

## HUMANITIES INSTITUTE

# NORTH AMERICAN TRADE

*Susan Smith Nash, Ph.D.*

**Overview** From its origins as a continent populated by people on the move, arriving from the Bering Straits and making their way down the continent all the way to Mexico, North America economic activity has been dominated by trade. Even the early Clovis culture groups traded arrowheads and knives, with prized obsidian knives being turning up hundreds of miles from their provenance. In its history, any attempts at isolationism, protectionism or import restrictions have almost always hurled the economy into a recession and sometimes a deep depression. Current attitudes about digital trade continue the debate about intellectual property, access, and oligopolistic control.

### PreHistory

**Clovis culture (18,000 – 8,000 BC):** Archeologists have long believed that the first Americans came from Asia across what was then a land bridge across the Bering Strait. Based on arrowhead and other artifact evidence, the Clovis culture extended from northern Canada throughout central America. There were trade networks throughout the settlements, and there was trade with tools (spear points, adzes, axes). The axe heads were often decorated with specific cross-hatching decoration and scoring (to help with better cleaving).

### Classical

**Southwest Pueblo (1200 BCE – 1300 AC):** The Pueblo Indians who lived in structures in cliffs and also in the desert Southwest established extensive trade networks, which is evidenced by the abalone shells from the Pacific, the flint knives from Alibates (Texas Panhandle), and coral from off the Yucatan Peninsula. The Hohokam of south-central Arizona produced a pottery they decorated with red pigment which can be traced to New Mexico, which indicates trading relationships.

**Eastern Woodlands (1000 BCE – 1000 AD):** Trade between the neighboring Eastern Woodlands Algonquian tribes (groups), the Iriquois and other groups formed an important part of the economy. The most important product was the beaver pelt. In addition, some groups traded fish for corn.

**Mississippian (800 – 1500 AD):** As the architects of large population centers and earthworks (mounds / pyramids) all along the Mississippi River and its tributaries, the Mississippian established complex and far-reaching trade networks. At mounds in Cahokia (East St. Louis, IL), Spiro (Oklahoma), and Moundville (Tuscaloosa, AL), artifacts using raw material from far away have been found, including copper from the Great Lakes, quartz from Hot Springs, Arkansas, and shells from the Gulf of Mexico.

### Colonial (Early Modern)

**Native Americans:** Trade networks were established between the French and the Indians of the Northeast, who exchanged fur for firearms, tools, and alcohol. Other fur trading was established with English colonists as well, who included cotton fabrics and beads in their exchanges. In the meantime, Indians continued to trade with each other, although their relationships were problematized by the persistent attacks and attempts by the French and the British to "divide and conquer" as well as outbreaks of smallpox and measles.

**Fur Trapping and Trade:** Many colonists of European descent used the fur trade as a way to earn a living, and also to gain access to new areas. In fact, many of the early explorers were also trappers and hunters. They sold their pelts (mainly beaver but also fox and mink) to traders who often exported them to Europe, where they were in very high demand.

**Plantation Products Trade:** Tobacco, cotton, indigo, rice, and sugar were in very high demand as raw materials for the small manufacturing facilities and tabacconist traders of England. As a result, the

economy of the Eastern Seaboard, from Maryland south, was very dependent on that trade, to the point that the factories of Northern Europe dictated their crops.

**Quest for Gold:** The early quest for gold in the North American colonies and in New Spain (now New Mexico, Texas, and Colorado) resulted in expeditions by explorers such as Hernan De Soto, as well as the establishment of new trading posts and small communities.

**Missions and Trading Networks:** The Jesuit missionaries established missions throughout what is now Mexico, Colorado, New Mexico, Arizona, and California. They used the missions as locations for churches and settlements for Europeans and Indians, as well as points for trade and banking.

**Slave Trade:** One reason why the slave trade was so persistent was the fact that the owners of the large cargo ships (sailing ships) could assure that each voyage would have passengers, meaning that there would not be any voyages with empty holds.

**Black Market and Informal Trading Networks: Outlaws, Pirates, Buccaneers, Corsairs:** Ships bearing gold coins from the mining regions of Mexico and Colombia were often attacked by pirates, resulting in a very lucrative black market. The same ships were also attractive targets for the hungry governments of Spain and France, who would not engage in piracy directly, but would issue licenses officially allowing attacking and stealing the cargo, plus pressing the crew into their own militaries (a kind of licensed kidnapping).

### Nineteenth Century

**Raw Materials (Plantation, Mining, Fur, etc.):** The plantation system expanded dramatically with the advent of the Industrial Revolution in England and the development of massive factory towns that produced textiles, leather goods, and industrial equipment. Trading the plantation raw materials expanded to New England as well, as factories specializing in textiles, leatherworks, and paper expanded dramatically.

**Industrial Revolution / Trade in Manufacturing:** The invention of the steam engine, the cotton gin, the spinning jenny, and other items enabled factories to thrive, especially those located on rivers that could use hydropower to generate energy for the engines and could dump waste products as effluents into the streams. The materials that were produced were traded along trade routes that included riverways, canals, trails, and railway systems.

**Utopian Settlements:** Many of the utopian experiments of the 19th century in North America depended heavily on trade based on their unique products such as furniture, herbal medicines, and useful household items (the Shakers) and the agricultural products produced on Amish, Mennonite, and even Mormon farms. The Oneida free thinking community became well known for its silverware. Trade tended to be focused between either local communities or with other branches of the same religion or group.

**Wars (1812, 1848, Indian Wars, Civil War, Post Civil War Indian Wars, 1898):** Wars in the 19th century stimulated trade between nations for the inputs needed for the war efforts, and thus blockades and supply chain disruptions were deeply felt in the war effort(s). The regional wars of 1848 and the Indian Wars dramatically increased the demand for guns, provisions, and horses, which were generally obtained from either the manufacturers in the Northeast, who shipped by train, or brought across the border from Mexico.

### Twentieth Century

**Oligopolistic Trade of the early 20th Century:** The early 20th century was marked by monopolistic and oligopolistic control not only of the inputs for manufactured goods, but also the means of manufacture and transportation. The railroads were owned by oligopolies, as were the oil, steel, and coal producers. As a result, the costs for some goods were artificially high, and the companies with oligopolistic control tended

to be able to influence politicians, not only in the U.S. but also in other countries such as Cuba, Mexico, and Central America.

**Anti-Monopolistic Legislation:** President Theodore Roosevelt's war on monopolies and oligopolies was not without its challenges. There were armed uprisings as labor unions, anarchists, and other organized groups fought the monopolies. The final result was legislation that led to the breakup of the monopolies into smaller companies that could compete with each other.

**Protectionism:** Trade was restricted throughout the first part of the twentieth century in the United States because of a wall of tariffs, which created, in essence, a barrier to trade. Many economists have blamed the Great Depression of the 1930s on high tariffs, import quotas, and foreign exchange controls that resulted in pernicious protectionism.

**Rise of Labor Unions and Trade:** Labor unions were protectionist in their orientation since they wanted to protect the jobs of their union members. However, in order to have jobs as longshoremen, Merchant Marines, steelworkers, etc., it was necessary to have markets and an industry. So, labor unions were often in the paradoxical position of both supporting free trade and imposing restrictions and limits on what could be done in conjunction with the movement of goods.

**Interstate Commerce Compacts:** With the rise for the Interstate Highway System (freeways), was the realization that every state had regulations governing what could be sold within the borders. There were often controls imposed on agricultural products in order to avoid disease and parasites. In order to make sure that regulations were uniform, and that truck drivers and shippers knew the rules before heading on their journey, the Interstate Compact Commission was formed, and agreements were forged and signed between the different states of the Union. The regulations governing the transport of goods applied to vehicles as well as pipelines.

**Cartels (Drug Trafficking, Human Trafficking):** Illegal activities did not cease just because they were illegal. If anything, in some cases, the trafficking increased spurred on by higher profits which could be gotten by not paying taxes (since bribes are usually lower than taxes) for the activities that were putatively legal. Illicit trade of drugs, human beings, etc., was controlled by gangs and sometimes foreign national-controlled cartels. The impact on society has been negative.

**NAFTA (North American Free Trade Agreement):** With the assumption that trade between neighbors would expand markets, aid in competition, and result in better business conditions for all, the North American Free Trade Agreement was signed. While it has resulted in better relationships between Mexico and Canada, there are also downsides in that it has led to a dramatic need for decreased costs of production, resulting in downward pressure on wages.

**Intellectual Property and Technology Trade in Digital World:** Trade in intellectual property used in communications technology, computing, high-tech manufacturing, pharmaceuticals, the health industry, and more, have had a significant impact on the development of products and services in the United States. Every activity and transaction is, in essence, trade, which means that what is often commonly thought of as "services" is, in another sense, trade.

### Discussion/Questions

1. Trade networks were well-established early in the history of people in North America, and the evidence comes in the form of shells, pigments, chert, quartz, and other materials found far from their location of origin. Describe some of the trade networks and explain the need for the materials and the trade. How were they deemed necessary for survival?
2. There were four different pulses in the Mound Builders' historical development, and it is believed that the Mississippian, with its communities positioned along the Mississippi River and its tributaries was the most extensive and dependent on trade. Describe the different artifacts that contained materials obtained from

many miles away, and explain why they might have been useful to the Mississippian mound building communities of Cohokia, Spiro, and Tuscaloosa.

3. The beaver, fox, muskrat, and mink fur trade was enormously important for members of many different groups during Colonial America and in Canada. The French fur traders used the proceeds to finance their communities, and the French government was able to receive taxes from it. The Georgian government of the 18th century was also motivated by the taxes, plus by being able to issue permits and licenses for the fur trade. Describe the importance of the fur trade to the American colonists before, during, and after the Revolutionary war.

4. In the 19<sup>th</sup> century, the Industrial Revolution changed the scale and scope of trade primarily because of the enormous demand for raw materials. Describe how the hunger for raw materials in the mills and factories of northern England and in the northeast United States changed the nature, size, and type of crop production in the South.

5. In the first part of the 20th century, different phenomena occurred which created deep imbalances in trade, and which had deleterious effects on the economy. The first was the control of markets by monopolies. The second was protectionism in the form of tariffs, import quotas, and foreign exchange restrictions. Describe what was done to combat the imbalances and the impact that the changes had.

#### Readings

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