

## CHAPTER 1

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### WHAT DID FREEDOM MEAN?

1. Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction.
2. Congress shall have power to enforce this article by appropriate legislation.

*Constitution of the United States, Amendment XIII,  
ratified December 6, 1865.*

At the conclusion of a long and bloody civil war, with their emancipation from slavery and involuntary servitude, over 4 million Americans were permitted a kind of political and economic freedom for the first time in their lives. Beyond doubt, this change in the status of black Americans was accompanied by an unambiguous and substantial improvement in their economic well-being. It is also probable that most blacks were emboldened and enheartened by emancipation. But whatever the ex-slave's initial reactions to freedom – with its opportunities, its responsibilities, and its uncertainties – the material gains were real and stimulated an optimistic view of the potential for further economic advancement. This optimism was further reinforced when black workers found that they possessed the power, not only to shape their own destinies within the society in which they found themselves, but also to change that society, at least in a limited way.

For nearly two and one-half centuries, black slave labor had been an integral part of southern life. Emancipation had destroyed the foundations of the southern economy and southern society. Freedom meant that the immediate postwar years had to be literally years of reconstruction, and freedom meant that the new economy and the new society that were to be constructed on the site of the old could not be patterned on the old design. Although new institutions emerged, they were fashioned in haste and in a climate of racial animosity, and as a result they emerged deeply flawed. The black had gained his political freedom, but he was soon effectively disenfranchised. He had gained his social freedom, yet he remained an outcast in white society, discriminated against because of the color of his skin. He had

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gained his economic freedom, but the southern economy emerged poor and stagnant, and the black man was the poorest of southerners. Blacks gained much with emancipation, but that gain represented a single step from slavery to freedom. Further advancement was effectively curtailed. The optimism with which the ex-slave confronted freedom was soon extinguished. Black Americans would have to wait many decades before the next step toward economic equality could be taken.

This tragedy need not have occurred. It is our thesis that the lack of progress in the postemancipation era was the consequence of flawed economic institutions erected in the wake of the Confederate defeat. This book is our attempt to identify these flaws and to assess the price southerners paid as a consequence. Our focus throughout is on the economic aspects of the transformation brought on by emancipation. If we seem preoccupied with the material side of life, with agricultural productivity, with the distribution of income, and with economic growth, it is not only because our own training as economists naturally drew us to those topics, but also because we believe that an untangling of the economic history of this period is a necessary prerequisite for a reexamination of the political, social, and psychological histories of the postemancipation South. Since we believe the southern economy can be fully understood only in the context of southern society, we have tried to supply that context. We believe economic history should not be divorced from political, social, demographic, psychological, or intellectual history. Accordingly, we have attempted to avoid distorting our analysis by undue neglect of these dimensions of the story. Nevertheless, our lack of expertise in these disciplines has kept us from venturing very far into areas separate from the object of our economic research. An analysis of the influences the economic realities of the period had on these aspects of society is a task for other social science historians.

*The welfare gains associated with emancipation*

American slavery had been a viable economic institution because the value of the slaves' labor exceeded the value of the provisions they consumed. The southern slaveowner had been expropriating the entire product of the slaves' labor and in return provided only the food, shelter, and clothing necessary to keep the slaves healthy and hardworking. The freedmen, on the other hand, possessed the legal right to the entire product of their own labor and could consume or dispose of it as they wished. Provided productivity did not fall substantially, their potential income as free workers would exceed the value of their consumption as slaves.

This potential gain in material income was not insignificant, as can be seen in the high prices slaves brought in the slave market. The market price of a slave had represented the value to the owner of the legal right to exploit the slave's labor. A prime field hand sold for \$1,650 to \$1,800 at the end of the 1850s, a time when the annual output achieved on slave farms was less

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than \$260 per working hand.<sup>1</sup> The fact that someone would pay over six times an individual's annual gross output for the legal right to expropriate all but the income necessary for subsistence testifies both to the productivity of slave labor and to the potential gain to the slave from his own emancipation.

We can make a first approximation of the economic value of freedom by calculating the rate of exploitation of slave labor. *Economic exploitation* is the expropriation of the product of labor without compensation.<sup>2</sup> The *rate of exploitation* is the fraction of that total product of labor which is exploited. By the term *the product of labor* we do not mean the average total annual output per slave (as might a Marxist), but rather that amount *less* the share of output paid to capital, land, and management personnel, where these other shares are figured at the market rate of return earned by capital, the market value of land rent, and the competitively determined salary earned by managers.

We have utilized the manuscript records of the Census of Agriculture for 1859 to estimate the average total output per slave in the cotton regions of the United States; the value of the output attributable to capital, land, and management; and the value of output attributable to labor. We have also utilized the extensive literature on the treatment received by American slaves to estimate the value of the food, clothing, shelter, and medical care with which they were provided. These estimates are presented in Table 1.1. The methods used (and the assumptions we made) to calculate these estimates are discussed at length in Appendix A. Our calculations suggest that slaves received only 21.7 percent of the output produced on large planta-

Table 1.1. *Estimates of total output, labor's product, slaves' consumption, and total exploitation per slave: 1859*

	Average per slave, all farms	Average per slave, plantations with 51 or more slaves
Total output (\$)	127.55	147.93
Less		
Interest and depreciation due to capital	13.99	11.32
Rent due to land	46.10	52.83
Salary due to management	5.00	5.00
Product of labor (\$)	62.46	78.78
Less slaves' consumption	28.95	32.12
Total exploitation (\$)	33.51	46.66
Rate of exploitation (%)	53.7	59.2

Source: Tables A.1, A.4, A.6. See Appendix A for details of these estimates.

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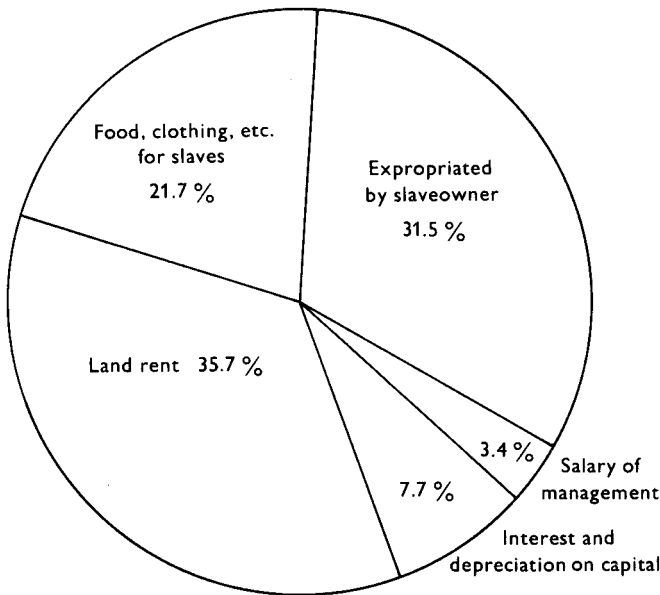


Figure 1.1 Distribution of output on large slave plantations: 1859. (Source: Table 1.1.)

tions, and well over one-half of their potential income was expropriated from them without compensation (see Figure 1.1). Provided productivity was unaffected and no new forms of exploitation arose, freedom would allow blacks to claim this previously exploited income.

There can be no doubt that the blacks actually did receive a larger fraction of the income generated in agriculture following the Civil War. Their share of output rose from the 22 percent provided slaves on large plantations for their subsistence to the approximately 56 percent of output we calculate was received by black sharecroppers and tenant farmers in 1879. This estimate, reported in Table 1.2, is based on the manuscript records of the 1880 Census of Agriculture, and its derivation is explained in detail in Appendix A. Had there been no decline in output per capita, this dramatic shift in the distribution of output would have more than doubled the potential consumption of black Americans. As it was, material income increased by nearly 29 percent.

Of even more significance, perhaps, than the increase in material income received by black labor is the fact that, when free, the ex-slaves were able to make their own consumption decisions. Before the war, nearly everything consumed was selected and provided by the master. The foods eaten, the clothes worn, the size, style, and furnishing of the slaves' cabins, were all determined by the owner according to his own, rather than the slaves', best interests. Not surprisingly, the slaves' diet was crude and monotonous, and their shelter and clothing were no more than barely adequate. Only rarely did luxuries enter slave life; almost never were slaves allowed to refine their

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Table 1.2. *Comparison of per capita output and material income measures, slaves on large plantations in 1859 with black sharecroppers in 1879*

	Plantations with 51 or more slaves, 1859	Black-operated sharecropped family farms, 1879	Percent change, 1859–1879
<i>Expressed in 1859–1860 dollars per capita<sup>a</sup></i>			
Total output	147.93	74.03	–50.0
Product of labor	78.78	41.39	–47.5
Material income	32.12	41.39	28.9
<i>Expressed as percent of total output</i>			
Product of labor	53.3	55.9	4.9
Material income	21.7	55.9	157.6

<sup>a</sup> The value of output in 1879 is calculated by deflating the current dollar figures using a cash price index devised for this purpose in Appendix A.  
Source: 1859: Table 1.1; 1879: Tables A.8, A.9, A.10. See Appendix A for details.

tastes.<sup>3</sup> Free to spend their incomes where and when they wished, the freedmen could, even if constrained to the same level of expenditures, markedly increase their economic well-being by purchasing what they liked rather than what their former master had provided.

The freedmen quickly took advantage of this opportunity. The slave cabins were abandoned and new dwellings were constructed more to the liking of black families than the old slave quarters. A contemporary observer, David Barrow, recalled that the Negroes on his family's Georgia plantation moved, rebuilt, and expanded the old slave cabins in order to gain "more elbow-room."<sup>4</sup> "Luxuries" such as hams, tinned fish, cheese, and candy entered their diets – in some cases, for the first time in their lives. New clothes, particularly brightly colored articles of apparel, were immediately in great demand by the newly freed blacks. Whitelaw Reid observed that "calicoes, cottonades, denims, shoes, hats, brass jewelry, head handkerchiefs, candy, tobacco, sardines, cheese, and whisky were the great staples" traded to freedmen along the Mississippi River in 1865.<sup>5</sup> Whites did not always view such expenditures with approval. "Look how Ben. has wasted his money," said one plantation operator to Reid. He proceeded to list Ben's purchases: boots, mackerel, sardines, rings, shirting, candy, cheese, breastpins, earrings, whiskey, tobacco, candles, a hat, and a skillet.<sup>6</sup> Indeed, there were many reports, immediately after the war, of the "extravagance" of freed blacks who added luxuries to their consumption. Regardless of what white observers thought of these expenditures, it cannot be denied that black people found great enjoyment in the purchase of such items. It was an important way they exercised their new freedom.

Not the least of the changes blacks made in their consumption patterns

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was sharply to increase their consumption of “leisure.” As slaves, blacks were compelled to work long hours with few days off. Women, adolescents, and the aged were all expected – and forced – to work as long and as often as the men. When free to set their own hours of work, the ex-slaves, quite predictably, chose to exchange a fraction of their potential income for “free” time: time for leisure, housekeeping, child care – in short, time for all the activities of men and women other than those designed to earn a material income. They duplicated (perhaps emulated) the work-leisure patterns of other free Americans. Adolescents in their early teens, women with children, and elderly men and women all worked significantly fewer hours per day and fewer days per year than had been the standard under the oppression of slavery. Even the adult men chose to work less. The cumulative effect was quite spectacular; the decline in the hours worked by the black population ranged between 28 and 37 percent per capita.<sup>7</sup>

The withdrawal of such a significant fraction of the potential labor supply was a voluntary response to the new patterns of incentives in the postemancipation economy. Had they chosen to do so, blacks could have worked more hours on their tenant farms than they did. Presumably such extra efforts would have produced additional output and income. Since they chose not to work longer hours, they must have valued the free time more than the income forgone. The ex-slaves’ preference for leisure was an obvious manifestation of their improved condition. Too often this perfectly normal response to emancipation has been taken as “evidence” to support racist characterizations of blacks as lazy, incompetent, and unwilling to work without compulsion.

It is possible to be more precise about the value of this released labor time. If we evaluate the released time by the magnitude of the income forgone (it must have been worth more than this in the view of the blacks) and estimate the output forgone at the average productivity per hour, our measure of material income would have to be increased by 40 to 60 percent to yield an appropriate measure of potential “welfare” for sharecroppers comparable to the material income received by slaves. This calculation and comparison are carried out in Table 1.3. Relative welfare, according to these measures, increased by nearly 80 percent and perhaps by as much as 105 percent between 1859 and 1879.

The reduction in the black labor supply has another important implication: the figures on per capita output and the per capita product of labor in Table 1.2 cannot be taken as measures of labor productivity. Less output per capita was produced in 1879 than in 1859 partly because less labor per capita was devoted to production. When the per-capita-product-of-labor figures are converted to a per-effective-worker basis, a decline in labor productivity of between 16.3 and 26.7 percent is implied by our calculations. However, these productivity estimates undoubtedly exaggerate the actual decline that accompanied emancipation; the 1859 output figures reflect the spectacularly high productivity of the most prosperous agricultural

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Table 1.3. *Comparison of per capita material income and relative welfare measures, slaves on large plantations in 1859 with black sharecroppers in 1879, expressed in 1859–1860 dollars per capita*

	Plantations with 51 or more slaves, 1859	Black-operated sharecropped family farms, 1879	Percent change, 1859–1879
Material income	32.12	41.39	28.9
Value of released labor time			
Low estimate <sup>a</sup>	—	16.34	—
High estimate <sup>b</sup>	—	24.52	—
Value of welfare relative to slavery			
Low estimate	32.12	57.73	79.7
High estimate	32.12	65.91	105.2

<sup>a</sup> Calculated assuming a 28.3 percent reduction in labor time per capita between 1859 and 1879; see Table 3.3. <sup>b</sup> Calculated assuming a 37.2 percent reduction in labor time per capita; see Table 3.3.  
Source: Table 1.2.

year the South had experienced before that date. Cotton output in 1859 was 25 percent higher than in the previous year, which in turn was 17 percent above the previously recorded high in 1855. The cotton crop in 1859 was 31.3 percent above a simple trend line extrapolating the annual crop production recorded between 1849 and 1858.<sup>8</sup> One could argue from this that our 1859 estimate of output per effective worker exaggerates labor productivity in a typical antebellum year by as much as 25 to 30 percent.<sup>9</sup> If so, the decline in the product of labor per capita should be revised downward even further. If our minimum estimate of the decline in labor supply is accepted, the fall in productivity after this adjustment is reduced to only 4.7 to 8.4 percent. If the labor decline was as much as 37.2 percent (our high estimate), it seems quite possible that there was no decline at all in the productivity per man-hour of black agricultural labor following the Civil War. Our calculations suggest an increase of between 4.6 and 8.8 percent.<sup>10</sup>

*The potential for economic development*

More central to our concern than the improvements in economic welfare and productivity that accompanied emancipation, and also more relevant to the concerns of the freedmen themselves, was the potential provided by emancipation for continued economic development. An appraisal of the South in 1865 from the perspective of modern-day economic theory seems to justify optimism on the part of the ex-slaves as well as their former masters. The region possessed all the requisite conditions for rapid economic growth over the subsequent decades. There was an abundance of both improved and



virgin land, and a rural population of 4 million whites and free blacks provided an agricultural labor force.<sup>11</sup> Despite the loss of life and the physical damage of the war, the South retained both its supply of labor and its heritage of market institutions that had allowed the plantation economy to prosper before the Civil War. These positive conditions for growth were reinforced by the rapid expansion of the rest of the American economy in the postwar era.

Before the war, white southerners advanced themselves economically through the acquisition of farmland; by obtaining management positions in farming, business, and commerce; by organizing their own businesses; or by obtaining the education necessary to practice professions. Once free, blacks hoped for the same. For a very few, emancipation did bring considerable gains in a reasonably short time. A few black spokesmen gained political office, and a select few achieved prominence as lawyers, educators, and businessmen. Less spectacular examples of early success were those ex-slaves who, through a combination of good fortune, hard work, and frequently an assist from the Union military government, acquired title to farmland and became successful farmers. Larger numbers secured at least some degree of independence and managerial responsibility in the early postwar years by agreeing to become tenant farm operators for white landlords. While these families had not realized their hope of landownership, the freedom associated with the operation of a family farm seemed enormous compared with the regimentation under slavery. Additionally, some of the blacks who had been fortunate enough to acquire artisan skills as slaves managed, once free, to pursue their trades as independent craftsmen.

The success some blacks had in securing the fruits of their freedom provides a measure of the potential that was the basis for hope on the part of all blacks. Unfortunately, for the vast majority of freed slaves, those who had toiled most of their lives as field hands on a plantation, such opportunities never materialized. Emancipation offered the slaves the right to buy land for the first time, but it provided no money with which to purchase it. Apart from the handful who were given farms in the early years of Reconstruction, the promise of land for freedmen proved illusory. Unable to acquire land, blacks still hoped for an opportunity to acquire education. Yet the rewards for those who did overcome the opposition of whites and attend public school proved small. As the balance of the nineteenth century unfolded, the actual progress of American blacks was agonizingly slow, particularly in the eyes of those who had hoped for so much.

The failure of American blacks to make more rapid progress was part of a larger failure – that of the southern economy to grow and develop during the forty-year period following the Civil War. For the balance of the century the ex-slaves and their descendants remained in the South and they remained in agriculture. Yet southern agriculture stagnated. There was little advance in productivity; there were no improvements in technology. Southern industry fared somewhat better, but it remained a small sector on the periphery of



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the agrarian economy. As a result, per capita incomes in the Cotton South barely changed between 1880 and 1900. According to the estimates of Richard Easterlin (the only regional income estimates we have), they grew at less than 1 percent per year.<sup>12</sup>

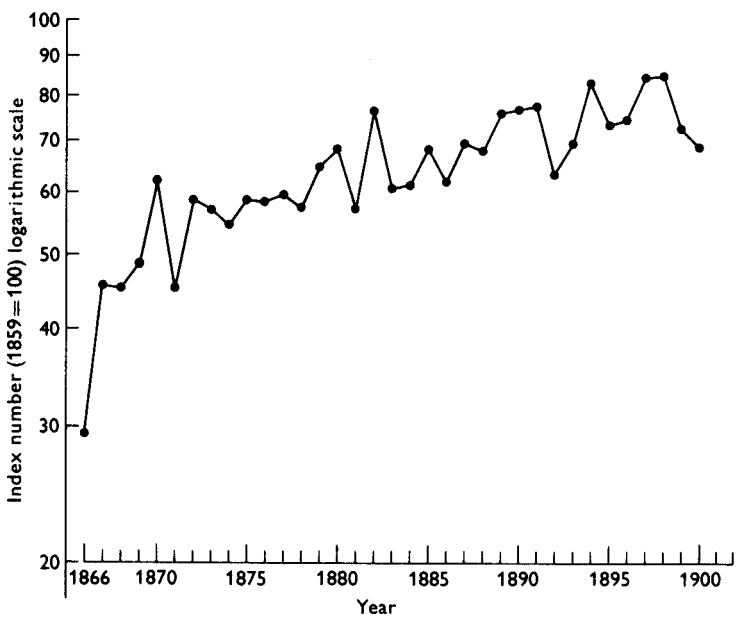
Without economic growth no group can advance its position except at the expense of other groups. In the late nineteenth century ex-slaves were in no position to demand a larger share of the South's economic output, and southern whites were certainly unwilling to see their own positions deteriorate further to benefit the blacks. Per capita output had already fallen sharply with the Civil War, and, as we have seen, the material incomes of blacks had actually increased. Whites had therefore borne the full brunt of that loss.

### *The record of economic growth*

There is no doubt that agricultural production per capita immediately following the war was significantly below the standards achieved during the prosperous years of the 1850s. We have constructed an index of crop output deflated by the rural population for each year from 1866 to 1900, which we present in Figure 1.2. These annual estimates include the production of all major crops in the Five Cotton States of South Carolina, Georgia, Alabama, Mississippi, and Louisiana. Table 1.4 presents three-year averages of per capita crop output centered on the census years of 1869 through 1899, together with a single-year estimate for 1859. In both the figure and the table, the estimates are evaluated at constant (1899–1908) prices to remove the effects of price changes over the period.

The initial fall in production relative to the pre-Civil War standard of 1859 is apparent from the per capita measures. In 1866, the first postwar year for which we have estimates, the value of per capita crop output was only 29.8 percent of the 1859 level. Per capita output rebounded sharply from this prewar low and expanded steadily until it reached approximately 57 percent of the 1859 level in the early 1870s. It is likely that this resurgence represented a full recovery to parity with prewar levels of labor productivity. It will be recalled that two factors would have precluded a return to the level of per capita output of 1859. First, the 1859 standard reflected a physical productivity that was as much as 25 to 30 percent above yields that might be considered typical of the late antebellum era. Second, the decline in the supply of black labor would by itself reduce per capita output by as much as 26 percent.<sup>13</sup> The combined impact of these two effects suggests that an output level of 57 to 59 percent of the prewar level could be considered as the postwar equivalent of antebellum productivity.

After the initial recovery, only slow progress was recorded. As late as 1878–1880, per capita crop output was only 63.5 percent of the 1859 level. By the turn of the century, per capita production had reached three-fourths of the level achieved in 1859; but, as the data in Table 1.4 reveal, the annual



**Figure 1.2** Index of physical crop output per capita, Five Cotton States: 1866–1900 (1859=100). (Source: Appendix F, Table F.3.)

**Table 1.4.** Estimates of per capita crop output and its rate of growth, by decades, Five Cotton States: 1859–1900.

Year(s)	Physical crop output per capita <sup>a</sup>		Annual growth rate (%)
	1899–1908 Prices (\$)	Index (1859=100)	
1859	71.39	100.0	
1868–1870	37.14	52.0	–6.3
1878–1880	45.33	63.5	2.0
1888–1890	52.33	73.3	1.4
1898–1900	53.73	75.3	0.3

<sup>a</sup> Population used to deflate crop output includes only rural population; see Appendix F, Table F.2.  
Source: Appendix F, Table F.3.