

Notes for Section VII of Economics 111 A
The Economics of Slavery

I Capitalism or Feudalism Hangover?

I.A Historians: Not Capitalism

Marxist stage theory; revolutions or wars move society from one stage to the next, capitalism as dominance of bourgeoisie over politics (e.g: mid-17th century Long Parliament in England, Cromwell as Lord Protector; French Revolution; German Empire emerging in 1871 after war with France; Meiji Restoration in Japan; Russian Revolution of 1917; Mainland China becomes Communist in 1948; American civil war.)

Slave prices going up, cotton prices going down (1820-1860)

Slave owners irrational?

Sexual Favors: White Plantation Masters, African-American Slaves

Hangover from serfdom? Mozart's *Marriage of Figaro*.

Thomas Jefferson

II.A Economists: It was Capitalism

Rates of return on owning and purchasing slaves reasonable.

Export oriented; merchant capitalism for sure. Integrated into Atlantic economy markets (England, Western Europe) particularly textile markets. Borrowing from British banks and merchant houses.

II Asset Pricing Model

II.A Cost-benefit calculus: Discounted present value of expected future income streams for slaves equate with age specific slave prices at reasonable interest rates

Internal rates of return comparable to those in North and elsewhere in Atlantic economy taking into account risk, etc

II.B Soil Exhaustion in Eastern Seaboard Slave States and Expanding Cotton Producing Regions to the West

Slave breeding

Steckel's calculations: under-investment in health and diet of slave children? The biological standard of living problem.

II.C Slaves as Highly Mobile Capital

II.D Asset Prices Depend upon Expectations

The importance of expansion to the western territories; why Mexico abolishing slavery and England abolishing slavery in its Empire (including the Caribbean and Canada) a real concern to the slave owners.

III Carrots and Sticks: Fogel and Engerman in Time on the Cross

III.A Background: the Civil Rights Movement and Black Pride

Not a defense of slavery despite claims that the book was a defense of slavery. The reasoning in the book.

Slavery efficient (factories in the fields); highly productive; slave gang system used specialization and division of labor; positive work incentives existed; returns on plantation ventures in line with normal rates; slaves not excessively exploited; standard of living not particularly high for non-slaves or slaves.

IV The Political Economy of Slavery: Compromises and Their Ultimate Failure

IV.A Territorial Gains Implied Compromises Necessary

New state constitutions reviewed by Congress; problem of balance in Senate given the fact most immigration to the United States favored Northern free states; reasons why immigrants wanted to avoid working with slaves (divide and rule; drive down their wages; speed up production quotas).

IV.B Missouri Compromise of 1820

Louisiana Purchase lands. Maine comes in as free states; Missouri as slave. Changes geographic line (Mason-Dixon) separated slave from free states.

IV.C Compromise of 1850

Gold Rush California comes in as free state; Texas gives up claims to New Mexico; Utah Territory political choice between slave and free to be decided by popular sovereignty; slave trade – but not slavery – abolished in Washington, D.C.; Fugitive Slave Law enhanced (penalties imposed on US marshals who do not enforce; special commissioners enforcing manumission of escaping slaves appointed).

Some Northern states resisted the Fugitive Slave Law, passing Liberty Laws (Maine, Massachusetts, Wisconsin; Wisconsin State Supreme Court declares Fugitive Slave Law unconstitutional in 1854).

IV.D The Corn Belt is Key to the Politics of Compromise Over Slavery

V *Arguments For and Against Maintaining Slavery in the United States Compared*

V.A *Pro-Slavery*

Herbert Spencer “survival of the fittest” concerns

Religious instruction: but Nat Turner’s slave revolt?

It is in the Constitution. Deal with it.

What will happen to the slaves once freed? They are not citizens. Is the option of sending them to newly established Liberia a viable option?

How are you going to grow the cotton? It is the biggest source of exports from the United States?

V.B *Anti-Slavery*

Evolution toward greater freedom desirable and perhaps inevitable. Progress.

Battle Hymn of the Republic; Lincoln’s Gettysburg Address. Freedom marches on!

Religious: slavery corrupts slave owners.

The Fugitive Slave Law drags the North into defending slavery. Short of breaking up the country it is not reasonable to maintain slavery in the South if the Northern states opposed to it.

Great orators like the former slave Frederick Douglass proves self-taught slaves can excel in all fields.

Harriet Tubman: “Moses” leading the freed slaves to the Promised Land on the Underground Railroad.