


Chapter 121b -- Overall Economy

	Dates: 1840	Sections: <ul style="list-style-type: none">• The U.S. Economy Is Expanding
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The U.S. Economy Is Expanding



A \$5 Note From The Bank Of Chattanooga

America's economy, like its people, is also on the move in 1840, and exhibiting a pattern that will be repeated over time – with periods of rapid expansion interrupted by over-the-top financial speculation, bank failures and slowdowns.

The 1819 panic and recession gives way to accelerating growth between 1825 and the end of Jackson's second term in 1836. At which time the upward momentum slows in response to his decisions to close the U.S. Bank and clamp down on speculation, driven by too many soft banknotes backed by too few hard gold/silver reserves.

But despite the Bank Panics of 1819 and 1837, America's total GDP remains on a quite consistent upward trajectory.

Total GDP more than doubles, from \$700 million in 1820 to \$1.56 Billion in 1840, with per capita GDP rising from \$73 to \$91 a year. And this roughly 5% per year growth in GDP is occurring before the full might of the industrial revolution has taken hold.

Long-term Overview Of U.S. Economy: Current Dollars

	Total GDP	% Change	GDP Per Capita	% Change
1790	\$ 190MM		\$48	
1800	480MM	152	90	88%
1805	560	17	90	Nc
1810	700	25	97	8
1815	920	31	110	13
1820	700	(24)	73	(34)
1825	810	16	73	Nc
1830	1,010	25	78	7
1835	1,330	32	89	14
1840	1,560	17	91	2

Measuring Worth: Prof. Louis D. Johnson and Samuel H. Williamson

The value of American exports also trends upward, although annual swings are much more volatile, owing to “shipping shocks” like Embargoes, and changing tariff rates.

Value Of US Exports: 1790-1815

Year	Total	% Ch	Shocks
1790	20.2	---	
1805	95.6	++%	
1810	66.8	(30)	1808 Embargo Act
1815	52.6	(21)	War of 1812
1820	70.0	33	Bank Panic of 1819
1825	90.7	30	
1830	71.7	(21)	1828 Tariff Jump
1835	115.2	61	
1840	123.7	7	Bank Panic of 1837

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By 1840, over half of the nation’s total exports are concentrated in Southern cotton shipments to England and other European nations.

The dramatic interruption in growth of cotton sales between 1825 (\$37 million) and 1830 (\$30 million) shows the negative effect of the so-called 1828 Tariff of Abominations on Southern prosperity.

Value Of US Exports & Cotton As %

Year	Total	Cotton	% Cotton	Shocks
1815	\$52.6	\$17.5	33%	War of 1812
1820	70.0	22.3	32	Bank Panic of 1819
1825	90.7	36.8	41	
1830	71.7	29.7	41	1828 Tariff Jump
1835	115.2	65.0	56	
1840	123.7	63.9	52	Bank Panic of 1837

Along with all this economic growth comes some shifts in the way Americans make their livings.