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Author(s): Ulrich B. Phillips

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THE ECONOMIC COST OF SLAVEHOLDING IN THE COTTON BELT¹

A PART from mere surface politics, the ante-bellum South is largely an unknown country to American historians.

The conditions, the life, the spirit of its people were so different from those which prevailed and still prevail in the North that it is difficult for northern investigators to interpret correctly the facts which they are able to find. From the South itself they have received little assistance; for before the war southerners were content, as a rule, to transmit traditions without writing books and since the war they have been too seriously engrossed in adapting themselves to new conditions to feel any strong impulse towards a scientific reconstruction of the former environment. When the South shall have been interpreted to the world by its own writers, it will be highly useful for students of other sections and other countries to criticise and correct, utilize and supplement the southern historical literature.² At the present time, however, the great need seems to be that of interpretation of developments in the South by men who have inherited southern traditions. This consideration will perhaps justify the following incomplete study.

Whether negro slavery was an advantage in the early colonies and whether it became a burden in the later period, and, if so, how the change occurred, and why the people did not relieve themselves of the incubus—these are a few of the fundamental problems to which the student must address himself. The present essay, based on a study of slave prices, deals with the general economic conditions of slaveholding, and shows the great transformation caused by the opening of the cotton belt and the closing of the African slave trade.

¹ The grant of a fund by the Carnegie Institution of Washington has been of material aid in prosecuting the research of which this article is a product.

² In the study of the economic history of American slavery the writer has enjoyed the collaboration of Dr. Charles McCarthy, of Wisconsin, a keen thinker with a point of view which supplements that of a southerner.

In American slaveholding, however, the capitalization of labor-value and the sale and purchase of labor-control were permanent features; and when the supply was "cornered" it was unavoidable that the price should be bid up to the point of overvaluation.¹ And this brings us to the main economic disadvantage of the system.

In employing free labor, wages are paid from time to time as the work is done, and the employer can count upon receiving from the products of that labor an income which will enable him to continue to pay its wages in the future, while his working capital is left free for other uses. He may invest a portion of his capital in lands and buildings, and use most of the remainder as circulating capital for special purposes, retaining only a small percentage as a reserve fund. But to secure a working force of slaves, the ante-bellum planter had to invest all the capital that he owned or could borrow in the purchase of slaves and lands; ² for the larger his plantation was, within certain limits, the more economies he could introduce. The temptation was very strong for him to trim down to the lowest possible limit the fund for supplies and reserve. The slaveholding system thus absorbed the planter's earnings; and

¹ In the periods of high slave prices employers found that slave labor was too expensive to be used with profit except in plantation industry under the most favorable circumstances. Striking proof of this is to be seen in the eager employment, wherever they could be had, of Irish and German immigrants for canal and railway building, ditching and any other labor which might prove injurious to a negro's health and strength. Slaves were growing too dear to be used. W. H. Russell (*My Diary North and South*, Boston, 1863, p. 272) writing of the Louisiana sugar district in 1860, says: "The labor of ditching, trenching, cleaning the waste lands and hewing down the forests, is generally done by Irish laborers, who travel about the country under contractors, or are engaged by resident gangsmen for the task. Mr. Seal lamented the high prices for this work; but then, as he said, 'It was much better to have Irish do it, who cost nothing to the planter, if they died, than to use up good field hands in such severe employment.'" The documentary evidence in regard to the competition and rather extensive substitution of immigrant labor for that of slaves in the times of high slave prices is quite conclusive, in spite of its fugitive character. Further data may be found in *DeBow's Review*, vol. xi, p. 400; *Harper's Magazine*, vol. vii, pp. 752 *et seq.*; Sir Chas. Lyell, *Second Visit to the United States*, vol. ii, p. 127; Waddell, *Annals of Augusta County, Virginia*, pp. 272, 273; and the James River and Kanawha Canal Company's fourth annual report, Richmond, 1839.

² Cf. F. L. Olmsted, *A Journey to Texas*, pp. 8-10.

for such absorption it had unlimited capacity, for the greater the profits of the planters the more slaves they wanted and the higher the slave prices mounted. Individual profits, as fast as made, went into the purchase of labor, and not into modern implements or land improvements.¹ Circulating capital was at once converted into fixed capital; while for their annual supplies of food, implements and luxuries the planters continued to rely upon their credit with the local merchants, and the local merchants to rely upon their credit with northern merchants and bankers.

Thus there was a never-ending private loss through the continual payment of interest and the enhancement of prices; and, further, there was a continuous public loss by the draining of wealth out of the cotton belt by the slave trade.² With the

¹This was lamented by many planters, especially in times of low staple prices. Cf. *Southern Agriculturist*, published at Charleston, 1828, vol. ii, p. 1 *et passim*; and especially an address by Dr. Manly before the Alabama State Agricultural Society, Dec. 7, 1841, published in the *Tuscaloosa Monitor*, April 13, 1842. (File in the Alabama State Department of Archives and History.)

²This injurious effect of the slave traffic is strikingly illustrated in the account by a Charleston bookseller, E. S. Thomas, of the misfortunes which befell his business by the reopening of the South Carolina ports to the foreign slave trade in 1803. Thomas had found the business opportunities in Charleston exceedingly good; and for some years he had been annually doubling his capital. But in November, 1803, he had just opened a new importation of fifty thousand volumes, when news came from Columbia that the legislature had opened the ports to the slave trade. "The news had not been five hours in the city," he writes, "before two large British Guineamen, that had been lying on and off the port for several days expecting it, came up to town; and from that day my business began to decline. . . . A great change at once took place in everything. Vessels were fitted out in numbers for the coast of Africa, and as fast as they returned their cargoes were bought up with avidity, not only consuming the large funds that had been accumulating but all that could be procured, and finally exhausting credit and mortgaging the slaves for payment. . . . For myself, I was upwards of five years disposing of my large stock, at a sacrifice of more than a half, in all the principal towns, from Augusta, in Georgia, to Boston." E. S. Thomas, *Reminiscences*, vol. ii, pp. 35, 36.

The same general phenomena were observed in various other parts of the South, as is shown by the following extract from a letter written August 22, 1774, by one John Brown, a citizen of Virginia, to William Preston: "Some time ago you told me that you intended to enter the servant trade, and desire[d] me to tell if there was any encouragement our way for the sale of them. I think there is none, for these reasons: (1) the scarcity of money; (2) servants are plenty and everyone has as many as they want; besides, the country is sunk in debt by them already. If you

stopping of the African slave trade, the drain of wealth from the lower South was not checked at all, but merely diverted from England and New England to the upper tier of southern states; and there it did little but demoralize industry and postpone to a later generation the agricultural revival.

The capitalization of labor lessened its elasticity and its versatility; it tended to fix labor rigidly in one line of employment. There was little or no floating labor in the plantation districts; and the planter was obliged to plan in detail a whole year's work before the year began. If he should plant a larger acreage than his "force" could cultivate and harvest, a part of the crop would have to be abandoned, unless by chance some free negro or stray Irishman could be found for the odd job. As an illustration of the financial hardships which might befall the slaveholder, it may be noted that in 1839 William Lowndes Yancey happened to lose his whole force of slaves through poisoning in the midst of the working season. The disaster involved his absolute ruin as a planter, and forced him to seek some other opening which did not require the possession of capital.¹

In the operations of cotton production, where fluctuating and highly uncertain returns demanded the greatest flexibility, the slaveholding system was rigid. When by overproduction the price of cotton was depressed, it could be raised again only by curtailing the output in the American cotton belt, which had the monopoly. But the planter, owning cotton lands and slaves trained in the cotton field alone, found it hard to devote his fields with success to other crops or to sell or lease his negroes to any one else, for no one else wanted them for any other purpose than cotton production. In fact, the proportion of the southern resources devoted to cotton production tended always to increase. To diminish the cotton output required the most heroic efforts. As a rule, the chances of heavy gains

have not as yet engaged, I think it not prudent for you to do it at the present juncture; you have business enough upon hand, but these things you can better think of than I can." Original MS. in Wisconsin Historical Society, Draper Collection, series QQ, vol. iii, no. 81.

G. W. DuBose, *Life of Wm. L. Yancey*, p. 39.

from cotton planting outweighed those of loss, in the popular estimation; and the strong and constant tendency was to spoil the market by over-supply.

There were uncertain returns in cotton raising, and great risks in slave-owning. The crop might be heavy or light in any year, according to the acreage and the weather, and prices might be away up or away down. A prime slave might be killed by a rattlesnake or crippled in a log-rolling or hanged for murder or spirited away by the underground railroad. All these uncertainties fostered extravagance and speculation.

In the cotton belt inflation and depression followed each other in rapid succession; but the times of prosperity brought less real advantage and periods of depression caused greater hardship in the slaveholding South than in any normally organized community. For by the capitalizing of labor, profits were generally absorbed through the purchasing of additional slaves at higher prices, while in time of need the cotton-planter found it impossible to realize upon his investment because his neighbors were involved in the same difficulties which embarrassed him, and when he would sell they could not buy.

When after the peace in 1815 the system of industry and finance of the ante-bellum South had fully developed itself, the South and its leaders were seized in the grip of social and economic forces which were rendered irresistible by the imperious laws of monopoly. The cotton-planters controlled the South, and for some decades they dominated the policy of the federal government; but the cotton-planters themselves were hurried hither and thither by their two inanimate but arbitrary masters, cotton and slavery.

Cotton and slavery were peculiar to the South, and their requirements were often in conflict with the interests and ideas prevailing in the other parts of the United States. As that conflict of interests and sentiments was accentuated, it became apparent that the South was in a congressional minority, likely to be overridden at any time by a northern majority. Ruin was threatening the vested interests and the social order in the South; and the force of circumstances drove the southern politicians into the policy of resistance. To the leaders in the

South, with their ever-present view of the possibility of negro uprisings, the regulations of slavery seemed essential for safety and prosperity. And when they found themselves about to become powerless to check any legislation hostile to the established order in the South, they adopted the policy of secession, seeking, as they saw it, the lesser of the evils confronting them.

Because they were blinded by the abolition agitation in the North and other historical developments which we cannot here discuss, most of the later generation of ante-bellum planters could not see that slaveholding was essentially burdensome. But that which was partly hidden from their vision is clear to us to-day. In the great system of southern industry and commerce, working with seeming smoothness, the negro laborers were inefficient in spite of discipline, and slavery was an obstacle to all progress. The system may be likened to an engine, with slavery as its great fly-wheel—a fly-wheel indispensable for safe running at first, perhaps, but later rendered less useful by improvements in the machinery, and finally becoming a burden instead of a benefit. Yet it was retained, because it was still considered essential in securing the adjustment and regular working of the complex mechanism. This great rigid wheel of slavery was so awkward and burdensome that it absorbed the momentum and retarded the movement of the whole machine without rendering any service of great value. The capitalization of labor and the export of earnings in exchange for more workmen, always of a low degree of efficiency, together with the extreme lack of versatility, deprived the South of the natural advantage which the cotton monopoly should have given. To be rid of the capitalization of labor as a part of the slaveholding system was a great requisite for the material progress of the South.

ULRICH B. PHILLIPS.

THE UNIVERSITY OF WISCONSIN.