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British Capitalism and Caribbean Slavery: The Legacy of Eric Williams: An Introduction

Eric Williams, in *Capitalism and Slavery,* presented four important themes: (1) slavery was an economic phenomenon; and thus racism was a consequence, not the cause, of slavery; (2) the slave economies of the British West Indies caused (the strong version) or contributed greatly (the weaker version) to the British Industrial Revolution; (3) after the American Revolutionary War the slave economies declined in profitability and/or importance to England; and (4) abolition of the slave trade and emancipation of the slaves in the British West Indies were driven not by philanthropy or humanitarianism but by economic motives within England. While all of these themes have been debated, it is the second and fourth that have had the most impact upon subsequent scholarship, and each has become a "Williams thesis."

I. SLAVERY AS AN ECONOMIC PHENOMENON To Eric Williams, modern slavery in the Americas was not racial in origin, nor the result of color, inherent inferiority, or climate. Rather, it was a matter of economic profitability: "a specific question of time, place, labor and soil."[1] Williams's explanation derives from the economic arguments presented in the nineteenth century by Wakefield, Merivale, and Cairnes. In a new colony, with simple agricultural technology and where land is abundant and therefore cheap, there will be no voluntary supply of labor, because "the

1 Eric Williams, *Capitalism and Slavery* (New York, 1966), b. All subsequent page references in the text of this essay are to this edition, published by Capricorn Books.

Williams restricts his analysis of slavery to the modern period and to slavery in the colonies of European powers. Thus he omits discussion of the very long history of slavery and of its wide distribution. Given, however, the unique characteristics of New World slavery, Williams's issues remain of importance.

laborer [will] exercise his natural inclination to work his own land and toil on his own account" (p. 5). In these circumstances, if there is to be a labor supply, it must be coerced.

The British had colonial possessions in America reflecting both outcomes of the availability of abundant land. In the North the "mere earth-scratcher" was "practicing . . . intensive agriculture and wringing by the sweat of his brow niggardly returns from a grudging soil" (pp. 4–5). In the South and the Caribbean, slave labor was engaged in large-scale production of staple crops for export. Following Cairnes and Merivale, Williams argued that economies of scale and gang labor in certain crops—sugar, cotton, and tobacco—determined the adoption of slavery. To Williams, stories of racial inferiority, the " 'subhuman' characteristics so widely pleaded, were only the later rationalizations to justify a simple economic fact: that the colonies needed labor and resorted to Negro labor because it was the cheapest and the best" (p. 20).[2]

> Negro slavery therefore was only a solution, in certain historical circumstances, of the Caribbean labor problem. Sugar meant labor—at times that labor has been slave, at other times nominally free; at times black, at other times white or brown or yellow. Slavery in no way implied, in any scientific sense, the inferiority of the Negro. Without it the great development of the Caribbean sugar plantations, between 1650 and 1850, would have been impossible. (P. 29)

In his chapter "Race and Slavery: Considerations on the Williams Thesis," William A. Green points out that Williams turns the tables on those who see blacks as "weak and backward" and in need of a "civilizing mission." Rather, he presents them as a productive source of wealth for England and as victims of economic exploitation past and present. Green's chapter discusses the debate on racial versus economic theories of slavery with respect to Virginia and Barbados.

In the literature on Virginia, the Williams position that rac-

2 Williams omits discussion of the prior history of the enslavement of blacks in the Middle East and in southern Europe. While earlier slavery could have lead to a predisposition to treat blacks and whites differently, legally and culturally, it could have been that it was only after the establishment of large-scale black slavery that racism became reinforced and magnified into its modern form.

ism was a consequence and not a cause of slavery gained support in the 1950's from such influential scholars as the Handlins, Stampp, and Myrdal. But Degler's response did weaken this position, and by the early 1970's the theory of the prior origins of racism appeared to have conquered the field. This was buttressed in particular by Jordan, who saw racism as a complex psychohistorical problem, and argued against the view that slavery was a choice of labor supply alone, based on relative cheapness. While he recognized that once in place slavery could exacerbate racial attitudes, Jordan pointed to an earlier presence of racism. Hoetink and Degler denied that slavery had a primary role in explaining race prejudice, while Craven doubted the existence of a relationship between economic forces and black slavery in colonial Virginia.

"By the early 1970's then," Green writes, "the Williams-Handlin-Stampp position was in full retreat. The origin of black slavery in the American mainland colonies was being interpreted primarily as a function of race, not economic necessity." But the eclipse was only temporary. The appearance of Morgan's influential *American Slavery—American Freedom* offered new political and economic explanations for the adoption of slavery, arguing that racism had been deliberately fostered by the planter class as a means of severing any possible bond between white and black laborers. The pendulum thus swung back toward the Williams view. Breen and Innes and Evans, from a wide reading of historical evidence, further supported the idea that there is nothing inherent in blacks which accounts for discrimination and that race relations are the result of economic and political power relationships.[3]

Clearly, Williams's position against the consensus of prewar scholars continues to command widespread support. His economic theory of slavery was not original, but was his own blend of the mercantilists and early classical economists. But by 1944 these views had either been discredited or forgotten, and slavery was being explained by race, climate, and geography. Nearly a century of silence on the economic analysis of slavery separates Cairnes from Conrad and Meyer. The reintroduction of eco-

3 *Inherent* refers to genetic factors, as contrasted with cultural perceptions that led to a differential attitude toward whites and blacks.

nomic analysis into the analysis of slavery caused a furor in the history profession. Thus, Williams's insistence on treating slavery as a supply of labor, with certain productivity and costs, whose adoption was determined by considerations of profit-maximization, was prophetic and has remained indispensable.

Williams devoted only a few pages to support his dictum that racism was a consequence and not a cause of slavery. His evidence was the case of white indentured servants who coexisted with black slaves: he argued that discrimination followed and did not precede the widespread substitution of black slavery in the labor force.[4] He made no attempt to trace the subsequent path that led to racism or to investigate the power relationships and alienation associated with the institution. The conclusions of Morgan, Breen and Innes, and Evans are in broad agreement with Williams, although the recent literature displays a sophistication and deeper understanding of colonial history than Williams possessed. Green concludes that "if [he] seemed vindicated in the 1980's it was the direction of his thinking, not the credibility of his argument, that gained scholarly endorsement."

II. CARIBBEAN SLAVERY AND THE INDUSTRIAL REVOLUTION. Solow's chapter follows Williams's economic explanation of slavery and extends it in time and space. She identifies a pattern of export-oriented colonial tropical agriculture producing (mainly) sugar with slave labor, a pattern which had its roots in the Italian colonies of the Mediterranean in the late Middle Ages and spread to the Atlantic islands, the islands off Africa, and finally to the Western Hemisphere. She sees the slave-sugar complex as the economic institution that formed the main bridge from the Old World to the New, and the economic relation with the Third World that endured longest and contributed most to European economic development. Following Williams, she agrees that this complex is not an accidental development but the solution to Europe's problem of how to exploit underpopulated colonial conquests quickly.[5] The solution is seen as capitalistic in organization

4 In regard to the literature on the choice between white indentured labor and black slave labor there have been several noteworthy recent works emphasizing the economic aspects of this choice. See, for example, the work of Menard, Galenson, and, for the Barbados case, Beckles.

5 Note that Williams does not discuss the epidemiological consequences of the interaction of European and native American populations.

from the first, combining European capital, African slave labor, and cheap land, to maximize profits by growing and processing a commercial crop and marketing it on a Europe-wide scale.

Through slavery, Europe gained greater investment opportunities, furthered her commercial institutions, and exchanged some of her manufactures for colonial primary products. Solow argues that these flows of factors and commodities become quantitatively important for the economic growth of eighteenth-century Britain, which was developing for domestic reasons and therefore able to take advantage of the opportunities offered by the plantation sector.

This is certainly one of Williams's main themes: "The West Indian islands became the hub of the British Empire, of immense importance to the grandeur and prosperity of England. It was the Negro slaves who made these sugar colonies the most precious colonies ever recorded in the whole annals of imperialism" (p. 52). Quoting Postlethwayt, Williams calls the eighteenth-century empire "a magnificent superstructure of American commerce and naval power on an African foundation." The trade gave a triple stimulus to British industry, sending British manufactures to Africa in return for slaves; to the West Indies in return for tropical products; and to New England and Newfoundland in return for foreign exchange they had earned by exporting agricultural products and fish to the West Indies. Quoting another eighteenth-century writer, Gee, Williams claims that "By 1750 there was hardly a trading or a manufacturing town in England which was not in some way connected with the triangular or direct colonial trade." "The profits obtained," Williams continues, "provided one of the main streams of that accumulation of capital in England which financed the Industrial Revolution" (p. 52). He then goes on to cite specific industries whose growth was associated with the triangular trade and to give examples of the investment of plantation profits into banking, insurance, shipping, and, most importantly, the industrial development of the early Industrial Revolution.

Three lines of criticism have been levelled at these arguments. When Sheridan presented quantitative estimates showing sizable returns on British investment in the West Indies, Thomas countered by criticizing both Sheridan's methods and numerical estimates. He concluded that, if properly measured, the colonies' contribution to the mother country was negative: British income would have been greater without them.[6] Second, Engerman argued that even a deliberately overstated estimate of the profits of the slave trade was too small to have greatly affected British investment and income. Third, critics were quick to point out that no great surge in investment was associated with the onset of the Industrial Revolution: most new industries had modest capital requirements and were financed by personal savings of family or friends. The conclusions of Thomas and Engerman have been disputed by Solow, and the three chapters on this subject all lend support to Eric Williams's original contention. While there are important differences among them, Inikori, Richardson, and Solow all agree in attributing an important role to the plantation economies in explaining the spurt in British industrial output of the late eighteenth century.

For Inikori, this case is an example of a more general thesis that foreign trade was the principal impetus leading from subsistence agrarian economies to developed industrial economies within Europe. According to him, the Atlantic trading system saved England from the fate suffered by the Mediterranean countries in the seventeenth century. Combining African slaves with New World land, England was able to reap great advantages from her Atlantic empire. It constituted a large common market containing diversified economies: in this setting, mercantilist policies assisted her development, in contrast with their deleterious effects in the Iberian countries. Inikori sees the Atlantic system in the seventeenth century as providing England with commodities for re-export and thereby strengthening her mercantile sector. In the eighteenth century he finds the Atlantic trade propelling her toward industrialization by contributing to the growth of trade, transport, and manufacturing.

Richardson's chapter focuses on developments in a specific time period. He argues that the increase in British trade in the third quarter of the eighteenth century was associated with the Atlantic economy (Africa, the Caribbean, and the North Ameri-

6 It should be noted that Thomas's response raises an important analytical issue for further consideration in this debate—the extent to which England, at this time, can be considered to be an economy with relatively full employment of its productive factors, or rather if the opportunity costs of employment within the slave nexus were low or zero in many cases.

can colonies); that the principal roots of this trade lay in the response of the slave economies to increased demand for sugar in Britain; and (since the counterpart of British sugar imports was British manufactured exports) that the growth of this trade assisted significantly in shifting the British economy away from nonindustrial production and toward industrial production at this time.[7] Thus British industrial growth in the third quarter of the century is seen to depend not exclusively but importantly on the Atlantic trade, and Caribbean sugar is the key to this trade: "exports to Africa and America in particular proved to be at least a very capable handmaiden in promoting further expansion in England's emerging industrial regions before 1776."

Richardson's statistical estimates of the British slave trade to the Caribbean show the greatest expansion coming in the third quarter of the eighteenth century. He speculates that this growth was accounted for by buoyant demand for sugar in England, due to changes in taste, to price-induced shifts in consumption patterns, and to increased incomes in London and the newly industrializing areas, such as Lancashire. At this time the British economy was probably experiencing decreasing rates of growth of total output; industrial output, however, was rising faster that at any previous time in the century. There was thus a sharp divergence between the growth of the industrial and nonindustrial sectors, signaling substantial structural change. It is in this context that the link to Caribbean developments is found.

The acceleration in new industrial growth based on exports depended to a considerable extent on purchasing power generated by the British West Indies. Tentative calculations suggest that the African, Caribbean, and North American demands ultimately generated by the sugar colonies may have raised British

7 Note that Richardson's argument here resembles that of Deane and Cole, in that the increased demand from the New World colonies for British goods is not exogenous, but represents an endogenous response to higher demands for colonial products emanating from Great Britain. The exogenous factor is the institution of slavery which, by providing an elastic supply of cheap productive labor, allows for the continuing production of sugar.

Another important issue that remains when "expansion" is used as a measure of the value of the slave colonies is that since trade, both before and after the American Revolution, was carried on under a protectionist commercial policy, expansion may merely indicate more and more misallocation of resources. This argument was familiar in eighteenth-century England, among influential politicians as well as others.

total exports "by almost £1.6 million per annum between the late 1740's and the early 1770's." These colonies may be responsible for more than half of the growth of English domestically produced exports in the third quarter of the century, and about 8.5 percent of the growth in English industrial output during that time.

The slave-sugar complex and the trade and capital flows it engendered were important to British economic growth in the late eighteenth century.[8] This is the conclusion of Solow, Inikori, and Richardson, and was the broad consensus of the conference. To this extent Williams was correct. But slavery did not contribute by sending a vast stream of capital investment to finance technological change in cotton and iron in late eighteenth-century England. There was no such sudden large increase in investment. To this extent Williams was wrong. However, drawing on Solow, Inikori, and Richardson, one can formulate a different causal explanation to support his thesis.

Instead of West Indian profits leading to increased investment in England, it is likelier that there was an abundance of saving and a lack of investment opportunities. This is consistent with the falling interest rates in England. Once an elastic supply of productive labor was added to the cheap land of the Caribbean and the American South, such an investment outlet was in place. Colonial investment followed slavery. West Indian mortgages constituted a relatively large share of the London market. If we accept Sheridan's estimate of the total value of investments in the Caribbean of about £37 million and Price's estimate for the American South of about £5 million (both for the period just prior to the Revolution), we can see that the institution of slavery had an important effect in increasing investment in the Empire, and that the return on this investment increased income in England.

Such investment was dependent on slavery, and was not merely a diversion of funds from potential domestic investment. It increased British income *whatever the recipients of the income chose to do with it:* whether they spent it on land or coaches or wine—or on textile machinery. It did not have to be invested in order

8 It can be argued that it was the slave colonies that benefited Great Britain by providing a market for British industrial exports when domestic sources of growth were weak, and that they mattered less to her as the Industrial Revolution quickened its pace.

for there to be a relation between colonial slave production and British income—any positive return on investment does that. If some of the returns were saved, there was a greater ultimate increase in income than if they were all consumed. But the income recipients did not themselves have to invest in order to establish a relation between colonial sugar production and British industrial production. Eric Williams was wrong about that relation. His was a misunderstanding of elementary macroeconomics.

But the increased British income associated with colonial investment is not the whole story. Richardson's paper makes this clear. The pounds spent for sugar by British consumers cover not only the profits but also the costs of producing the sugar. These latter pounds were earned by slave traders, shippers, and insurers, and by the suppliers of fish, flour, horses, timber, and other commodities to the plantations. The after-profit pounds paid by British sugar consumers appear in the incomes of the people in England, in Africa, in the West Indies, and in the North American colonies, whose economic activity constituted the costs of producing the sugar. A substantial part of these pounds was spent on importing British goods. In particular, some counterpart of British expenditures on sugar became British exports to the North American colonies and the West Indies, the exports to North America probably exceeding those to the islands.

This colonial trade changed the direction and content of British foreign trade in the eighteenth century as well as its magnitude: on this Solow, Inikori, and Richardson are in agreement. Previously Britain traded wool textiles to Europe for primary products; the continent to a large degree produced its own manufactures. By the eighteenth century France, Germany, and Austria began to supply their own woolen textile needs, and traditional British export markets faltered. Here the colonial trade became important: not only did it provide new markets for increased exports, but it provided a new pattern of trade. For the trade was of British manufactures for foodstuffs, not of woolens for raw materials. The North American colonies were important customers for British manufacturers; population there increased tenfold from 1700 to 1774, and their total income rose even faster. They spent the greater part of their foreign exchange earnings—most of it earned either in the British West Indies or from the production within their own slave sector—on British manufactures: silk, linen, wool, hats, glass, cordage, gunpowder, and above all a wide range of small metalwares, like buttons, nails, cutlery, watches, and jewelry.

The value of British manufacturing exports more than doubled between 1699–1701 and 1772–74. Between those dates the share of manufacturing exports going to Europe fell from 82 percent to 42 percent, while the share going to America and Africa rose from 12 percent to 43 percent. Thus, it was the widening of the market through the earnings of the colonies from the production of slave-grown commodities that provided Britain with new markets when the old ones were drying up. Second, the new export demand was for manufactures and encouraged the development of the nonagricultural sector of the home country. Neither Solow nor Richardson claims that all the increased industrial production or all the increased exports were due to exogenous colonial demand. Both—but not Inikori—find the roots of the increased colonial demands in the domestic economy. But all three agree that the increased demand for British manufactured exports played an important role in the expansion of the British industrial sector.[9] Behind this increased colonial demand was the slave labor of the Caribbean and the American South, without whose work colonial production could never have reached such levels.

Williams's story of plantation profits being invested to produce the technological changes we call the Industrial Revolution does not hold up. But if the technical change of the Industrial Revolution is put into the context of an increasingly rich, commercial, manufacturing society, then the connection holds. For slavery helped make eighteenth-century England more rich, more commercial, and more industrial. Where investment is sluggish and technical change is slow, external stimulus through market-widening will be an important means to stimulate growth. In Britain these forces were added to those in the domestic economy pushing toward industrialization. It would be hard to claim that they were either necessary or sufficient for an Industrial Revolution, and equally hard to deny that they affected its magnitude and timing.

9 If there were unemployed resources in Britain, foreign demand would have further expanded British incomes through the multiplier process; i.e., by the respending of the incomes initially earned through the export market.