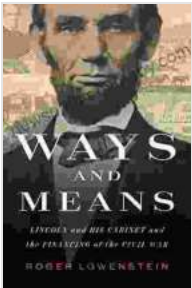


Lincoln and His Cabinet: The Financing of the Civil War



Ways and Means: Lincoln and His Cabinet and the Financing of the Civil War by Roger Lowenstein

★★★★☆ 4.6 out of 5

Language : English
File size : 20259 KB
Text-to-Speech : Enabled
Enhanced typesetting : Enabled
Word Wise : Enabled
Print length : 445 pages
Screen Reader : Supported



The American Civil War was the most expensive and destructive conflict in American history, costing an estimated \$75 billion (in 2020 dollars) and claiming the lives of over 620,000 people.

Financing such a massive war effort was a daunting task for President Abraham Lincoln and his administration. The Union government had a limited revenue base and was already heavily in debt from previous wars.

To meet the financial demands of the war, Lincoln and his cabinet implemented a series of innovative and controversial measures, including the creation of a national banking system, the issuance of legal tender paper money, and the imposition of new taxes.

The Treasury Department, led by Secretary Salmon Chase, played a central role in financing the war effort. Chase was a brilliant and ambitious politician who had a deep understanding of finance. He worked tirelessly to raise revenue and to stabilize the Union's finances.

One of the most significant innovations of the Lincoln administration was the creation of a national banking system. Before the war, the United States had a decentralized banking system, with each state issuing its own currency.

This system was chaotic and unstable, and it made it difficult for the government to raise revenue. The National Banking Act of 1863 created a system of national banks that were chartered by the federal government and issued a uniform currency.

The national banking system helped to stabilize the Union's finances and to make it easier for the government to raise money. It also helped to create a more unified national economy.

Another important source of revenue for the Union government was the issuance of legal tender paper money, known as greenbacks. Greenbacks were not backed by gold or silver, but they were declared to be legal tender for all debts, public and private.

The issuance of greenbacks was a controversial measure, but it helped the government to meet its financial obligations. However, it also led to inflation, which eroded the purchasing power of the greenbacks.

In addition to issuing greenbacks, the Union government also raised revenue through taxation. The Revenue Act of 1861 imposed a new income

tax, and the government also increased tariffs on imported goods.

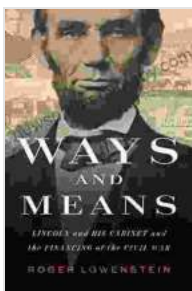
These taxes helped to raise revenue, but they were also unpopular with some segments of the population. The income tax was particularly resented by wealthy people, who felt that they were being asked to bear an unfair share of the war's costs.

The financing of the Civil War was a complex and challenging task. Lincoln and his cabinet implemented a series of innovative and controversial measures to raise revenue and to stabilize the Union's finances.

These measures helped the Union to win the war, but they also had a lasting impact on the American economy and the role of the federal government in financing future wars.

Further Reading:

- [Financing the Civil War \(Civil War Trust\)](#)
- [Financing the Civil War \(History.com\)](#)
- [The Financing of the Civil War \(National Park Service\)](#)



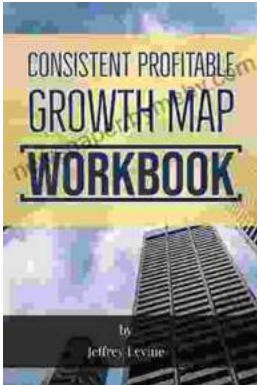
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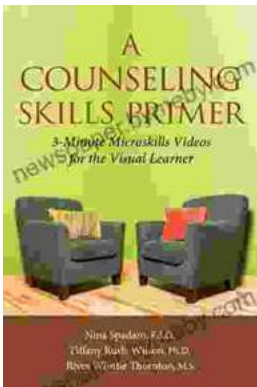
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