ECONOMICS OF SLAVERY IN THE UNITED STATES
Slave Imports

1) 666,000 before the Congressional ban in 1808
2) U.S. imported 7% of the total 10 million slaves imported to the Western Hemisphere
3) Brazil 36%; Caribbean 40%; Spanish America 17%
   Mainland U.S. 7%
4) Sugar drove the world slave trade
5) Tobacco drove the U.S. market for slaves in the 18th century
6) Cotton drove the U.S. market for slaves following the cotton gin – 1793
7) U.S. Cotton output: 100,000 bales (1801) to 5,400,000 bales (1859).
Distribution and Growth of Slave Populations

1) Distribution in 1825: U.S. 36%; Brazil 31%; Caribbean 21%; and Spanish America 11%

2) U.S. had the highest rate of domestic population growth and the Caribbean the slowest.

3) In 1860 U.S. slave population almost 4 million representing 53% of the Southern population
What was slavery?

- Legally: Property
- Morally: absence of freedom
  1. Unrestrained personal control of one group over another
  2. Denial of economic opportunity
  3. Denial of citizenship, basic rights
  4. Denial of cultural self-identification
The Profitability of Slavery in the U.S.

1. Historically, slaves were as much a sign of wealth as a cause of wealth

2. If slavery was unprofitable what should we observe:
   i. manumission (the freeing of slaves) was not common
   ii. discouragement of births; the debate is over how much encouragement existed
The Profitability of Slavery in the U.S.

3. Calculating profitability

- i. unprofitable if value of children sufficiently negative or if maintenance exceeds the value of output
- ii. price of prime field hand in today’s dollars was roughly $30,000-$40,000 – depending on index used for deflating
- iii. despite upfront costs – rate of return was about 10% - greater than the return on relatively risk free government (state) bonds
- iv. more profitable on larger farms – economies of supervision in operating gangs – shorter hours but greater intensity than free labor

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\frac{\sum_{t=0}^{T} (Output - maintenance) + (value \ of \ children)}{(1 + r)^t} - Price
\]
4. Future profitability

i. at the time of the Civil War investors (owners) expected profits in the future: in the 1850s the ratio of slave sale prices to slave rental prices increasing

Profitability suggests that either war or compensated emancipation necessary for demise of slavery
Incentive Structure: Punishment vs Rewards

1. Rewards: better jobs; extra food rations; right to work on own time; pay; manumission

2. Punishment: whipping; food deprivation; solitary confinement; public humiliation; break up of family through sales

Caveat: no systematic quantitative evidence

Consensus: punishment or threat of punishment used frequently, particularly for field hands
WHY?

- Pain capable of generating greater work effort but requires constant supervision. Hence the greater efficiency from gangs.
- Rewards: generate care and creative work
  - 1. used more for urban and skilled slaves (e.g. iron forges)
  - 2. implications for long run viability of slavery if slavery is moving towards more skilled jobs.
The Demographics of Slavery

- 1. Mortality in the U.S. less than in Caribbean, or Latin America – largely due to latitude

- 2. Fertility rates in the U.S. high: for women who lived through child-bearing years (50) avg of 9.24 children – near the natural limit

- 3. Encouragement of births but no clear evidence of breeding – average age of slave women for first birth 21 years. Average age for northern white farm women was 24

- 4. Slave families: ex-slave narratives indicate that 2/3 lived in nuclear families but threat remained
  - break-ups greater in the East because cotton expanding westward
5. Treatment of Slaves – Caveat: well-being entails more than physical treatment – freedom is essential for adult well-being

- i. Adult diet (adequate): high in calories and nutrition: pork, beef, milk and sweet potatoes

- ii. Meat consumption 180 lbs/year for slaves; Massachusetts workers (1873) 121 lbs/year; Parisians (1850) 159 lbs/year; British (1890) 105 lbs/year; Italians (1890) 23 lbs/year
Demography of Slavery

iii. Good nutrition: result - tall people
- U.S. – born slaves 67.2 inches
- African-born slaves 64.2 inches
- Cuban born slaves 63.6 inches
- Northern white males 68.2 (tallest in the world at the time)
- Literate (higher class) Frenchmen – 65.3 inches
- British town artisans – 66.5 inches
- Italians (Northern Provinces) – 64.4 inches
- Italians (Southern Provinces) – 63 inches

iv. Mortality rates for Adults equal for slaves and whites
The Demographics of Slavery

v. Slave infants and children malnourished
   - Low birth rates – 5.1 lbs
   - Infant mortality (0-1) – 350/1000; double the rate of whites; infants moved quickly to solids and unsanitary formulas
   - Child mortality (1-4 years) 201/1000; again double the rate of whites; little meat for children; unprofitable?
   - Child Heights: short; up to age 3 in the .0001st centile – protein deficiency
   - Malnourished children – less aggressive
   - Long-term effect – surprisingly little on height – implications for developing countries today
vi. Pre-natal care – poor

Pregnant women worked long hours in the field (54 hours/week during high season) – intense physical labor in stooped position; harmful for fetal development

vii. Adequate treatment expected – valuable capital asset

viii. Variability in care by owners (the human element)
Situational Ethics: How should we view behavior of blacks in bondage?

1. Moral
   - i. Passive resistance and sabotage
   - ii. Hard work to capture the meager rewards for family

2. Amoral
   - i. Slaves responded to varying environmental factors – no shame or pride in behavior

3. How we view cooperation versus resistance depends on specific atmosphere
   - i. “Prison of war” atmosphere: noncooperation laudable
   - ii. “Good” master: cooperation seems more reasonable environmental response