“Slavery and Capitalism” [excerpt]
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If capitalism, as many believe, is about wage labor, markets, contracts, and the rule of law, and, most important, if it is based on the idea that markets naturally tend toward maximizing human freedom, then how do we understand slavery’s role within it? No other national story raises that question with quite the same urgency as the history of the United States: The quintessential capitalist society of our time, it also looks back on long complicity with slavery. But the topic goes well beyond one nation. The relationship of slavery and capitalism is, in fact, one of the keys to understanding the origins of the modern world.

For too long, many historians saw no problem in the opposition between capitalism and slavery. They depicted the history of American capitalism without slavery, and slavery as quintessentially noncapitalist. Instead of analyzing it as the modern institution that it was, they described it as premodern: cruel, but marginal to the larger history of capitalist modernity, an unproductive system that retarded economic growth, an artifact of an earlier world. Slavery was a Southern pathology, invested in mastery for mastery’s sake, supported by fanatics, and finally removed from the world stage by a costly and bloody war.

Some scholars have always disagree with such accounts... They emphasize the dynamic nature of New World slavery, its modernity, profitability, expansiveness, and centrality to capitalism in general and to the economic development of the United States in particular…While their works differ, often significantly, all insist that slavery was a key part of American capitalism—especially during the 19th century, the moment when the institution became inextricable from the expansion of modern industry—and to the development of the United States as a whole.

For the first half of the 19th century, slavery was at the core of the American economy. The South was an economically dynamic part of the nation (for its white citizens); its products not only established the United States’ position in the global economy but also created markets for agricultural and industrial goods grown and manufactured in New England and the mid-Atlantic states. More than half of the nation’s exports in the first six decades of the 19th century consisted of raw cotton, almost all of it grown by slaves. In an important book, River of Dark Dreams: Slavery and Empire in the Cotton Kingdom, Johnson observes that steam engines were more prevalent on the Mississippi River than in the New England countryside, a telling detail that testifies to the modernity of slavery. Johnson sees slavery not just as an integral part of American capitalism, but as its very essence. To slavery, a correspondent from Savannah noted in the publication Southern Cultivator, "does this country largely—very largely—owe its greatness in commerce, manufactures, and its general prosperity."

Much of the recent work confirms that 1868 observation, taking us outside the major slaveholding areas themselves and insisting on the national importance of slavery, all the way up to its abolition in 1865. In these accounts, slavery was just as present in the counting houses of Lower Manhattan, the spinning mills of New England, and the workshops of budding manufacturers in the Blackstone Valley in Massachusetts and Rhode Island as on the plantations in the Yazoo-Mississippi Delta. The slave economy of the Southern states had ripple effects throughout the entire economy, not just shaping but dominating it.

Merchants in New York City, Boston, and elsewhere, like the Browns in cotton and the Taylors in sugar, organized the trade of slave-grown agricultural commodities, accumulating vast riches in the process. Sometimes the connections to slavery were indirect, but not always: By the 1840s, James Brown was sitting in his counting house in Lower Manhattan hiring overseers for the slave plantations that his defaulting creditors had left to him. Since planters needed ever more funds to invest in land and labor, they drew on global capital markets; without access to the resources of New York and London, the expansion of slave agriculture in the American South would have been all but impossible.

The profits accumulated through slave labor had a lasting impact. Both the Browns and the Taylors eventually moved out of commodities and into banking. The Browns created an institution that partially survives to this day as Brown Brothers, Harriman & Co., while Moses Taylor took charge of the precursor of Citibank. Some of the 19th century's most important financiers—including the Barings and Rothschilds—were deeply involved in the "Southern trade," and the profits they accumulated were eventually reinvested in other sectors of the global economy. As a group of freedmen in Virginia observed in 1867, "our wives, our children, our husbands, have been sold over and over again to purchase the lands we now locate upon. … And then didn't we clear the land, and raise the crops of corn, of tobacco, of rice, of sugar, of every thing. And then didn't the large cities in the North grow up on the cotton and the sugars and the rice that we made?" Slavery, they understood, was inscribed into the very fabric of the American economy.

Southern slavery was important to American capitalism in other ways as well. As management scholars and historians have discovered in recent years, innovations in tabulating the cost and productivity of labor derived from the world of plantations. They were unusual work sites in that owners enjoyed nearly complete control over their workers and were thus able to reinvent the labor process and the accounting for it—a power that no manufacturer enjoyed in the mid-19th century.

As Caitlin Rosenthal has shown, slave labor allowed the enslavers to experiment in novel ways with labor control. Edward E. Baptist, who has studied in great detail the work practices on plantations and emphasized their modernity in *The Half Has Never Been Told: Slavery and the Making of Modern Capitalism,* has gone so far as to argue that as new methods of labor management entered the repertoire of plantation owners, torture became widely accepted. Slave plantations, not railroads, were in fact America’s first "big business."

Moreover, as Seth Rockman has shown, the slave-dominated economy of the South also constituted an important market for goods produced by a wide variety of Northern manufacturers and artisans. Supplying plantations clothing and brooms, plows and fine furniture, Northern businesses dominated the large market in the South, which itself did not see significant industrialization before the end of the 19th century.

Further, as all of us learned in school, industrialization in the United States focused at first largely on cotton manufacturing: the spinning of cotton thread with newfangled machines and eventually the weaving of that thread with looms powered at first by water and then by steam. The raw material that went into the factories was grown almost exclusively by slaves. Indeed, the large factories emerging along the rivers of New England, with their increasing number of wage workers, cannot be imagined without reliable, ever-increasing supplies of ever-cheaper raw cotton. The Cabots, Lowells, and Slaters—whatever their opinions on slavery—all profited greatly from the availability of cheap, slave-grown cotton.

As profits accumulated in the cotton trade, in cotton manufacturing, in cotton growing, and in supplying Southern markets, many cultural, social, and educational institutions benefited: congregations, hospitals, universities. Given that the United States in the first half of the 19th century was a society permeated by slavery and its earnings, it is hardly surprising that institutions that at first glance seem far removed from the violence of plantation life came to be implicated in slavery as well.

Craig Steven Wilder has shown in *Ebony and Ivy: Race, Slavery, and the Troubled History of America’s Universities* how Brown and Harvard Universities, among others, drew donations from merchants involved in the slave trade, had cotton manufacturers on their boards, trained generations of Southern elites who returned home to a life of violent mastery, and played central roles in creating the ideological underpinnings of slavery.

By 1830, one million Americans, most of them enslaved, grew cotton. Raw cotton was the most important export of the United States, at the center of America’s financial flows and emerging modern business practices, and at the core of its first modern manufacturing industry. As John Brown, a fugitive slave, observed in 1854: "When the price [of cotton] rises in the English market, the poor slaves immediately feel the effects, for they are harder driven, and the whip is kept more constantly going."

Just as cotton, and with it slavery, became key to the U.S. economy, it also moved to the center of the world economy and its most consequential transformations: the creation of a globally interconnected economy, the Industrial Revolution, the rapid spread of capitalist social relations in many parts of the world, and the Great Divergence—the moment when a few parts of the world became quite suddenly much richer than every other part. The humble fiber, transformed into yarn and cloth, stood at the center of the emergence of the industrial capitalism that is so familiar to us today. Our modern world originates in the cotton factories, cotton ports, and cotton plantations of the 18th and 19th centuries. The United States was just one nexus in a much larger story that connected artisans in India, European manufacturers, and, in the Americas, African slaves and land-grabbing settlers. It was those connections, over often vast distances, that created an empire of cotton—and with it modern capitalism. …

When we apply a global perspective, we develop a new appreciation for the centrality of slavery, in the United States and elsewhere, in the emergence of modern capitalism. We can also understand how that dependence on slavery was eventually overcome later in the 19th century. We come to understand that the ability of European merchants to secure ever-greater quantities of cotton cloth from South Asia in the 17th and 18th centuries was crucial to the trans-Atlantic slave trade, as cloth came to be the core commodity exchanged for slaves on the western coast of Africa. We grasp that the rapidly expanding markets for South Asian cloth in Europe and elsewhere motivated Europeans to enter the cotton-manufacturing industry, which had flourished elsewhere in the world for millennia.

And a global perspective allows us to comprehend in new ways how slavery became central to the Industrial Revolution. As machine production of cotton textiles expanded in Britain and continental Europe, traditional sources of raw cotton—especially cultivators in the Ottoman Empire as well as in Africa and India—proved insufficient. With European merchants unable to encourage the monocultural production of cotton in these regions and to transform peasant agriculture, they began to draw on slave-grown cotton, at first from the West Indies and Brazil, and by the 1790s especially in the United States.

As a result, Europe’s ability to industrialize rested at first entirely on the control of expropriated lands and enslaved labor in the Americas. It was able to escape the constraints on its own resources—no cotton, after all, was grown in Europe—because of its increasing and often violent domination of global trade networks, along with the control of huge territories in the Americas. For the first 80 years of modern industry, the only significant quantities of raw cotton entering European markets were produced by slaves—and not from the vastly larger cotton harvests of China or India.

By 1800, 25 percent of the cotton that landed in Liverpool, the world’s most important cotton port, originated in the United States; 20 years later, that proportion had increased to 59 percent; by 1850, 72 percent of the cotton consumed in Britain was grown in the United States, with similar proportions for other European countries. A global perspective lets us see that the ability to secure more and cheaper cotton gave European and North American manufacturers the ability to increase the production of cheap yarn and cloth, which in turn allowed them to capture ancient cotton markets in Asia, Africa, and elsewhere, furthering a wave of deindustrialization in those parts of the world. Innovations in long-distance trade, the investment of capital over long distances, and the institutions in which this new form of capitalist globalization were embedded all derived from a global trade dominated by slave labor and colonial expansion.

A global perspective on the history of cotton also shows that slave labor is as much a sign of the weakness as of the strength of Western capital and states. The ability to subdue labor in distant locations testified to the accumulated power of European and North American capital owners. Yet it also showed their inability to transform peasant agriculture. It was only in the last third of the 19th century that peasant producers in places such as Central Asia, West Africa, India, and upcountry Georgia, in the United States, could be integrated into the global empire of cotton, making a world possible in which the growing of cotton for industry expanded drastically without resort to enslaving the world's cotton workers. Indeed, one of the weaknesses of a perspective that focuses almost exclusively on the fabulously profitable slave/cotton complex of the antebellum American South is its inability to explain the emergence of an empire of cotton without slavery.

We cannot know if the cotton industry was the only possible way into the modern industrial world, but we do know that it was the path to global capitalism. We do not know if Europe and North America could have grown rich without slavery, but we do know that industrial capitalism and the Great Divergence in fact emerged from the violent caldron of slavery, colonialism, and the expropriation of land. In the first 300 years of the expansion of capitalism, particularly the moment after 1780 when it entered into its decisive industrial phase, it was not the small farmers of the rough New England countryside who established the United States' economic position. It was the backbreaking labor of unremunerated American slaves in places like South Carolina, Mississippi, and Alabama.

When we marshal big arguments about the West's superior economic performance, and build these arguments upon an account of the West's allegedly superior institutions like private-property rights, lean government, and the rule of law, we need to remember that the world Westerners forged was equally characterized by exactly the opposite: vast confiscation of land and labor, huge state intervention in the form of colonialism, and the rule of violence and coercion. And we also need to qualify the fairy tale we like to tell about capitalism and free labor. Global capitalism is characterized by a whole variety of labor regimes, one of which, a crucial one, was slavery.

During its heyday, however, slavery was seen as essential to the economy of the Western world. No wonder The Economist worried in September 1861, when Union General John C. Frémont emancipated slaves in Missouri, that such a "fearful measure" might spread to other slaveholding states, "inflict[ing] utter ruin and universal desolation on those fertile territories"—and on the merchants of Boston and New York, "whose prosperity … has always been derived" to a large extent from those territories. Slavery did not die because it was unproductive or unprofitable, as some earlier historians have argued. Slavery was not some feudal remnant on the way to extinction. It died because of violent struggle, because enslaved workers continually challenged the people who held them in bondage—nowhere more successfully than in the 1790s in the French colony of Saint-Domingue (now Haiti, site of the first free nation of color in the New World), and because a courageous group of abolitionists struggled against some of the dominant economic interests of their time.

A contributing factor in the death of slavery was the fact that it was a system not just of labor exploitation but of rule that drew in particular ways on state power. Southern planters had enormous political power. They needed it: to protect the institution of slavery itself, to expand its reach into ever more lands, to improve infrastructures, and to position the United States within the global economy as an exporter of agricultural commodities.

In time, the interests of the South conflicted more and more with those of a small but growing group of Northern industrialists, farmers, and workers. Able to mobilize labor through wage payments, Northerners demanded a strong state to raise tariffs, build infrastructures conducive to domestic industrialization, and guarantee the territorial extension of free labor in the United States. Afraid that they were losing control over essential levers of power, slaveowners tried to strike out on their own.

After the Civil War, a new kind of capitalism arose, in the United States and elsewhere. Yet that new capitalism—characterized first and foremost by states with unprecedented bureaucratic, infrastructural, and military capacities, and by wage labor—had been enabled by the profits, institutions, networks, technologies, and innovations that emerged from slavery, colonialism, and land expropriation.

That legacy is still with us today. The great inequalities, both domestically and internationally, that characterize the world we live in are at least partly the result of capitalism's long and violent history.

There are still many open questions about slavery and capitalism, some specific, some broad. We have not yet conclusively shown, for example, how methods of labor control migrated from the world of the plantation to the world of the factory. We need more-detailed research on where the profits from slavery accumulated in Europe and the American North, and how they mattered to other sectors of the economy. We would benefit from a better understanding of how the tight economic connection between Northern entrepreneurs and slavery came to be undone. And we have only begun to account for what the rethinking of slavery does to our more general understanding of capitalism.

But what we do know is that the histories of slavery and of capitalism look very different if we understand them in relation to each other. The next time we walk the streets of Lower Manhattan or the grounds of Harvard University, we should think at least in passing of the millions of enslaved workers who helped make some of that grandeur possible, and to the ways that slavery's legacy persists today.

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