to their interests. Tompkins privately complimented Barrett on the impact of his lecture. "Quite a number of important cotton manufacturers have said to me that heretofore they have been on the anti-expansionist side of the Philippine question," Tompkins wrote, "but after hearing your speech they are entirely convinced of the former error and now favor expansion. I have been astonished at the openness and frankness in which this has been done in several cases."[52] A month later, the Richmond Times stated that our China trade must be protected "imperialism or no imperialism" as the people of the cotton states demand.[53] And Senator John T. Morgan of Alabama called for a "cotton port at Manila that will enable us to reach the Orient."[54]

The Weltanschuung underlying the New Empire revealed itself as southerners debated the Philippine question on the floor of Congress. Stating that southern cotton mills depended upon the China market, Senator McLaurin of South Carolina argued for the retention of the

islands. "In the great conflict of the nations for commercial supremacy we need not rely upon treaty rights to secure the 'open door.' With a foothold in the Philippines," he insisted, "we are in a situation to demand and enforce equality of opportunity with other nations."[55] Senator Augustus O. Bacon of Georgia took issue with McLaurin's position and presented moral arguments against acquisition of maritime territory. "But to come down to the practical point," said Bacon, "we do not need any help in the Philippine islands to get into China." Because no country can "afford to make an issue with us," Bacon felt the open door policy is of "very great advantage to my section of the country."[56] Representative Stanyarne Wilson of Spartanburg, South Carolina also argued against the idea that the Philippines were the key to the China door:[57]

> What we need is not possession of these islands of the sea, but an open door to Asia. That is important--immensely important--to us. Force or vast colonial possessions are not useful or necessary to open that door....We want and must have all the trade that can possibly be acquired in the East. We must cloth these teeming millions--such of them as wear clothes.

The arguments of these Congressmen provide a crucial insight into the New South habit of mind. Southern leaders had opted into the northern system of industrial capitalism and their basic concern was to make it operate efficiently. Like the cotton manufacturers whom they represented, these congressmen assumed that the China market was vitally important to the functioning of the New South. The logic of this assumption led them to seek the best means to enlarge their export trade. Some felt that American imperial control of the Philippines was

necessary to penetrate the China market. Others disagreed. Feeling that curtailment of production afforded no permanent solution to their conception of the domestic ills of overproduction, southerners centered their debate on how to attain foreign markets. They did not ask the more basic question of whether a fundamental change in the system provided an alternative to the Way of the New South.

The congressional debate over the Philippine question also dramatized the reunion of northern and southern cotton mill interests behind American foreign policy. Pointing to the growing exports of American cottons to China since the acquisition of the Philippines, Henry Cabot Lodge agreed with Senator McLaurin that retention of these islands was necessary to keep the door open in face of the Russian menace:[58]

> Nearly all these cotton manufacturers came from the South, and have been to our Southern mills a source of great profit, while at the same time they have relieved the pressure upon the domestic market and are thus a direct benefit to every cotton factory in New England.

The common assumption of domestic overproduction led representatives of the cotton interests from North as well as South to support the open door policy. And the shared perception of an outside threat in the form of Russia strengthened the cohesiveness of the expansionist group. The agreement between the Senator from Massachusetts and the Senator from South Carolina symbolized the relationship between the politics of reunion and the policy of informal empire. Lodge had given up his Force Bill and McLaurin had given up the Great Rebellion.

The Boxer Rebellion in the spring of 1900 reinforced existing fears that European powers would violate the open door agreements of the

previous fall and use the uprising as an excuse to partition China into spheres of influence. Mill building in the New South in anticipation of a steady foreign demand continued at a rapid rate and manufacturers were particularly concerned about losing their profitable trade in China. The Manufacturers' Record announced that the cessation of hostilities in the Caribbean meant that foreign markets for cotton goods will be larger than ever and announced that the "South is preparing to take advantage of them."[59] The Boston Journal of Commerce agreed that many of the cotton mills, erected in the South during the first half of 1900, "were built on the premise of this trade with China."[60] And an Alabama congressman maintained that "a majority of the new mills established in the South are exclusively supplying the Chinese trade."[61]

Ellison A. Smyth, president of the giant Pelzer Cotton Mills of South Carolina, felt that southern cotton factories depended upon the China market and he predicted in 1899 that a disturbance of this trade would have great impact on the New South:[62]

> With the doors of China closed against us tomorrow it would mean that every cotton mill in the South...would suffer untold harm....Most of these new mills are being built for the export trade, and particularly the trade with the East, and the money that is being invested in them is in jeopardy if our export trade is not maintained and fostered.

The Boxer Rebellion did severely affect the cotton industry of the New South. Mill construction was temporarily halted and profits dropped for those factories already established. Later, Smyth reminded the southern business community that his prophecy had come true.[63]

Experiencing the effects of the loss of the China trade, and facing

the possibility of a permanent loss of this trade if European powers had their way, southern cotton manufacturers remained "militant" in expressing their desire for the maintenance of the open door policy.[64] The Manufacturers' Record noted in June 1900 that southern cotton mill owners were among the signers of a memorial the A.A.A. sent to the President in favor of action that may "conduce to the restoration of order in the disturbed provinces of China."[65] Influenced in part by representatives of the New South, the McKinley administration responded to the Boxer Rebellion with a second set of open door notes. And a month after the dispatch of this July 3 circular, 2,500 American troops from the Philippines joined an international army to suppress the insurrection in China.[66]

Cotton manufacturers of the New South expressed gratitude for the administration's efforts on their behalf and several of them formalized their feeling in the following memorial to Secretary of State John Hay:[67]

> The undersigned manufacturers of cotton goods in the Southern States desire to express their approval of the actions of the United States Government in the protection of American interests in China, known as the 'open door' policy, and trust this position may be maintained and more especially relating to Manchuria, to which section of the Chinese Empire a large proportion of the production of the cotton drills and sheeting manufactured in the Southern states is exported.

These interests of the New South persisted in their efforts to encourage the government to keep the China door open. Tompkins joined the executive committee of the A.A.A. in going to Washington to urge the President to settle all questions in China. Tompkins made a "clear and forcible" statement of the position of southern cotton manufacturers

in regard to the administration's China policy, and pointed out the "vital importance" to them of a speedy and satisfactory settlement of existing difficulties.[68]

As a mature spokesman of the mind of the New South, Daniel A. Tompkins developed his view of the world around his personal interests in cotton mills. Operating on the assumption of overproduction, he did all in his power to establish a harmony of interests within the system in order to solve domestic ills through expansion abroad. According to Tompkins, cotton mills depended upon foreign markets and consequently he defined the security of the New South in terms of the export trade. Generalizing his conception of the functioning of the South to the whole economy, he saw foreign markets as a rallying point for the unification of American interests. And he viewed the expansion of commerce as coincident with America's duty to extend civilization throughout the world. With a mind intolerant of dissonant ideas, Tompkins helped both sections take another step along the road of reunion as he led the New South's drive for an open door policy.

Tompkins, of course, only personified the relationship between the New South and American foreign policy. Many other southern cotton manufacturers, who did not get their names in newspapers, agreed that foreign markets were vitally important to the welfare of their section. Although they remembered the Civil War and the North's continued effort to keep them in colonial bondage, southerners were driven by the logic of their assumptions to cooperate with northerners in support of the open door in China. This marked a clear victory for the rising forces of economic nationalism over the fading forces of sectionalism. The

movement to Bring the Cotton Mills to the Cotton Fields thus played an increasingly influential role in the making of American foreign policy.

FOOTNOTES

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[5]Bradstreet's, June 3, 1899, 350.

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[44] Textile World, Nov. 1899, 36-37.

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