

Trading With the Enemy: The Covert Economy During the American Civil War

William L. Barney

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Review

Barney, William L.

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Leigh, Philip *Trading with the Enemy: The Covert Economy during the American Civil War*. Westholme Publishing, \$26.00 ISBN 978-1-59416-199-5

Covert Commerce During the Civil War

Although it breaks no new ground and is based primarily on previously published works, *Trading with the Enemy* is a welcome addition to the literature on the Civil War for providing a concise and readable account of the illicit trade between the lines, one of the most neglected features of the war. Long buried in the testimony of congressional committee hearings and the convoluted records of the U.S. Treasury Department, the story of how cotton was the basis of a flourishing trade across the lines has received scant attention, save for specialized journal articles.

As Leigh stresses in his opening chapter, cotton accounted for two-thirds of American exports and had become the linchpin of the global economy by the mid-nineteenth century, and neither England nor the Union North could long afford to be without it. Responding to pressures from New England textile manufacturers to bring out cotton and anxious to stave off a cotton famine in Europe, Lincoln issued executive permits through the Treasury Department for private individuals of reputedly solid Unionist credentials to trade in cotton behind Union lines. By an executive order in September, 1864, he even allowed cotton sellers to import back through Confederate lines non-contraband merchandise equal in value to one-third the sale price of the cotton.

Despite a host of federal regulations and legal restraints, the cotton trade became a speculative bonanza and a breeding ground of endless corruption that demoralized Union soldiers and funneled vitally needed supplies into the Confederacy. The trade centered in the lower Mississippi Valley and a good argument can be made that the supplies smuggled into the Confederacy from Memphis and New Orleans, two cities occupied by the Union for most of the war, made these cities economically more valuable to the Confederate war effort

outside rather than inside the Confederacy. In a report to Lincoln in May, 1864, from Memphis, General Daniel Sickles estimated the value of the supplies moving southward at \$500,000 a week. Through a government Cotton Bureau set up by General Kirby Smith, the largely autonomous Trans-Mississippi Department of the Confederacy by the summer of 1864 had earned \$30 million in specie by trading in cotton. Although Confederate authorities led by President Davis denounced trading with the Yankee enemy as inherently corrupting and demoralizing, in practice they looked the other way.

Without a doubt the exchange of cotton for Union goods was a major prop to the war-making capacity of the Confederacy. Why then did Lincoln permit, even encourage, trading across the lines? Ever the pragmatist, Lincoln was well aware there was no substitute for cotton for the textile industries of the North or as means of earning foreign exchange in the export trade. Moreover, once the Confederacy realized in 1863 that it had badly miscalculated with its ill-conceived cotton embargo and shifted to an aggressive policy of seizing as much cotton as it could and exporting it through the Union blockade in return for goods and specie from Europe, the price of cotton had skyrocketed to the point where the Confederate government was receiving in return six times or more what a given bale of cotton would have earned early in the war. As Lincoln explained to more than one angry Union general, every bale that went to the North, regardless of the corruption and shady private gain involved, was one less bale that could be converted by the Confederacy into financial and possible diplomatic support from Europe. That same bale was one more that would strengthen the Union economy and thereby political backing for the war. Lincoln also understood that the demoralization that was inseparable from the trade cut both ways. Confederate, as well as Union, officers were bribed to look the other way. The cotton and sugar planters eager to make money again, to say nothing of the countless small farmers in the South desperate to fend off impoverishment, who abandoned the Confederacy by trading with the enemy of the Confederate state, progressively sapped the will of Southern civilians to continue the war.

As the author contends, any examination of the trading across the lines strips away much of the romanticized haze which still informs our impressions of the war. Still, I find his conclusion that this trading disproportionately was to the advantage of the Confederacy and “unnecessarily protracted the war and lengthened the casualty lists” (p. 147) to be problematic. Lincoln had to take into account the economic and political, as well as purely military, dimensions of the war. He had limited power to control an illegal trade that was going to occur

regardless of what he did and he simply could not ignore powerful constituencies on the home front who demanded access to cotton. By the author's estimation, more than two-thirds of the some 1.5 million bales of cotton shipped out of the Confederacy went to the North and not Europe. Lincoln, had he been aware of these figures, would have been pleased with the result.

William L. Barney teaches U.S. history at the University of North Carolina at Chapel Hill. He is currently working on a study of Southern secession.