THE SOUTH AND BLACK PROGRESS

ECON 4524
The South after the Civil War

- The relative decline in Southern income
- 1860: white per capita income equal in North and South
- 1880-1900: income per capita in the South was about 50% of the North
The South after the Civil War

Value of GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Manufacturing</th>
<th>Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>1870</td>
<td>75</td>
<td>80</td>
<td>75</td>
</tr>
<tr>
<td>1880</td>
<td>118</td>
<td>141</td>
<td>115</td>
</tr>
</tbody>
</table>

It took the South twenty years to surpass where it was in 1860 yet in per capita terms it was 20% below 1860
Agriculture dominated the economy and within agriculture cotton was the dominant crop.

Total output recovered rather quickly; by 1869.

1870-1879: output 42% greater than pre-war output.

Due to greater land and labor inputs; little increase in productivity.

<table>
<thead>
<tr>
<th>Year</th>
<th>Price of cotton (per bale)</th>
</tr>
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<tbody>
<tr>
<td>1865</td>
<td>$0.43</td>
</tr>
<tr>
<td>1869</td>
<td>$0.16</td>
</tr>
<tr>
<td>1870s</td>
<td>$0.21</td>
</tr>
</tbody>
</table>
Remarkable considering:

- 1. Natural Disarray following Emancipations
  - In most of the British Colonies output fell spectacularly – e.g. British Guiana and Jamaica sugar output fell 40%
- 2. Proportion of black females fell from 90% to 40% - pre-war to 1880
- 3. War destroyed capital – e.g. fences, barns....
How did the freed slaves fare?

- Slavery was poor preparation for freedom. Why?
  - 1. poverty, illiteracy, lack of skills held back newly freed slaves
  - 2. racist ideology that supported slavery remained long after emancipation
  - 3. Freedman’s Bureau – mixed blessing, run by white northern ex-soldiers: valued stability; may have stifled competition; some ideologically “captured” by Southern elite.
  - 4. Incredibly high expectations: 40 acres and a mule
Literacy

- 1865 - 5% of adult blacks
- 1910 – 70%

**Effects**

- 1) helped prevent cheating on accounts
- 2) necessary for skilled jobs
Health – Life Expectancy at Birth

- 1850s: 32
- 1860: 36
- 1860-1880: undoubtedly fell
- 1890s: approximately 41
Income, wealth, and property

<table>
<thead>
<tr>
<th>Year</th>
<th>Black/White Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1868</td>
<td>24%</td>
</tr>
<tr>
<td>1900</td>
<td>35%</td>
</tr>
<tr>
<td>1914</td>
<td>35%</td>
</tr>
</tbody>
</table>
Property Ownership in the South

- 1865: close to 0
- 1880: 20% of Black farmers owned the land
- 1900: 27%
### Growth rates of Real Black Wealth in Georgia

<table>
<thead>
<tr>
<th>Period</th>
<th>Growth Rate</th>
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</thead>
<tbody>
<tr>
<td>1875-1892</td>
<td>9%/year</td>
</tr>
<tr>
<td>1893-1902</td>
<td>0</td>
</tr>
<tr>
<td>1902-1915</td>
<td>6%/year</td>
</tr>
</tbody>
</table>

**Note:** to achieve parity by WWI black income per capita would have had to grow at about 11 times the actual growth rate of white income.
Sources of persisting inequality

1. Land ownership – 40 acres and a mule was not forthcoming. Blacks started with very low ownership rates - overall 22% of income comes from wealth (land and capital)

2. Education and information – blacks had less schooling and little information about jobs in the North - Illegal to have recruiters in the South
   - Black relative to white school expenditures in 1910
   - Range: 17% in LA to 75% DE

3. Occupational Discrimination- unions and norms
Sources of persisting inequality

- 4. Segregation ensured that this continued over time. Illegal for out of state recruiters to enter many southern states.
- 5. Blacks disproportionately lived in lowest-wage regions
- 6. Regress in Civil Rights after 1890s
  - W.E.B DuBois — The South became “an armed camp for intimidating black folk”
  - Jim Crow laws
  - Lynchings: averaged 111 per year in the 1890s
  - No legal recourse if cheated
Feedback effect:

- Incentive to “stay in one’s place”, discouraged human capital investment
- Sources of Economic Progress: competitive markets and individual whites
- Dramatic Economic Progress awaited post-world war II
- Dramatic Political Progress awaited Brown vs Board of Education and Civil Rights and Voting Rights laws of the 1960s