

**“I Shall Deal at the Other Shop”:****Confederate Cotton, British Neutrality, and Egyptian Opportunity**

As South Carolina seceded from the Union on December 20, 1860, the ports at Charleston bustled with activity as the leading export, cotton,<sup>1</sup> was delivered in 400-pound bales by farmers and middlemen, crowded onto steamboats by the thousands, and shipped off to ports in New York, Liverpool, and other cities. As other Southern states seceded and the Confederate States of America was established, the centrality of cotton to the Southern economy informed political, diplomatic, and military decisions made by Confederate leaders. Facing Civil War against the industrial North and desperately in need of foreign support, particularly that of Great Britain, the Confederacy adopted a trade embargo known as “cotton diplomacy.” Instead of bringing the cotton textile industry to its knees, as was intended, this strategy prevented the Confederacy from securing the funding it needed for a successful military campaign. Despite short-term cotton shortages, the British economy proved formidable in the face of cotton diplomacy, opting to source its needed raw materials from India, Egypt, and South America. Upon formally re-entering the raw cotton industry after the conclusion of the Civil War, the former Confederate States found a fundamentally changed market. The legacy of the changes to the cotton industry resulting from the Civil War had a major impact on migration, labor practices, and economic mobility in the United States and around the world at the end of the 19th century.

As a result of the 1793 invention of the cotton gin, rapid growth in the textile industry in Europe, and the soil-depleting nature of tobacco, Southern planters increasingly adopted cotton

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<sup>1</sup> Lemon, James T., and Allen Pred. "Urban Growth and City-Systems in the United States, 1840-1860." *Labour / Le Travail* 8/9 (1981): 112-13. Web.

as their crop of choice in the early 1800s. As the South's reliance on cotton increased in the 1800s, so too did its commitment to slavery. In 1850, 75 percent of the 2.5 million slaves working in agriculture in the United States worked in cotton production.<sup>2</sup> Further, the South's reliance on cotton, a crop that demands expansion, not intensification,<sup>3</sup> was a major factor in its defense of slavery in United States territories and ultimate secession from the Union.

The profitability of Southern cotton was largely accounted for by the burgeoning European textile industry's demand for raw cotton. In 1860, just under 20 percent of Great Britain's population worked in textile mills or had jobs that depended on the production and sale of textiles. Further, cotton textiles made up just shy of 40 percent of Britain's exports in 1860. In Great Britain, the United States accounted for 77 percent of the 800 million pounds of cotton consumed in the late 1850s.<sup>4</sup>

As beneficiaries of this trade relationship, white Southerners facing the prospect of Civil War were confident about the power of the South to control and profit from the raw cotton industry. The Southern attitude toward cotton is best summed up by South Carolina Senator James Hammond's infamous 1858 statement:

What would happen if no cotton were furnished for three years? . . . this is certain: old England would topple headlong and carry the whole civilized world with her . . . No, you

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<sup>2</sup> Turner, Thomas Reed. *101 Things You Didn't Know about the Civil War: Places, Battles, Generals--essential Facts about the War That Divided America*. Avon, MA: Adams Media, 2007. Print.

<sup>3</sup> Mullen, Lincoln. "These Maps Reveal How Slavery Expanded Across the United States." *Smithsonian Magazine* 15 May 2014: n. pag. Web.

<sup>4</sup> Beckert, Sven. "Emancipation and Empire: Reconstructing the Worldwide Web of Cotton Production in the Age of the American Civil War." *The American Historical Review* 109.5 (2004): n. pag. Web.

dare not make war on cotton. No power on earth dares to make war upon it. Cotton is king!<sup>5</sup>

Based on the belief that England was just as dependent on Southern U.S. cotton production as was the South itself, the Confederacy adopted cotton diplomacy. To the white Southern planters whose wealth and power was attributable to the sale of raw cotton, the “King Cotton” doctrine made sense. What these leaders failed to account for, however, was England’s ability to purchase its needed cotton from young non-western suppliers. This diplomatic strategy of withholding cotton from England and the rest of Europe in hopes that desperation for cotton would lead to support for the Confederate cause desperately failed. The enormity of the mistake was realized by Confederate leaders, who, after their loss, asserted that the funding for a strong war effort could have easily been secured by the strategy proposed by Confederacy Attorney General Judah P. Benjamin in February 1861 at the first meeting of the Confederate cabinet in Montgomery, Alabama. His plan:

I Recommend that our government purchase, immediately, at least 100,000 bales of cotton and ship it to England. With the proceeds of a part of it, let us purchase 150,000 stand of small arms, together with a corresponding amount of guns and munitions. The residue of the cotton should be held as a basis for credit.<sup>6</sup>

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<sup>5</sup> Hammond, James H. "On the Admission of Kansas, Under the Lecompton Constitution." 4 Mar. 1858. Speech.

<sup>6</sup> Benjamin, Judah P. "Proposal of Economic Strategy." Cabinet Meeting of the Confederate States of America. Montgomery, Alabama. 4 Feb. 1861. *Judah P. Benjamin: Statesman of the Lost Cause*. New York: G.P. Putnam's Sons, 1933. 120. Print.

The profits of the sale of the over three million bales of cotton in Confederate possession “before the blockade was of any efficiency,” said Jefferson Davis in 1865, would have “more than sufficed all the needs of the Confederacy during the War.”<sup>7</sup>

By the time the Union blockaded Southern ports in April 1861, though, it was too late for the Confederacy to significantly alter its strategy of cotton diplomacy. In May, England and other European powers responded to the blockade with statements of neutrality. Despite its need for cotton, England’s foresight about future conflicts with the American North over naval issues led it to respect the blockade.<sup>8</sup>

For the Confederacy, any hope of deliverance by cotton diplomacy vanished, as the blockade made transporting Southern cotton expensive and dangerous. As a result, increases in the cost of cotton in the early-war years owing to sparsity did not result in funding for the Confederate military effort, but instead covered the increased cost of transport, meaning the profits were pocketed by blockade-runners.<sup>9</sup>

With the approximately three million bales of Southern cotton sitting unused in barns, or else being slowly exported by blockade-runners for sale at extremely high rates, the textile industry of England and other European nations had to find new suppliers of raw cotton.

The shift in the supplying countries of England’s needed raw cotton was not as sudden as the sharp hike in the prices of Southern cotton, though. While the stock of American-grown cotton (in 400-lb. bales) in all reserves of continental Europe and Great Britain dropped sharply

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<sup>7</sup> Craven, John J. *Prison Life of Jefferson Davis. Embracing Details and Incidents in His Captivity, Particulars concerning His Health and Habits, Together with Many Conversations on Topics of Great Public Interest*. New York: Carleton, 1866. Print.

<sup>8</sup> "Preventing Diplomatic Recognition of the Confederacy, 1861–1865." *History.state.gov*. Web. 10 Jan. 2017.

<sup>9</sup> Sulley, J. R. *The Navy in the Civil War ..* Vol. 1. New York: C. Scribner's Sons, 1883. Print.

from 584,280 in 1860 to 67,540 in 1862, the European stock of cotton from East India had been steadily increasing in the ten years preceding the war, and jumped from 174,665 in 1860 to 372,130 in 1861.<sup>10</sup>

A November 1861 cartoon from *Punch, or The London Charivari* satirized the attitude of England in regards to the state of the world raw cotton market.<sup>11</sup> The cartoon shows John Bull,



1861 Cartoon from *Punch, or The London Charivari*

the popular personification of England in political cartoons, telling two feuding men, Uncle Sam as the Union and a similar-looking, but more rugged, man as the Confederacy, "Oh! If you two like fighting better than business, I shall deal at the other shop." The

expression on John Bull's face in the

cartoon suggests that the English reaction to the U.S. Civil War was not panic, but rather bewilderment and annoyance at the inconvenience of switching suppliers. In addition to this, his plump size suggests that England was not suffering from want of American cotton, but was able to carry on in prosperity.

However, the state of the market for raw cotton in 1861 and 1862 should not be oversimplified, as there were definite concerns about the supply of cotton for textile mills. In

<sup>10</sup> Donnell, E. J. *Chronological and Statistical History of Cotton*. New York: J. Sutton Printers, 1872. Print.

<sup>11</sup> "Over the Way." *Punch Magazine* 16 Nov. 1861: Web.

January 1862, British publication *The Economist* reported, “Theoretically . . . by the middle of the summer nearly every mill in England, Scotland, and Ireland will be stopped for actual want of the raw material.”<sup>12</sup>

In light of this, the artist of the November 1861 *Punch* cartoon may have been motivated by a desire to make England’s economic situation look better than it really was, both to other countries and to the British. Indeed, this theory is supported by a May 1862 letter published in *The Economist*, in which a man named A.R. states,

Assuming . . . that the American supply of cotton is stopped . . . to India alone can we turn for a substitute. It is most important, therefore, that exaggerated expectations should not be raised of her immediate capabilities, and the danger the “wolf” scarcity at length coming upon us be underrated.<sup>13</sup>

The attitude expressed in this letter is consistent with the *Punch* cartoon’s characterization of India as a beggar in need of help from Great Britain and unable to make its own decisions.

Because millions of Brits worked in the textile industry, the purpose of the cartoon may also have been to ease their nerves about a potential economic recession. Further, the cartoon reinforces Britain’s position of neutrality in the Civil War, officially issued by Queen Victoria on May 13, 1861 in her neutrality proclamation. She also encouraged her subjects to respect the blockade, saying:

And we do hereby strictly charge and command all our loving subjects to observe a strict neutrality in and during the aforesaid hostilities, and to abstain from violating or

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<sup>12</sup> "Operation of Peace With America on England." *The Economist* 20.1 (1862): 4. Web.

<sup>13</sup> R., A. "Cotton Supply." Letter to The Economist. 3 May 1862. *The Economist*. 1st ed. Vol. 20. 486. Print.

contravening either the laws and statutes of the realm in this behalf or the law of nations in relation thereto, as they will answer to the contrary at their peril.<sup>14</sup>

Like the Queen's statement, the stance of John Bull with his back to the brawling Americans in the cartoon makes clear that Britain did not intend to intervene in the Civil War. Where Confederates believed Great Britain would support their cause out of need for cotton, they instead found other suppliers.

Eager to capitalize on the demand for and skyrocketing prices of raw cotton, Egypt in particular ramped up its production of cotton. Cotton was first introduced in Egypt in the mid-1800s, during the reign of Muhammed Ali, by a French engineer known as Monsieur Jumel. As in East India, Egypt had been steadily increasing its output of cotton in the 1850s. Between 1861 and 1863, Egypt more than doubled its output of cotton. As many farmers swapped wheat and other crops for cotton in their fertile fields, Egyptian cotton production soared.

The growth of the cotton industry led to prosperity for Egyptian farmers, with many newly able to afford luxuries and travel.<sup>15</sup> However, just as increased cotton production in the United States made slavery more widespread, so too did the expansion of cotton production in Egypt have negative social consequences. A feudal system was created with poor conditions for

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<sup>14</sup> Victoria of the United Kingdom. "British Proclamation of Neutrality in the American Civil War." 13 May 1861. *Wikisource*. Web. 25 Jan. 2017. <[https://en.wikisource.org/wiki/British\\_proclamation\\_of\\_neutrality\\_in\\_the\\_American\\_Civil\\_War](https://en.wikisource.org/wiki/British_proclamation_of_neutrality_in_the_American_Civil_War)>.

<sup>15</sup> Baer, Gabriel. "Slavery in Nineteenth Century Egypt." *The Journal of African History* 8.03 (1967): 417-41. Web. 15 Dec. 2016.

peasants, child labor became common, and formerly cheap produce shot up in price because so few farmers were still planting crops other than cotton.

The lucrative cotton industry in Egypt attracted foreigners, some of whom had valuable expertise and helped redevelop neighborhoods in Cairo. Egyptian political leader Khedive Ismail had a vision that Egypt could be a cosmopolitan city of the likes of Paris, and borrowed heavily from Britain and France to build a railway and telegraph lines. When the U.S. Civil War ended in 1865 and Southern U.S. cotton production began to pick back up, the price of cotton fell sharply. Ismail's borrowing, the influx of foreigners, and the Egyptian financial crisis resulting from the fall in cotton prices all contributed to the occupation of Egypt by Great Britain, at which time Ismail was forcibly removed from power.

The development of a major cotton industry in Egypt during the Civil War did not go unnoticed by Americans. In 1864, *The New York Times* responded to the young industry with an article entitled, *EGYPTIAN COTTON: Its Modern Origin and the Importance of the Supply*.<sup>16</sup> In the article, the author reports on the rapid rise of an Egyptian cotton industry while also relating the developments back to American interests.

The author has a vision and expectation that after the Civil War, the United States will become a manufacturing center, with some Southern planters and laborers relocating to Egypt and South America, where young cotton industries were thriving. He states:

In the southern portion of our own continent vast regions are soon to be opened . . . and that branch of agriculture . . . is seeking a still more congenial and befitting home for its development, where soil, climate and vast supplies of indigenous labor . . . await the call that is to make a garden of another vast area . . . Some of our countrymen are already

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<sup>16</sup> "EGYPTIAN COTTON: Its Modern Origin and the Importance of the Supply." *The New York Times* 26 June 1864: n. pag. Web. 15 Dec. 2016.



there, and more are preparing to follow. Their skill and experience will undoubtedly meet with golden rewards, and King Cotton find a proper throne on the burning soil of the far East.<sup>17</sup>

The attitude of the author foreshadows future American industrial pride, as well as the challenges of reconstruction. Indeed, a number of Southern men, including John Surratt Jr., a co-conspirator in the assassination of President Abraham Lincoln, did seek sanctuary in Egypt and South America.<sup>18</sup>

For those who stayed behind, including the men and women freed from slavery by the 13th amendment, the changes in the cotton industry resulting from the Civil War shaped their economic opportunities in the coming years. While the continued prominence of cotton led many blacks to remain in the South as sharecroppers, others fled the land in which they had been held as slaves and sought new opportunities in the West, Midwest, and North. Southerners, both white and black, sought fortune and independence in California's gold mines and Chicago's factories.

For Confederate leaders, the profitability of cotton on the eve of the Civil War had a blinding effect, and ultimately led to unwise strategic decisions that made winning the war impossible. The combination of Great Britain's diplomatic respect of the blockade on Southern ports and its great need for cotton for textile manufacturing led to the development of new cotton powers in India, Egypt, and South America. Despite the abolition of slavery, the enduring power of cotton after the conclusion of the Civil War ensured that exploitative labor practices would continue both in the sharecropping plots of the South and in the Nile Valley.

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<sup>17</sup> Ibid.

<sup>18</sup> Osborn, Matthew. "How Egypt Won the American Civil War." *Al Arabiya News*. N.p., 2 Feb. 2012. Web. 13 Jan. 2017.

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