

Econ 323  
Economic History of the U.S.

Prof. Eschker  
Spring 2016

# Today's Topics

- NO CLASS on Wednesday or Friday (work on your discussant essay)
- Freeing Slaves
- Treatment of Slaves
- Slavery Exploitation
- Slavery Viability

# The Economics of Slavery

- 1. How were the slaves freed?**
- 2. Would slavery have ended without the Civil War?**
- 3. To what degree were slaves "exploited?"**

# Ending Slavery

- Abrupt end about 150-200 years ago
  - 1777 Vermont Constitution prohibits slavery
  - 1800 U.S. Citizens barred from exporting slaves
  - 1807 England and the U.S. prohibit engagement in international slave trade
  - 1838 Slavery abolished in all British colonies
  - 1865 U.S. abolishes slavery after Civil War and 13<sup>th</sup> Amendment to Constitution
  - 1888 Slavery abolished in Brazil

# Freeing slaves

- Freeing slaves in the North
- Freeing slaves in the South

### Mortality Rates per Thousand for Slaves and the Antebellum Population

Age	Slaves	Entire United States
0	350	179
1-4	201	93
5-9	54	28
10-14	37	19
15-19	35	28
20-24	40	39

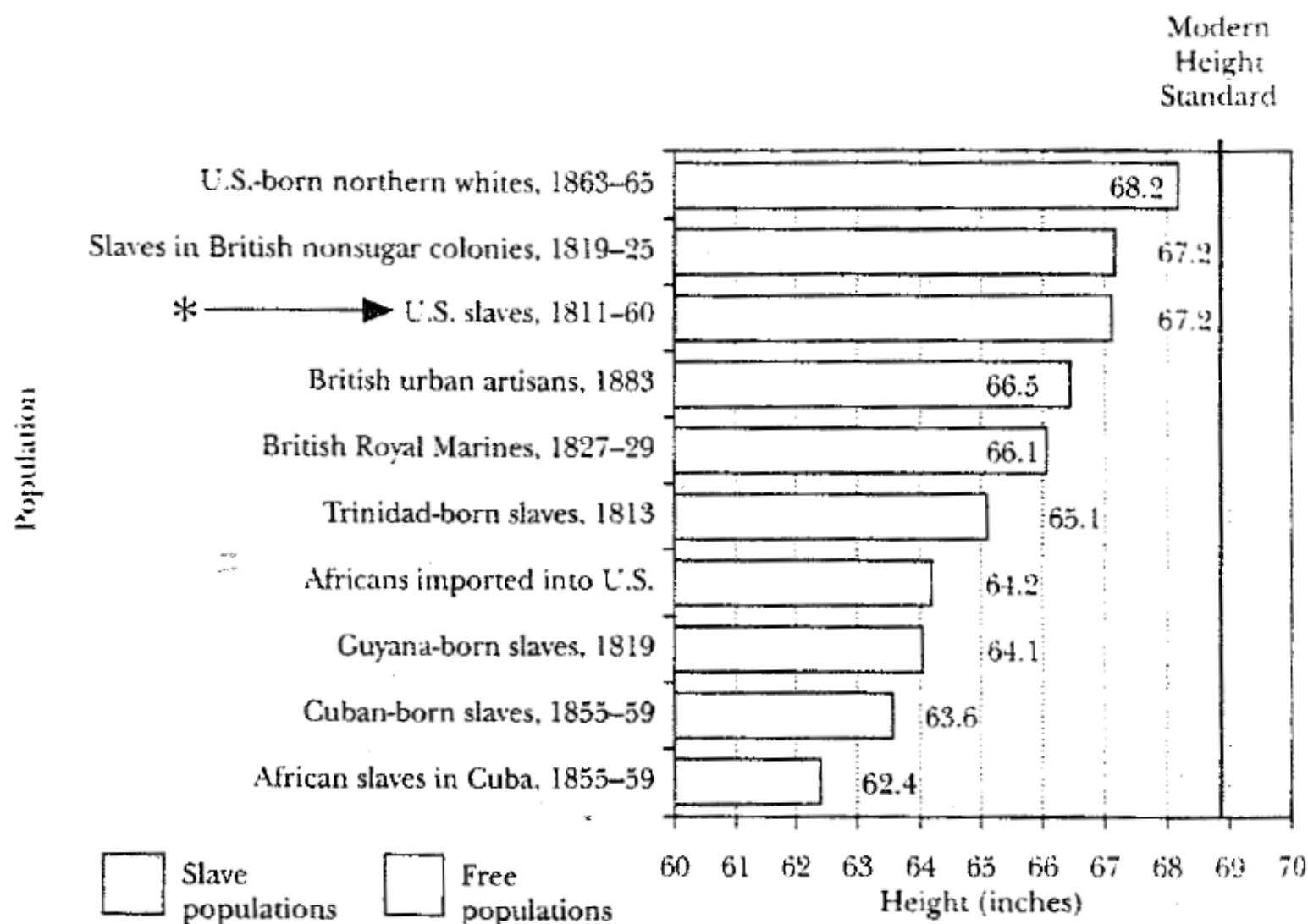
Source: Richard H. Steckel, "Dimensions and Determinants of Early Childhood Health and Mortality among American Slaves," *Social Science History* 10 (1986): 428.

## Life Expectancy at Birth for Various Populations, 1830–1920



Source: Robert W. Fogel and Stanley L. Engerman, *Time on The Cross: The Economics of American Negro Slavery* (Boston: Little, Brown, 1974): 125, Figure 36.

# Height of Adult Males, Aged 25–45, from Various Populations



Source: Robert W. Fogel, *Without Consent or Contract: The Rise and Fall of American Slavery* (New York: W. W. Norton, 1989): 141, Figure 24.



# **Measuring Exploitation (Small Groups)**

# Measuring Exploitation

Suppose that you work at Smugs Pizza and that Smugs earns an extra \$100 in revenue by you working one week. Therefore, your marginal product is \$100.

1. Say there are lots of pizza joints hiring (competitive market for pizza workers). What would you suppose your weekly wage would be? (What is the most that Smugs would pay you?)
2. Suppose that your weekly wages totaled \$80. Why would Smugs might not have to pay you more?

# Measuring Exploitation

3. Define the "rate of exploitation" as the difference between your marginal product and wage divided by your marginal product. What is the numerical rate of exploitation you are suffering?
4. Consider the case of slave labor where there is no explicit wage. To calculate the rate of exploitation, how might you calculate a slave's "wage?"
5. In what ways does this wage differ from the wage a for-hire worker is paid?

# Profitability for Slave Holders

- “King Cotton”—biggest export of South (to New England and British textile mills)
- By 1860, 1 Slave for every 2 free people in South
- High Profits—rate of return comparable to other assets
- \$3bil in slaves in 1860 (right before Civil War)
- Land prices were also higher because of slavery (land values in Caribbean dropped after slaves freed there)

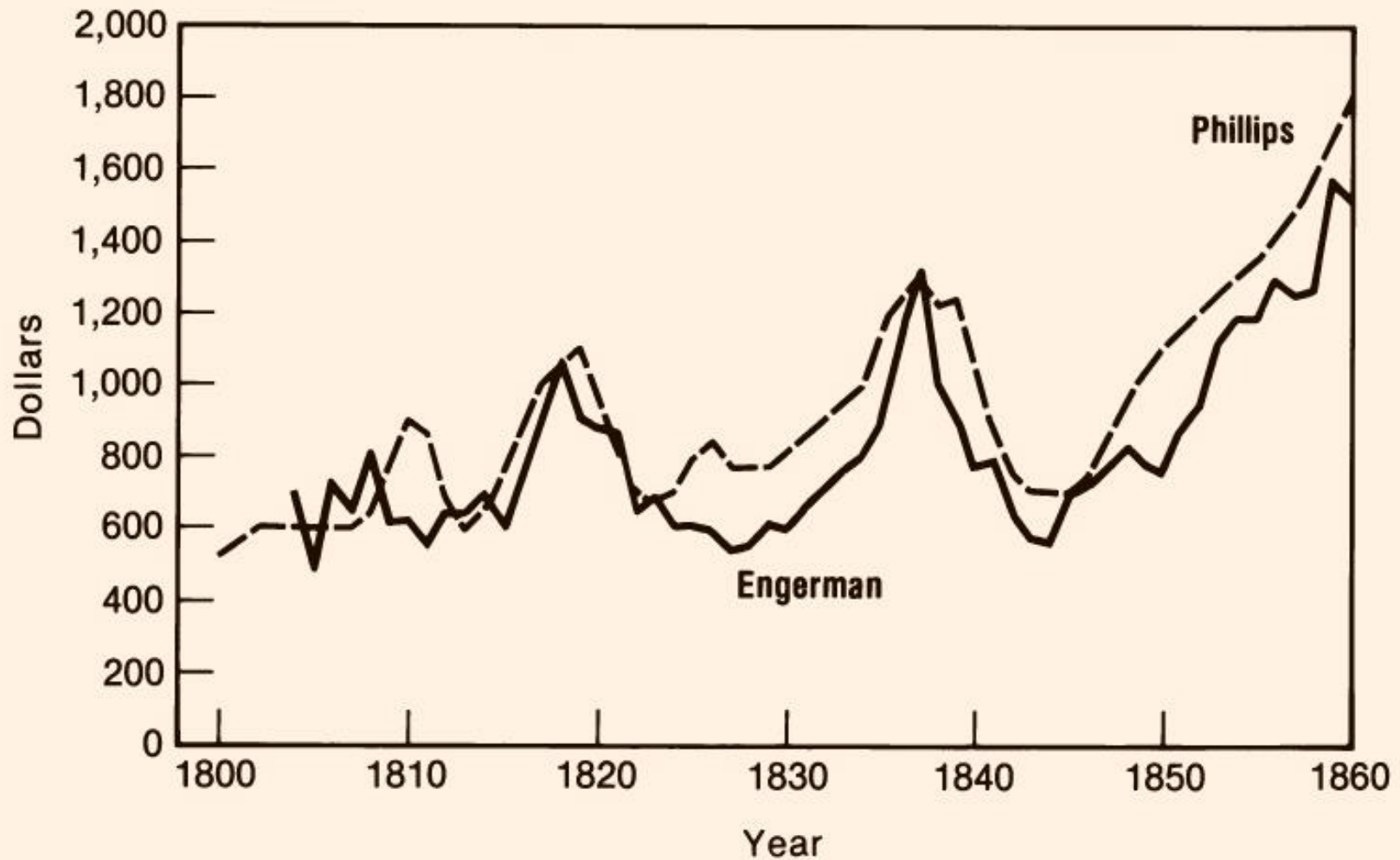
## Value of Slaves was *rising*

TABLE 13-9 Total Value of Slaves in the United States, 1810–1860 (in millions of dollars)

YEAR	TOTAL VALUE
1810	\$ 316
1820	610
1830	577
1840	997
1850	1,286
1860	3,059

SOURCE: Roger L. Ransom and Richard Sutch, "Capitalists without Capital: The Burden of Slavery and the Impact of Emancipation," *Agricultural History* (Summer 1988): 150–151.

# The Price of a Prime Male Slave, New Orleans, 1800-1860



1860 price is \$37,000 and up in 2000 dollars

<http://www.measuringworth.com/uscompare/>

## Seven Ways to Compute the Relative Value of a U.S. Dollar Amount - 1774 to Present

In 2009, the relative worth of **\$1,600.00**  
from 1860 is:

<b>\$42,600.00</b>	using the <b>Consumer Price Index</b>
<b>\$33,100.00</b>	using the <b>GDP deflator</b>
<b>\$274,000.00</b>	using the <b>unskilled wage</b>
<b>\$543,000.00</b>	using the <b>Production Worker Compensation</b>
<b>\$533,000.00</b>	using the <b>nominal GDP per capita</b>
<b>\$5,200,000.00</b>	using the <b>relative share of GDP</b>

# Slave Labor and Efficiency

- Slavery is coerced (not voluntary) labor
- Small slave farms had very similar output per unit of input compared to small free farms
- **Large Plantations** very efficient (high productivity)
- **Gang Labor**—similar to industrial assembly line workers (quote p. 230)
- High intensity of work, not longer work
- Gang system NOT copied by free men or after Civil War—implies work conditions very unpleasant and wage not high enough to entice gang labor



# Westward Expansion of Slavery

- North initially wanted to contain slavery, not abolish
- Northwest Ordinance 1787 prohibited slavery in Midwest
- Missouri Compromise 1820
- [http://upload.wikimedia.org/wikipedia/commons/8/85/US\\_Slave\\_Free\\_1789-1861.gif](http://upload.wikimedia.org/wikipedia/commons/8/85/US_Slave_Free_1789-1861.gif)

# Westward Expansion of Slavery

- Kansas-Nebraska Act 1854
- Dred Scott Decision 1857
- North wanted new states Free
- South wanted new states Slave