The John Quincy Adams Years and the American Economy
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John Quincy Adams was the last president elected by the House of Representatives. With the vote split among four candidates, none had enough electoral votes for victory. It was also one of the last elections where almost all votes were cast by state legislators, not by the people. That would soon change.

The Election of 1824: A “Corrupt Bargain”

As James Monroe's presidency moved through its second term, in the absence of any clearly defined party five regional candidates emerged as contenders for the election of 1824: John C. Calhoun of South Carolina; John Quincy Adams, Monroe's secretary of state; Andrew Jackson, the hero of New Orleans; Henry Clay of Kentucky, the “Great Compromiser”; and William H. Crawford of Georgia, former Minister to France and Monroe’s secretary of the treasury. An illness eliminated Crawford, and Calhoun, still a relatively young man, withdrew early in the game and ran for vice president under Adams and Jackson. He was elected both times.

With a divided vote, no candidate won a majority in the electoral College; thus the election was moved into the House of Representatives, the last time that has occurred. In the actual election Jackson received about 151,000 popular votes and 99 electoral votes; Adams received over 110,000 popular votes and 84 electoral votes. Henry Clay came in a distant third in both categories. It is worth noting that the population of the United States at the time was about 12 million, which shows that in many states the people still did not vote for the presidential electors. State legislatures decided the issue of presidential electors.

With majorities in both electoral and popular votes, Andrew Jackson felt he was entitled to the presidency. But behind the closed doors of the House of Representatives the deliberations produced a different result. John Quincy Adams was elected president, and he soon named Henry Clay to be his secretary of state. Since every prior president except Washington and John Adams had served as Secretary of State, the office seemed to be a direct pipeline to the presidency. Thus charges were brought that Clay and Adams had struck a “corrupt bargain,” allowing Adams to gain the presidency, although no corroborating evidence has ever been found. John Quincy Adams was known for his scrupulous honesty, but it is clear that Jackson and Clay had sharp political differences. In any case it is generally accepted that Clay's influence as speaker of the house was decisive.

John Quincy Adams as President.

John Quincy Adams is one of a number of Americans who served as president and whose presidency was not his greatest achievement. Adams has been called by a number of historians America's greatest diplomat; he served in a number of important diplomatic posts and
negotiated several treaties. In addition, his probable authorship of the Monroe Doctrine is generally seen as a credit. Following his presidency, John Quincy Adams was elected to the House of Representatives, where he served for 18 years, becoming a strong opponent of slavery and an outspoken critic of those who refused to debate the issue of slavery in the Congress. His argument before the United States Supreme Court and the famous Amistad case is held up as a brilliant exposition of the meaning of freedom in America.

Adams hoped to make his presidency a tribute to the idea of nationalism, but the boldness of his program exceeded his political ability to bring about. He often appeared insensitive to public feelings, and he failed to use his power to build support for his programs. He refused patronage on honorable grounds and left civil servants in office unless they could be removed for cause. He favored the “American System,” of Henry Clay and went far beyond what others had proposed—calling for federal initiatives in astronomy, education, the arts, agriculture, sciences, and so on. His nationalist approach aroused much states’ rights opposition. Followers of Adams and Clay became National Republicans and later Whigs during the Jackson years. Jackson’s men became Democratic Republicans and called themselves Democrats.

**Broadening Of Democracy after 1815**

- Many state Constitutions were liberalized 1816-1830, gradually eliminating property qualifications, taxpaying for voting, religious qualifications for office, etc. Electors were more and more elected by people, not legislatures. Although the nation’s founders believed that “democracy” contained dangerous impulses, by the 1830s the term had become more acceptable and applicable to American institutions. Alexis de Tocqueville noticed the decline of deference and the elevation of popular sovereignty in America—“self-made” men could now rise in stature. Each individual was to be given an equal start in life, but equality of opportunity did not mean equality of result. The American people were happy to accept a society of winners and losers.

- As states eliminated property requirements for manhood suffrage, public involvement in politics swelled, and a permanent two-party system became the standard forum for the exchange of political ideas. It became understood that a “loyal opposition” was essential to democratic government. Economic questions (prompted by the Panic of 1819) and the proper role of the federal government in business matters were major concerns that assisted the rise in popular political interest. Workingmen’s parties and trade unions emerged as workers became convinced that the government should protect the rights of labor as well as those of the producers. Offices that had been appointive—such as judgeships or the electoral college—were made elective.

- Abolitionists sought an end to slavery and supported civil rights for free African Americans and women. The major parties gave little thought to extending rights to anyone other than adult, white males, however, and it was left to other, more radical, parties to argue the cause of African-Americans, women, and working people.

- The greatest change took place in the style of politics. Professional politicians emerged, actively seeking votes and acting as servants of the people. Men such as Martin Van
Buren in New York extolled the public benefits of a two-party system, and political machines began to develop on the state level. National parties eventually developed—the Democrats and the Whigs, many of whom who later evolved into Republicans. Although political parties often served special economic interests, it should be remembered that American politics always retained a strong republican ideology and that all parties sought to preserve equality of opportunity. The National Republicans and Democrats differed on whether this could be done best with or without active intervention by the national government.

- Social equality was the dominant principle of the age. Special privilege and family connections could no longer be counted on to guarantee success. Industrialization, however, perpetuated inequality, not in the traditional sense of birth or privilege, but in terms of wealth and attainment. Despite persistent and growing economic inequality, Americans generally believed they had created an egalitarian society, and in many ways they had. Political equality for white males was a radical achievement, and Americans came to prefer the “self-made” man to one who had inherited wealth and refinement. The egalitarian spirit carried over into an attack on the licensed professions, and it was believed that any white male should have a chance to practice law or medicine, whether or not he was trained.

American Economic Growth 1820-1860

A person living in 1700 or 1500 or even earlier would not have been overwhelmed by the advances evident in 1800. But imagine Washington or Jefferson looking 100 years ahead to the automobile, light bulb, telephone, cross-country railroads (200,000 miles by 1900), factories full of heavy machinery and hundreds of other advances. The rate of change in human society began to pick up in the early 1800s and has been accelerating ever since. Arguably, even the 20th century did not have such a profound impact on the way people live their lives as the 19th.

Historians have analyzed American economic history from various perspectives, sometimes arguing that economic issues dominated American political developments, even to the writing of the Constitution. Those kinds of claims, often made by historians influenced by various Marxist theories, have been to a large extent discredited. There can be no doubt, however, that the economic development of America is in many ways central to our overall evolution as a nation. Although the first steam engine, the first locomotive, and much of the earliest textile machinery first appeared in England, the development of technological advances on a grand scale occurred in America.

It is an interesting coincidence that Adam Smith’s The Wealth Of Nations, the “bible” of laissez-faire capitalism, was published in 1776, for the United States has clearly been the most successful capitalist nation in history. Historian Carl Degler wrote in Out of Our Past that “Capitalists came in the first ships.” The Virginia colony was, after all, this formed as an
investment company, from which those who ventured their capital hoped to gain profits. It can scarcely be doubted that economic issues were the driving force behind events that brought about the American Revolution. Although that is not the whole American story, it certainly is an important part of it.

America was something of slow starter in developing manufacturing and small industries. Around 1800 each family farm was, in effect, a small factory, as family members themselves created most of what they needed—from simple tools and nails to clothing and cooking utensils. More substantial items, such as plows, harnesses and so on, were either imported or manufactured locally. Jefferson’s Embargo and the War of 1812 both demonstrated that the United States could not remain dependent on foreign imports, and Yankee ingenuity soon led to economic progress. Nevertheless, economic growth in the United States before 1820 was built on agriculture and commerce. The success of the “carrying trades”—shipbuilding, for example—diverted investment from more risky manufacturing ventures, although some innovations, especially in the textile industry, did appear.

The Industrial Revolution, which began in the 1700s in Great Britain and continued through the 18th and 19th centuries, profoundly altered a social and economic structure that had been more or less stable for centuries. As technology began to introduce mechanical devices to aid manufacture, many of them developed initially in Europe, American workers reacted to the new machines with uncertainty, concerned that wages might fall and that their economic independence and status might be negatively affected (a fear that was realized in the later, post-Civil War industrial era.) American shipping had enjoyed a period of prosperity between 1793 and 1805 but suffered when England and France restricted America’s rights as a neutral nation. Thus alternative sources of economic development were needed.

**The Birth of the Factory**

The growth of American industry required certain technological advances, including the factory system, interchangeable parts, steam power, and the cotton gin. The changing nature of economic life throughout the world meant that America had no choice but to keep up. Although early factories in America bore little resemblance to the large industrial plants of the late 19th century, American factories were profitable from the start. Various small manufacturing industries had begun around 1800, and the factory boom began to swing into high gear thereafter. It brought about a “complete revolution in domestic life and social manners.”

**The New England Mills**

The early phases of the Industrial Revolution were dominated by developments in the textile industry, and America soon began to concentrate its energies in that field. Numerous flowing streams and rivers in New England provided the power necessary to run spinning machinery. English emigrant Samuel Slater left England with plans for Richard Arkwright's spinning frame that could produce stronger threads for yarns in his head (it was illegal to export written plans) and developed water-powered machinery for spinning and carding cotton. Slater built a mill on the Blackstone River in Rhode Island, and the New England textile industry began to move forward at a rapid pace.
In the 1820s Boston investors began to create a textile manufacturing center in Lowell, Massachusetts. The factories recruited women to operate the machines, and the “mill girls,” as they were known, became a feature of the textile industry. The mill girls lived in dormitories far from home and worked long hours at their machines. Although the female factory worker had been near the lowest end of the social spectrum in Europe, the American mill girls, whose labor turned out to be extremely valuable, received somewhat better treatment.

The age of the mill girls ranged from very young pre-teens to older women, but most were between the ages of 16 and 25. As there were few professions available to women outside the home at that time, jobs in the mills were relatively attractive. The Lowell system, as it became known, although it required long hours of work for modest pay, did offer the mill girls opportunities for education and recreation, and female overseers saw to it that girls attended religious services and avoided earthly temptations. Nevertheless, as competition within the industry became sharper, the benevolent treatment began to give way to harsher conditions, and wages dropped. In the 1830s some of the mill workers attempted to strike, but without significant success.

*It is interesting that two of the most famous strikes in American history were begun or supported by women in the mill towns of New England. The famous Lawrence strike of 1812 echoed the first mill workers’ strike in 1836.*

**The Northern Industrial Juggernaut & Yankee Ingenuity**

Industry grew most rapidly in the North, in large part because investment in land, cotton, and slaves dominated the Southern economy and was extremely profitable. Historians have estimated that the average yearly return to cotton plantation owners was approximately 10%, a nice return on one’s investment in any environment. But in the Northern parts of the country, profits made from trade and commerce were poured into new ventures.

Steam power was critical to the expansion of the factory system as well as to the transportation industry, and both areas were remarkably receptive to technological change. In America, individual freedom encouraged resourcefulness and experimentation, business growth encouraged new techniques, and the chronic labor shortage encouraged the substitution of machinery. Even the British admired American inventiveness.

*An example of Yankee inventiveness came in the ice industry. For generations people had been harvesting ice in the winter and trying to preserve it during the hot summer months. A couple of ingenious Yankees made a fortune by developing insulated containers to preserve ice that was harvested from lakes and ponds. They experimented with many different materials to find those with the best insulating properties. They developed cutting machinery that could harvest ice in square blocks that would fit together tightly, making it easier to store for long periods. Their system was so effective that over 90% of stored ice, if untouched, would remain frozen over the summer. They even transported and sold ice in the Caribbean and in other hot climates as far away as Egypt and India.*
In this thriving industrial environment invention begat further invention. Development of such things as cans and containers became important for storage and transportation of products. Gail Borden used the development of the tin can as a means of preserving the condensed milk that he had learned how to produce. Charles Goodyear developed a process to make rubber more flexible and durable. John Deere and Cyrus McCormick invented new farm machinery that helped develop the agricultural industry in the United States in wheat, corn and other staples. Samuel F.B. Morse's invention of the telegraph led to creation of commercial networks that carried messages across the United States. The telegraph became an important adjunct to the railroad industry.

Eli Whitney's cotton gin was an early mechanical device that changed cotton production in the South, but many other inventions moved industry forward. In 1800 United States patent office approved 41 patents; by 1860 that figure had risen to 4,357, a one hundred-fold increase. Americans were willing to try anything; they started by copying designs of others and then improved them through innovations of their own. Automated flour mills, nail making machines and other mechanical devices appeared. Elias Howe and Isaac Singer developed a sewing machine, an important adjunct to the textile industry. *The sewing machine actually retarded textile factories to some extent, as it made the production of garments in private homes more feasible.*

**The Transportation Boom: Canals and Railroads**

Another important factor in American economic development was the vast land area which the country acquired as a result of Louisiana Purchase and the later Mexican Cession. The value of American land was dependent upon the transportation facilities available to capitalize on what the land could produce. The bays, inlets and rivers had provided ample transportation during the colonial period, but as settlers moved over the Appalachian Mountains, even though the Mississippi River Valley and its many tributaries provided a route to the sea, development of new means of transportation was critical.

In the early 1800s John Fitch and Robert Fulton developed the steamboat and made it commercially profitable. Soon steamboats began to ply America's waterways from the Mississippi eastward. By the late 1840s, steamships had captured much of the Atlantic freight and passenger traffic. Those British-built vessels, stronger and larger than wooden sailing ships, challenged America’s shipbuilding industry. Competition, subsidies, and new technology had reduced shipping rates, and bargain rates in steerage enabled tens of thousands of Europeans to immigrate to America.

Regular scheduled voyages across the Atlantic were soon part of the trade system. In 1816 the Black Ball Line commenced operation with twice monthly voyages between New York and Liverpool using small but efficient packet ships. Both steam and sailing vessels were still used as packets until after the Civil War, and the appearance of the slender 19-knot clipper ship
dramatically reduced travel time across the Atlantic and from the east to the west coast of North America around Cape Horn. The clippers could not carry much cargo because of their sleek design, but they ruled to world of sailing ships for about 20 years. Although English iron ships were often superior to those made in America, the British soon recognized American enterprise and concentrated on trades routes aside from the North Atlantic run.

The result was that foreign commerce grew dramatically in the 1840s and 1850s. The United States exported mostly raw materials (cotton was the most valuable export), and it usually imported more (mostly manufactured goods) than it exported, in terms of cargo value. Great Britain was both the best customer of the United States and its leading supplier.

The Canal Boom

America had extensive waterways, but they did not cover everything, and early in the 19th century individual states began canal building projects designed to connect different bodies of water. The most famous of all canals was the Erie Canal in New York, built under the leadership of Governor Dewitt Clinton. Plans were drawn up and the project began in 1817. The Erie Canal reached from Albany to Buffalo and connected the Great Lakes with the Atlantic via the Hudson River, which is navigable to above Albany. The canal transformed New York City into the “Emporium of the Western World.” The great metropolis became the center of American and eventually world commerce and remains so to this day. The canal, which cost $7 million, had branches constructed off the main canal. It is still in use.

The canal boom touched other states, mostly in the North and East. Many canals were built in Ohio, but not all of them made a profit. Even after the railroads began to compete, it was still cheaper to move bulk goods by canal than by any other means.

Railroads: Expanding Traffic

It was inevitable that the steam engine, which transformed ocean transport, would also create a revolution in land travel. The first locomotives were built in England between 1815 and 1830, and soon several short railroads were operating in Great Britain. In 1827 the Baltimore & Ohio railroad was chartered, and the first train was powered by Peter Cooper's Tom Thumb, the first American-built steam locomotive to be operated on a common-carrier railroad. In 1830 the Baltimore and Ohio reached 13 miles west of the city and eventually connected Baltimore with Wheeling, Virginia.

By 1840s United States had 3,500 miles of railroads and by 1860 the figure had risen to 30,600 miles, most of which were built in the 1850s. Prior to the Civil War there was no real national network, but in the east several major rail lines existed, including the New York Central, the Pennsylvania, and the Baltimore and Ohio. The railroad stimulated other inventions, such as higher-quality iron and steel were needed for efficient operation. The first railroad brakes were operated by hand, and wood burning engines were hazardous both to passengers and the countryside through which the railroads passed. The engineering challenges were formidable, as it was necessary to create a locomotives that would operate on curved tracks. Early rail travel was dangerous and uncomfortable; in addition to starting fires along the sides of the rights of
way, the clothing of passengers occasionally caught fire from sparks as well. Brakes were weak and frequently failed on downgrades. Part of American lore includes many songs and stories about famous railroad crashes.

Railroads probably had the largest impact on the American economy of any development in the entire 19th-century. Railroads changed everything, even America's concept of time; in fact, the four time zones were invented by the railroads. In order for trains to leave and depart on time the telegraph was necessary, for many of the longer lines were single track, and the arrival of trains at turnouts, or passing sections (lengths of double track laid side by side between stations), had to be coordinated. Accurate time keeping was important for the successful operation of the railroad. Railroads created a demand for more efficient manufacturing techniques and communications, and the eventual handling of tickets, cargo manifests and so on created the first white-collar class in America. Railroads cut travel times between distant cities from weeks or months to days or hours.

**Financing the Systems**

The building of railroads required enormous amounts of capital. Because of America's basic *laissez-faire* approach to private enterprise, the government would not finance railroads directly. However, the granting of large tracts of land by the federal and state governments helped to finance the building of lines, and the government recouped its investment because the land which was subsequently sold in the vicinity of railroads commanded much higher prices than land which had no access to a transportation system. Federal and state governments gave hundreds of millions of acres of land to the railroads in 19th-century, yet the investment probably profited all concerned.

Private investors also contributed capital, particularly when their communities stood to profit from the railroad. Long east-west rail lines usually required some public funding—loans, investments, and tax exemptions. Railroads profoundly affected farmers—they opened new areas and gave them access to world markets. Location of the lines helped determine what land could be profitably cultivated. Railroad companies created farms by selling their land grants as farm sites. Prices for farm goods were high, but farm labor was scarce. Machinery appeared to ease the labor shortage. Steel plows and mechanical reapers reduced the labor and time required to plant and harvest.

Railroads also stimulated other kinds of economic activity. They influenced real estate values, spurred regional concentration of industry, increased the size of business units, and stimulated
the growth of investment banking. Railroads also revolutionized business organization and management, and they sharply reduced freight and passenger rates. Finally, railroads revolutionized western agriculture; the center of wheat production moved westward.

**Railroads and the Sectional Conflict**

By the time of the Civil War east-west railroad corridors had transformed political lines to an East-West axis. Together with the Erie Canal, the railroads joined the Northeastern cities with the agricultural centers of the upper Midwest. Because more capital was available in the North for railroad development, functional lines in the North soon outstripped in mileage those of the South. Rail lines in the South were short, and no coherent southern rail system could rival the New York Central, Pennsylvania or Baltimore and Ohio. Southerners were not industrial capitalists—they made excellent returns from cotton production.

The telegraph was an important contribution to economic progress; the railroads needed it, as well as businesses for negotiating deals and orders across distances. By 1860 50,000 miles existed under the Western Union Telegraph Corp. Most lines ran northeast-northwest, as the South continued to fall behind in industrial development. By 1840 most people wearing manufactured clothing, and by 1860 industrial progress resulted in 5,000,000 horsepower generated from inanimate sources.

**The Role of Government in Business**

At the time of the American Revolution 45% of the nation’s wealth existed in the top in 10% of the population. In Boston in 1845 the top 4% owned 65% of the wealth. In Philadelphia in 1860 the top 1% owned over 50% of the wealth. In relative terms the gap between rich and poor was widening, but the booming economic growth meant that absolute standards were rising for all Americans.

The *laissez faire* idea was popular, but government did much to assist capitalism throughout American history. Federal and state governments provided what has been called “social overhead capital” such internal improvements. As wealth increased, prejudice against corporations broke down (a trend aided by the decisions of John Marshall), and most states passed general laws of incorporation rather than specific laws passed for individual businesses. Protective tariffs were designed to aid American manufacturers. The government also created markets by adding new territory such as the Louisiana Purchase and the Mexican Cession. America’s open immigration policies provided a steady stream of cheap labor, which was used for such things as railroad building which in turn attracted more immigrants.

Development capital came from the Northeastern merchant class. By 1860 1500 major banks existed with assets of $1 billion. The insurance industry also boomed as insurance companies had to provide protection against risks. The American experiment in capitalism was on the move, and there seemed to be no limits to its possibilities.

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