

# The Economics Of SLAVERY

The Political Economy of Slavery by Eugene D. Genovese. Pantheon Books, New York (1965) 304 pp. \$6.95.

The Problem of Slavery in Western Culture by David Brion Davis. Cornell University Press (1966) 505 pp. \$10.00.

*By Gordon Tullock\**

The editor, when he asked me to review these books, said I could write as much as I wished. This was probably unwise of him since I have been working intermittently on the economics of slavery for some time, and have never before had an opportunity to put my conclusions in writing.<sup>1</sup> Nevertheless, I intend to take advantage

---

\* Gordon Tullock is associate professor of economics at the Thomas Jefferson Center for Political Economy at the University of Virginia, author of The Politics of Bureaucracy and The Organization of Inquiry, and co-author of The Calculus of Consent.

1. My interest and knowledge were both greatly expanded by conversations with Dr. John Moes. Since Dr. Moes is currently on a UN mission in Africa, he cannot be blamed for anything in this article, but many of its insights are due to him. He has published three excellent discussions of the subject: "The Economics of Slavery in the Ante Bellum South. Another Comment", Journal of Political Economy, April 1960, 183; "Comment", Aspects of Labor Economics, National Bureau for Economic Research -- Princeton University Press (1962), 247; and "The Absorption of Capital in Slave Labor in the Ante Bellum South and Economic Growth", American Journal of Economics and Sociology (October 1961), 535.

of his generosity and discuss the economic theory of slavery as a necessary background to any understanding of these books. I should like to begin, however, by restricting my discussion to those examples of slavery in which the slaves formed a sizeable part of the labor force. Serfdom and slavery in situations where slaves are uncommon, will be omitted, not because they are uninteresting, but simply to avoid putting too much strain on the generosity of the editor.

With these limitations, confining our attention to large scale slavery, we find that it is historically quite a rare phenomenon. There seem to be only two significant examples: the Greek-Roman classical world and the system which grew up on the East Coast of the Americas from Brazil to Virginia.<sup>2</sup> This is in spite of the fact that slavery has been a minor feature in very many places and times. The legal and social institutions for slavery have been quite common historically, but only twice have they been utilized on a major scale for a significant period of time.<sup>3</sup> This sharp limitation on large scale slavery would seem to indicate that there are natural economic forces tending to prevent or eliminate it, and that the two major examples are cases where some special circumstance permitted the development of an institution which under normal conditions would be non-viable. It will be one of the objects of this essay to indicate that this is in fact the case.

First, however, let us examine the functioning of a large scale system of slavery. The first special characteristic

- 
2. Stalin's slave labor camps might be considered a third, and it was, in fact, an interest in whether they were economically profitable to the Soviet State which first turned my attention to the problem of slavery. On careful examination, however, it appears that there are clear distinctions between the Stalin labor camp system (and Hitler's smaller scale experiment with the same system) and private slavery. As a single example, the death rate in the camps was much higher than any private master who had to pay for the purchase of replacements would permit.
  3. "Major" and "significant" are somewhat hard to define, and it is obvious that I am using essentially arbitrary criteria. There is, however, a clear distinction between the situation where slavery is confined to a few servants in wealthy households and where slaves do much of the hard work in the society. Most cases fall in one or the other classifications quite readily, but there are marginal cases. Developments in Italy toward the end of the Middle Ages would be an example.

of such a system is that labor may be obtained either by hiring it in the usual way, or by purchasing it. The man setting up some sort of enterprise may decide to staff it with slaves instead of employees. If he decides on slaves, then he will make an initial capital investment when he purchases them, which must be amortized over the life of the investment.<sup>4</sup> Thus the slave owner will spend a certain amount on the sustenance of his slaves, and he can only make a profit on his investment if this amount is enough less than the wages he would have to pay free labor to do the same work so that he can cover the costs of his original capital investment. Since slave labor is notoriously inefficient, this means that the difference between the sustenance given a slave and the current wage rate must be substantial.

Expectations of this differential, together with expected mortality and the prevailing interest rate will determine the prices paid for slaves. There has been much ink spilled on the question of whether southern slavery was profitable. Most of the contributors to this controversy take the price of slaves as fixed and try to work out the return. In the actual historic situation, the prices were not fixed, being dependent upon estimates of the profitability of one investment (slaves) as against another (say, improved machinery). Presumably investments in slaves were as profitable or unprofitable as investments in other types of capital. Some people no doubt made their fortunes, others lost their shirt, and the majority did reasonably well, just as in any other kind of investment. The entrepreneurs, moving their personal abilities and the capital they controlled from activities in which slaves were used to those in which they were not, or vice versa, in continual search for profit, kept the returns on all resources reasonably similar.

The system, then, brought in no great profit for anyone. The slave owner, the slave producer, and the owners of other resources all simply got the normal returns. The slave, on the other hand, suffered a very great loss. Thus we see a system which inflicted terrible penalties on one part of the population without any compensating gains to others. The institution clearly imposes a large net cost on society as a whole. Its total cost, however, is not measured only by the injury inflicted on the slave. A slave would have the strongest possible motive to revolt, kill

---

4. If the slave-master takes good care of his slaves, then they may reproduce themselves or even grow in number. In this case he must get only the interest on the investment, not replacement costs.

his master, or run away. This meant that the continuance of the slave system required a very sizeable expenditure on "security" against the slaves. These costs were largely born by the non-slaveholding free population. If the costs of the Roman slave wars or the "county patrollers" who kept the slaves in order in the old South, had fallen exclusively on the slave holders, it is dubious that the system could have survived. Instead, these costs were largely put upon the free population by some form of conscription, like the legal requirement of serving in the legions or the county patrol. As George Fitzhugh said, "The poor . . . constitute our militia and our police. They protect men in possession of property, as in other countries; and do much more, they secure men in possession of a kind of property which they could not hold a day but for the supervision and protection of the poor."<sup>5</sup>

The whole society might be warped by the necessity of providing security against the slaves. Again, this cost was not borne exclusively by the slave-holders. Further, in the American south the slaves were all negroes and all whites were free men. Under these circumstances the color of a man's skin, not an easily hidden characteristic, was fairly good evidence of whether he was or was not a runaway slave. The development of concentrations of negroes who were free would have provided shelter for runaways. Hence the continual (albeit, ineffectual) efforts of southern legislators to prevent development of a significant free population of negroes. If the free negroes in an area were so numerous that the police officers would not know all of them by sight, then the detection of runaways would have been much more difficult. Similarly, concentrations of negroes in cities raised a very real danger of slave revolts. Hence southern cities were not as interested in growth as were their northern counterparts.

But to return to the theory of slavery, we have so far said nothing about the origin of the slaves. They can, logically be obtained in two ways, by raising them or by capture. Raising a slave is an expensive process and will

---

5. Quoted in Genovese, p. 230. Although his book is entitled The Political Economy of Slavery, this is almost the only place where the vital problem of the security of a slave system is mentioned by Genovese. Davis' book, in contrast, is an intellectual history, but it discusses the problem frequently. This is only one of the many cases where Davis shows greater penetration than Genovese.

be undertaken only if the price at which slaves are selling will repay the investment of capital over a period of 15 or so years for each slave "produced." If the slaves are captured, on the other hand, they may be relatively cheap. In the Greek and Roman world a large part of the slave population were obtained as a sort of by-product of the wars which were a continual preoccupation of that society. The slaves exported from Africa, to the United States only before 1806, but to Brazil as late as 1870, were similarly the result of capture or were "taxed" by the African kings. In either case the cost of "raising" the slave was not born by the enterprise which first put him on the market, and the slave could be profitably sold at much less than if he had been raised by his first owner.

The low price of slaves who had been captured rather than raised meant that they could be treated quite differently from the more expensive slaves who were raised. They could be given standards of sustenance which were not likely to keep them alive very long, be over-worked, and be subject to disciplinary measures which might lead to death.<sup>6</sup> It would appear that the slaves imported from Africa to the Caribbean sugar plantations or to Brazil had a life expectancy of about 5 years. As far as we can tell, during the parts of Roman history in which frequent wars led to frequent captures of slaves, the treatment and life expectancy were rather similar. When the supply of captured slaves was cut off, by periods of peace in Rome or by legal bans on importation to the Caribbean and the United States, drastic changes in the treatment of the slaves occurred. The slaves were now much more valuable and had to be treated in a way which took that into account. Standards of sustenance were raised and less barbaric methods were used in discipline. The fact that the only two major cases of significant economic utilization of slaves began during the period of the worst Roman wars, and when slaves could be freely captured in Africa, is at least some evidence that the system is only viable when captured slaves are available.

The African kings who provided most of the slaves for the two Americas operated under essentially competitive conditions. Each one would, as long as his power lasted, have control of his operating area and a strip of coast, but the slave ships could easily go somewhere else if he put his prices above those of his royal competitors. Thus there is

---

6. In the days before the discovery of germs, gangrene was an omnipresent danger whenever the skin was broken.

no reason to believe that the prices at which slaves were sold on the African Coast produced much pure profit for the "producers." Shipping the slaves to their destination in the Americas was also a competitive enterprise, and there is no reason to believe that the ship owners of Boston, Bristol, or Lisbon got any greater return on these runs than on their ships carrying ordinary cargo across the North Atlantic. It is a sobering thought that this trade which inflicted such extraordinary suffering on the blacks who were seized by force and shipped across the Atlantic under appalling conditions, produced no more than ordinary profits for the enterprises involved. Once again we have an example where the institution of slavery inflicted great harm without providing any compensating great gains.

One topic remains in our hasty survey of the economics of slavery, manumission. Freeing a slave is normally treated as an act of grace on the part of the master, and deemed a morally meritorious act. Although I would not like to deny the existence of such acts of manumission, the fact remains that historically manumission has more often taken the form of a mutually profitable arrangement between the slave and his master. As has been noted, slaves are not normally very efficient workers. The reasons for this have to do with the lack of incentives for good work when their master will get most of the benefit of their labor. The empirical evidence seems clear that it is frequently possible to get as much, perhaps more, labor from a slave as from a free man if the slave is given the reward of eventual freedom for his extra work. The institutional arrangements for permitting the slave to "purchase" himself from his master are extremely various,<sup>7</sup> but there is one simple and straightforward method which can do as an example. Suppose that the return that a slave owner may expect from a slave after having paid for his sustenance (but not capital costs) is \$.50. The slave "rents" himself from his master for \$.55 and seeks employment from someone else. In this other employment he will work as hard or harder than a free man and can make \$.90 per day over his sustenance. He saves the \$.45 and eventually purchases himself from his master. Both master and slave have benefited from the bargain, and the shortage of major slave systems in history

- 
7. John Moes points out that the slave will normally be willing to pay more for his freedom than his market value to another slave owner. As he, rather grimly put it, the slave will pay a higher price because he has a sentimental attachment to his own body.

comes simply from the fact that slaves and masters normally, perhaps only after a generation or two, see this opportunity.

The basic reason for the failure of this type of "sale" of the slave to himself in the guise of manumission to develop in the ante-bellum South would appear to be the stringent and steadily growing legal restrictions on manumission. There was also considerable social pressure against manumission, and in the last years before the Civil War a reaction to abolitionist propaganda developed into strong arguments that slavery was somehow a superior form of civilization. The explanation for these developments is fairly simple. The individual slaveholder would have been better off if he could have made a deal with his slaves to sell them their freedom. Large numbers of free negroes, however, would have endangered the "property rights" of the slaveholders in those that were still fully or partially owned. Thus the slaveholders had a motive collectively to favor laws against manumission in spite of the fact that each one would have benefited from permission to manumit his own slave if he were the only one given such permission. The long run outcome of this tension between the individual and collective interests of the slave owners cannot now be known. From 1806 when importation of slaves was forbidden to 1860 was only 54 years, or considerably less than the threescore years and ten which the Bible gives as a normal life span. In economic terms this was not long enough to bring the system even near to full equilibrium. If we add on the numerous sociological factors, adjustment would have been even more delayed. Thus the possibility that slavery would have eliminated itself remains an open one.

Having completed my desperately brief survey of the economic problems of slavery, I can now turn to the books which I am to review. Putting my opinion briefly, The Problem of Slavery in Western Culture is an excellent discussion of a relatively unimportant subject, and The Political Economy of Slavery is a poor book on a subject of considerable significance. From the title of Davis's book, it might seem that he is dealing with an even broader subject than Genovese, but his real field is intellectual history, and the subtitle of his book indicates that it is almost entirely concerned with developments before 1770. Thus it is a review of the literature in western languages on slavery. Greek and Roman experience is largely ruled out of consideration as too early to be part of western culture, and the account begins with medieval efforts to

apply the Roman law of slavery to quite different institutions. Although the Latin and early French sources are explored for late medieval work on the subject, and the Spanish and Portuguese experience in the New World is touched on, the main interests of Dr. Davis are obviously concentrated on literature in English and the institutions of the English speaking world. Some important French writers of the Enlightenment are discussed, but they probably had as much effect on English thought as on French. Granted this rather narrow subject, Dr. Davis's scholarship is impeccable.

The limitation on The Problem of Slavery in Western Culture, put in its simplest possible form, is that there wasn't much literature on the problem of slavery in English before 1770. Granted Dr. Davis's obvious talents, I was led to wonder at his devoting so much energy and skill to the cultivation of such barren ground. The obvious conclusion is that he is in process of writing a multi-volume history of thought on the problem of American slavery, and that this is a sort of introductory volume giving the historical background. If my hypothesis is correct, then the later volumes should be very good. Dr. Davis is an excellent intellectual historian, and given a broader scope, he should produce highly important work. I should not, however, like to leave my discussion of The Problem of Slavery in Western Culture on an entirely negative note. It is very well written, and I enjoyed reading it. It cannot be listed as "indispensable" but it surely is interesting.

Dr. Davis seems to know little about economics, and the writers he is studying, naturally, knew nothing which we would now recognize by that name. Nevertheless, The Problem of Slavery in Western Culture is economically a better book than The Political Economy of Slavery. The ignorance of Dr. Davis and the sources upon which he draws is considerably better than the systematic error of Dr. Genovese. A good many of the people quoted by Dr. Davis were practical men with a great deal of experience with the "peculiar institution." Dr. Davis, who has no particular ax to grind, merely reports their opinions, and they are frequently of considerable economic interest. Dr. Genovese, on the other hand, is unfortunately a religious man. The "truth" was revealed to him before he began his research, and he tortures his material until it fits the Gospel According to St. Marx. Unfortunately, too, Dr. Genovese does not show much evidence of even having studied Marx very carefully. Marxism today appears to be in

dissolution.<sup>8</sup> Dr. Genovese's presentation is most accurately described as symptomatic of that dissolution rather than as representing the thought of Karl Marx. In its orthodox version Marxism had a certain degree of logical cohesion which is lacking in The Political Economy of Slavery. Dr. Genovese has a sort of emotional attitude which resembles that of Marx and knows a few Marxist slogans and tags, but he shows no sign of having studied the higher reaches of Marxist thought.

The great defect of Genovese's book is not its ideological outlook but its technical inadequacy. In the introduction he says that "the book falls within Gonzalez Prada's definition of Sociology--the art of saying old things in new ways and the science of affirming contradictions." The contradictions affirmed are not few, and neither are other types of errors as well. I cannot list all of the errors in The Political Economy of Slavery in the space of even a review article. But one example, Genovese's discussion of the diet of the slaves, illustrates a clear-cut contradiction as well as the author's unfortunate methods of interpreting data.

Theoretically, one would expect that the slave owners would approach the diet of their slaves in much the same way that the owners of draft horses decided what and how much to feed their animals. The objective is to keep the "stock" healthy enough to do heavy labor at a minimum cost.<sup>9</sup> This, we would expect, would lead to a diet much like that of the present-day Chinese peasant: coarse grains and potatoes supplemented by a fair amount of leafy vegetables and members of the bean family. We would expect very little meat in the diet because it is expensive.

But, in fact, the slave diet went in heavily for meat,

8. It may be that the dissolution is not the first step toward the total elimination of this powerful religion, but merely a breaking away of the talmudic encrustation of the true scribes and pharisees of the Second and Third Internationals. Such a development is not uncommon in the history of other religions. My personal opinion is that the disintegration which we now see is more fundamental, however, and I doubt that Marxism will survive the century as a living faith.
9. This is a slight over-simplification. Strictly, the owner would attempt to maximize the present discounted value of the stream of labor services expected to be received from the slave and his progeny minus the present discounted value of the food to be provided.

primarily pork or pork products with very little in the way of vegetables.(45) Dr. Genovese gives a figure of 3 1/2 pounds of bacon per head per week. This clearly is not a minimum cost diet. The simplest explanation would appear to be ignorance of dietetic principles on the part of the slave owners. Modern research has taught us a great deal since 1860. Looked at from the perspective of our present day knowledge, everyone, free and slave, ate too little in the way of vegetables, salads and fruits in the 19th century. Dr. Genovese, however, doesn't mention this possible explanation, and explains the phenomenon on the grounds that the planters were trying to keep down their expenses. Surely less pork and more vegetables would have produced better nutrition at a lower cost.

Dr. Genovese also appears to think that the slave owners actually did not feed their slaves enough to keep them in good health. I say "appears" because his discussion on the point is hard to follow. Thus: "There is nothing surprising in the slave's appearance of good health: his diet was well suited to guarantee the appearance of good health and to provide the fuel to keep him going in the fields, but it was not sufficient to ensure either sound bodies or the stamina necessary for sustained labor." (45) In the first place, this implies that the work of the field hand on a cotton plantation was fairly easy--surely the reverse of the truth. And secondly, if he does affirm that the slaves were underfed, the motives that would lead the slave owners to keep their "stock" in less than optimum working condition would seem to bear investigation. The only light I was able to obtain on the question was a vague feeling that Dr. Genovese thought this condition was the result of the economic system. But no detailed mechanism connecting the economics of slavery with the purported underfeeding of the slaves is presented. Dr. Genovese doesn't even seem to realize that this is a problem.

As another example of Dr. Genovese's peculiar standards of logical coherence: "The term 'slavery' applied to West African societies could easily mislead us, for the slaves held therein functioned in the economy without special disadvantage. Apart from the gloomy possibility of ritual execution, the worst a slave suffered was to have to endure as a pariah . . ." Or: "an acceptable general theory of the social effects of soil exhaustion must be sufficiently flexible to account for the requirements of different historical epochs. The rise of capitalism requires a theory that includes the inability of the soil to recover sufficient productivity to maintain a competitive position." (88) This would appear

to make any theory of the rise of capitalism in England, Japan, or many other countries impossible. And, finally, Genovese says: "The ideological barriers to substantial planter investments (in industry) remained formidable, for investments in land and slaves brought high status, whereas investments in industry did not, and those requiring the sale of surplus slaves might even bring social disapproval." (189) This statement is "supported" by a footnote in which Jefferson Davis is reported to have "complained bitterly that many millions of dollars in private capital had been invested in blockade running, but very little money had been devoted to manufacturing." (213-214)<sup>10</sup>

As my final example of Genovese's errors, I turn to a major misunderstanding of general economic principles. The ante-bellum South was, of course, a specialized producer of cotton for export and the deep involvement in foreign trade that this brought with it seems to disturb Dr. Genovese. Again and again he reports that something was imported (or exported) and treats this as evidence of southern economic weakness. It is hard to see exactly what he thinks is wrong with foreign trade, but clearly something is. "The South's dependence on the export trade, in contradiction to the North's primary reliance on its home market, indicates not merely a social division of labor, but the economic exploitation of the exporting South." (160) His treatment of other economic issues is equally obtuse.

But these are only a few examples of Dr. Genovese's methods, drawn more or less at random from the book. He is careless with facts, crabbed in his interpretations, and totally ignorant of economic theory.

In the first footnote to the introduction of his book Geno-

- 
10. Genovese's sloppy standards of documentation are illustrated also by his stating in the preface that six of the studies comprising the book appeared previously in journals, "as noted in the acknowledgments", whereas in the acknowledgments we find only four articles listed. Such errors are minor, but they are scattered thickly throughout the book. Traditionally, economic historians have been particularly careful in their use of statistical data. Recently, the younger scholars have been introducing advanced statistical techniques into the field. Dr. Genovese lacks both the scientific tools of the younger generation and the scrupulous care of the older.

vese says: "The generalizations presented in this first study require considerable elaboration and defense, which the following studies only begin to offer." (10) This is one sentence from the book with which I wholeheartedly agree. Surely the present state of his work is more apt to lead to skepticism than to conviction. Whether he will, in future works, successfully defend his "generalizations" is more doubtful. I would suggest that instead of "elaborating", he reconsider them.