

Opposing Views:

The Economic Effects of Emancipation in the Postbellum South

Books Reviewed

Mandle, Jay R. *The Roots of Black Poverty: The Southern Plantation Economy after the Civil War*. Durham, N.C.: Duke University Press, 1978.

Ransom, Roger L., and Richard Sutch. *One Kind of Freedom: The Economic Consequences of Emancipation*. Cambridge, England.: Cambridge University Press, 1977.

Public education in the United States tends to compartmentalize learning—topics are taught as self-contained chapters in a book, and connections to other topics are largely ignored—and nowhere is this penchant to compartmentalize more apparent than in history education. Both history curriculum and instruction overwhelmingly emphasize the historical storyline that antedates a great historical event while giving scant mention to but a handful of the event's consequences. For example, most people have some knowledge of American slavery and the hardships it inflicted on blacks in the South *before* the Civil War, but have little, if not nothing, to say about how slavery's demise impacted former slaves in the years *after* the Civil War. Likewise, just as most know the South was an agrarian economy before the Civil War, far fewer could opine on the nature and progress of the southern economy after Appomattox. Learning becomes compartmentalized. History's continuity is minimized.

Clearly, such questions as those mentioned above are tremendously important, because if the North's pre-war claims that slavery's demise would fortify the South morally and economically ultimately went unfulfilled, and if the extent to which emancipation truly freed slaves is debatable, then so, too, is the extent to which the Civil War was truly a climactic event in American history. Indeed, the fact that blacks in an impoverished postbellum South would for years receive incomes disproportionately low compared to that received by other groups in American society necessarily raises other important questions about the legacy of the Civil War, questions about the efficacy of the adjustments the South made to emancipation.

Mandle's *The Roots of Black Poverty* and Ransom's and Sutch's *One Kind of Freedom* are two widely different attempts to answer just those questions. Focusing primarily on the economic and social obstacles blacks faced in the postbellum South, both books center on three fundamental questions: How, if at all, did emancipation change the framework of southern society, why did the postbellum South, particularly its agricultural sector, fail to realize the economic growth and

prosperity that became nearly contagious in the postbellum North, and why, within the structure of southern society, did blacks remain the poorest of the poor?

Mandle, owing to a self-described Marxist interpretation, answers the above questions by arguing that nothing changed in the postbellum South. Emancipation, the outcome of the war, and Reconstruction, he says, did nothing to change the region's essential economic or social order, at least as they effected black-white relations. Certainly, the persistence of the ideology of race helped gird the prevailing social framework, and, as will be discussed a bit later, helped limit the economic alternatives blacks had in both the South and the North. But according to Mandle, the primary factor in retarding the advancement of blacks and the southern agricultural economy itself was simply that the old economic institution – the plantation – never died, but rather changed form.

The basis for this conclusion, that the plantation institution continued even after the war, stems from Mandle's Marxist characterization of the plantation as a mode of production. He first defines a mode of production as encompassing four criteria: The state of technology, the stock of capital, and the size and kind of labor force in the economy, in addition to the relations that exist between the workers and the owners of the capital. Applying these criteria to the slave-based plantation economy and the primary alternative to slavery that developed after the war, sharecropping, Mandle draws no significant distinctions between the nature of the two systems, nor between the economic prospects afforded to plantation slaves and those that existed for black sharecroppers and share-tenants. In both systems, he says, blacks constituted a closely-supervised, landless agricultural labor force that had no managerial roles on the farm and little chance at alternative employment. Thereby, Mandle identifies what he believes is the mother root of black poverty: The survival of the oppressive plantation mode of production.

That sharecropping was hardly different from slave-based plantation farming was precisely how the South's planters wanted it, Mandle says. The plantation system was a viable, profit-making means of production only because it extracted a high volume of work from slaves at a very low cost. But with blacks no longer legally bound to the land after emancipation, planters were faced with a dire shortage in labor supply and thus sought "...a resumption of work on the part of the ex-slaves in numbers and involving costs not markedly different from what prevailed before the Civil War" (Mandle 17). When it became clear that Reconstruction would not apportion land to black ownership, planters had only to devise a new arrangement that would supply similarly cheap, abundant labor, only now in a manner agreeable to former slaves. Paying wages according to the forces of a labor market, Mandle says, implied a degree of labor mobility that could not assure landowners a stable

workforce. Sharecropping could, primarily because workers were paid only once a year—at that time of harvest—which significantly raised the costs of migration undertaken before this payment date.

Of course, if one insists that sharecropping kept blacks in much the same subordinate position as did slavery, one must explain why former slaves did not use their new freedom to simply find other employment and circumvent the whole rotten system. Here, Mandle concludes that blacks were ensnared by the combination of a weak southern economy, northern immigration, and nationwide racism. Specifically, he argues that the agonizingly slow growth of the South's industrial sector, particularly in states where plantation agriculture thrived, helped confine blacks to farms. Meanwhile, the North's appetite for labor, which surely would have attracted former slaves, was instead satiated by the steady inflow of European immigrants. It is Mandle's belief that Northern industrialists' preference for immigrant labor was based on racism, although he fails to provide adequate evidence to support this assumption. What is beyond denying, however, is that several state governments in the South, via a host of legislation, explicitly barred northern employers from recruiting blacks. Taken together, these events secured for planters their coveted labor supply. In the meantime, blacks forged ahead under the sharecropping system, because, as Mandle claims, "What was acceptable to southern blacks was a function of the alternatives available to them" (Mandle 25).

Apparently, however, what was acceptable to the southern landowners was *not* a function of the alternatives available to them. Having made the argument that the plantation survived surprisingly intact, Mandle's explanation for black poverty broadens into a larger study of how landowners were fooled into innovative inertia when they could have followed the lead of the North, thus strangling economic growth in the South overall. Mandle notes that "...where economic growth is present, its proximate cause is improving technology; but lying behind these advances were facilitating institutional and ideological changes" (Mandle 52). Of course, it is his contention that these changes did not emerge in the postbellum South. With a liberal labor supply exploited much as it was before the Civil War, landowners had little incentive to invest in new production processes, or even to mechanize some of those already in use.

Mandle's method of proving this assertion is to compare the improvements made in the production of the plantation South's staple crop—cotton—with those made in non-plantation staples, such as wheat and corn. Making use of statistics for the first time, he draws two essential conclusions. First, by studying U.S. Department of Agriculture records that show year-to-year figures for the man-hours it took to produce cotton and equivalent amounts of wheat and corn, he shows that advances

in labor productivity in cotton lagged far behind those in wheat and corn. Second, he shows the patent activity in cotton was a fraction of what it was in wheat and corn, at least through the end of the nineteenth century. Mandle then concludes that mechanization –which would have improved productivity in cotton production—and inventive activity in cotton were clearly lacking. This happened, Mandle claims, because the price of capital seemed high compared to the low cost of sharecropper labor.

In the end, Mandle argues the winds would emanate from the North, for while the plantation mode of production had proved to be a seemingly immovable object, still its survival depended on those conditions elsewhere that had precluded the migration of blacks to different employment. Were those conditions to change, planters would be confronted with a breakdown of the plantation economy as a way of life. Mandle points to the onset of World War I as the beginning of that breakdown. The war not only curtailed international immigration, but stimulated the national economy and sparked a massive surge of black migration to the North. Although the Great Depression interrupted the disintegration of the plantation economy, the process resumed with the outbreak of World War II. As more black labor fled the plantation South, Mandle says, the remaining workers had strengthened bargaining power, effectively raising the cost of labor for planters. Planters soon found themselves unable to depend on abundant, low-cost black labor, and thus finally took steps to infuse mechanical and technological improvements into the production process.

According to Mandle, this signaled the end of the plantation and inaugurated a new struggle for blacks. For one, Mandle says the demise of the plantation marked the destruction of deference and paternalism, which in turn gave rise to the civil rights movement.

Mandle thus succeeds in encapsulating roughly 100 years of Southern history in 122 pages, a fact that, by itself, raises questions about the authenticity of his conclusions. Depending so heavily on his Marxist perspective and so little on statistical or even anecdotal evidence, Mandle's book is the equivalent of a first draft of history, a sort of late-night epiphany transferred to paper in edited form. Certainly that is not an exaggeration, and yet the whole of his thesis can be reduced to a few ideas, most of which (not all) are explored somewhat superficially: The persistence of the plantation; a combination of slow southern industrial growth, immigration, and racism that limited alternatives for blacks; disincentives for landowners to mechanize; and an unraveling of those factors by world events. Mandle weaves all of this together so effortlessly that a reader is half-tempted to label him a genius and half-tempted to wonder whether the author is hoodwinking his audience. And in

truth, without having some exposure to an alternative viewpoint, particularly one as well-researched as Ransom's and Sutch's, it is difficult to argue that Mandle needs to re-think parts of his thesis, or at least bolster them with statistical support.

Mandle's brief discussion on the disincentives to capital formation that were unique to the cotton South, which he illustrated with the aforementioned statistics on man-hours and patents, stands as the strongest argument he makes for roots of black poverty. Yet one can be certain he would rather have readers award that distinction to the guts of his book, the notion that the plantation persisted at the same time alternative employment lacked and northern preference for immigrant labor pinned blacks to their rented farms. Unfortunately, his apparent disinterest in statistical support helps to discredit his theory even before one can make more specific criticisms. For example, while European immigration undoubtedly deterred some blacks from migrating to the North, it is hardly clever, given Mandle's own narration, that immigration had such a substantial effect as Mandle claims it did. In one respect, one must admit that immigration, particularly in such high numbers, presented immigrants themselves with obstacle to employment. After all, the demand for labor in the North was not infinite, and an immigrant was no more guaranteed work than any other entrant into the Northern labor market. Yet immigrants continued to come, 14 million of them between 1861 and 1900, according to Mandle. One might ponder why more blacks did not follow the immigrants' example.

Mandle's answer is racism. Their hiring practices distorted by racism, northern employers preferred immigrant labor, and it was as simple as that, according to Mandle. But, while it is again beyond questions that this was true as a general rule, Mandle provides little insight into just how quantitatively significant this racism was. If racism was, in fact, such a debilitating factor against black employment in the North, how does Mandle reconcile that with the efforts made by northern employers to recruit black labor from the South? Granted, this recruitment was impeded by legal barriers. Yet still it casts doubt on any assertion that northern racism had dried up demand for black labor and helped convince millions of impoverished black agricultural laborers in the South to stay put.

Finally, amidst this talk about northern racism, readers may likely question what role *southern* racism played in enforcing immobility on blacks. This is a topic Mandle almost entirely skips. Yet, as Ransom and Sutch divulge, southern racism and the legacy of slavery were among the most important forces binding former slaves to the South. In fact, that is the crux of the disagreement between the two books. Whereas Mandle attributes black poverty mostly to the survival of the plantation in conjunction with these outside obstacles that restricted blacks' mobility, Ransom and Sutch argue that it was the

survival of racism—not the plantation—in conjunction with the emergence of new, flawed economic institutions that explains the plight of blacks in the postbellum South.

Ransom and Sutch break with Mandle partly in their conclusions and infinitely in their methodology. That the two books' methodologies should vary is somewhat expected. Ransom and Sutch are economists by profession, and their training manifests itself in what can only be described as an assault on the statistical records from that era. So thorough is the book's statistical support that the authors include over 100 appendix pages explaining their methods of data collection and interpretation, and, at one point, they even recount a number of flaws the uncovered in the Ninth Census. Yet, from the beginning, Ransom and Sutch consciously temper their quantification craze and provide more insight into the noneconomic forces that contributed to black poverty than does Mandle.

The fundamental disagreement between the two books lies in what fate they ascribe to the plantation system. Not surprisingly, Mandle whose book is a broad interpretative survey of 100 years of southern history, bases his belief that the plantation persisted on the notion that the plantation's broader characteristics endure in sharecropping—that sharecroppers, like slaves, were landless, mostly supervised laborers who left the farms' managerial decisions to the landowners. Conversely, Ransom and Sutch, besides noting other essential plantation characteristics such as gang labor and sheer size that *did* disappear with the advent of sharecropping, also point to smaller differences between the two systems. They estimate that former slaves' material incomes jumped 29 percent in sharecropping. More importantly, sharecroppers were able to make their own consumption decisions and work only as much as they wanted. In short, Ransom and Sutch conclude that sharecropping was an economic institution that failed not because it mimicked the plantation system, but because its own unique features, along with those of the other emerging economic institutions, failed blacks (and the South as a whole) in different ways.

Before Ransom and Sutch take on the flawed features of the new institution, however, they devote two chapters to establishing the context in which sharecropping evolved. One of these chapters, a study of the legacy of slavery, is particularly enlightening and especially important, because it offers explanations for black immobility that Mandle ignores. Asking whether slavery provided or deprived the slave with skills useful in the free economy, Ransom and Sutch note that slaves "...had never negotiated a contract, borrowed on cred, determined the crop mix, marketed a crop, or read an agricultural journal" (Ransom 15). They eventually conclude that a lack of literacy, education, and job training left former slaves bereft of the talents needed

to find jobs outside of agricultural labor. Slave owners invested nothing in educating their slaves because the productivity gains to educating field hands did not justify the investment's cost. Moreover, Ransom and Sutch show that those few ex-slaves who had acquired skills as artisans were often similarly undone by paucity of formal education and business acumen. Black artisans simply had little experience in presiding over a business. Ransom and Sutch quote W.E.B. DuBois, who said it best: "His [the slave's] business had been to *do* work but not to *get* work" (Ransom 36).

What's more, as the authors point out, even had blacks emerged from slavery with some semblance of skills and education racism would have prevented a significant number of them from finding employment outside of agriculture. As a result, black initiative was sapped. According to the authors, "A black worker had little incentive to obtain special skills since he would merely overqualify himself for the jobs available" (Ransom 179).

The subsequent chapter is a sort of preemptive rebuttal against those who might argue that black poverty was simply a function of the wider economic disarray in the South. In persuasive form, Ransom and Sutch demonstrate that the South's transportation and manufacturing sectors were revived quickly after the war, while factors of production—capital and work stock—were restored as well. The authors quote several people—northern journalists, for instance—who visited the Souths in the war's aftermath, people who were impressed enough with the condition of southern rail lines to say so. And, while not exaggerating the role manufacturing played in the cotton South after war, Ransom and Sutch present statistics indicating that the value of manufacturing output in these states rose sixfold between 1869 and 1899. In addition, they dispute the popular notion that the Civil War decimated the South's livestock population, showing that between 1859 and 1870, the average price of a working-age mule fell from around \$150 to a mere \$60. Such a movement in price is the opposite of what one would expect had mules been in short supply. In the end, then, Ransom and Sutch conclude that there was little longstanding deterioration in the South's resources or infrastructure. Unfortunately for farmers across the entire South, the same could not be said of the South's financial system.

Slave emancipation had eliminated the one source of collateral planters had used to acquire loans: Slaves. What evolved after the Civil War was the crop-lien credit system, in which farmers pledged an interest in their crop as collateral for loans, loans in turn used to purchase farm implements and foodstuffs. The problem was that the sources of credit that had operated in the antebellum period were either ruined by the war or did not deem an interest in the year's crop as adequate security for providing credit. Into this void strode southern merchants, who, having virtual monopolies in their local locations,

took credit from northern suppliers and let it out to farmers at sinister interest rates that averaged 59.4 percent annually (by comparison, Ransom and Sutch note that rates in New York City at this time never ranged above eight percent). While these borrowing rates by themselves obviously broke the backs of countless southern farmers, Ransom and Sutch maintain that the greater long-run peril to the South's economy was the merchant's methods of perpetuating this trend. In short, because cotton was a highly liquid crop, easily stored, and not perishable, merchants insisted that farmers plant cotton (the farmer's source of collateral) and threatened those who did not by reducing their credit. Forced to concentrate production overwhelmingly in cotton, farmers became more and more dependent on merchants for foodstuffs and supplies. Merchants, in turn, sold farmers these supplies at exorbitant prices, driving farmers further into debt and increasing their demand for credit, all while the price of cotton was falling from the glut of the crop in the market. Moreover, the "subservience to cotton" depleted the soil, inducing farmers to buy fertilizer...from merchants on credit.

Farmers might have broken free from the merchants' collective stranglehold had they been able to accumulate cash, thereby eliminating credit purchases. Of course, the high borrowing rates and regenerative, year-to-year debts made cash accumulation difficult, if not impossible. However, Ransom and Sutch also conclude that sharecropping itself offered its adherents weak prospects for long-run wealth accumulation, if only because, as a system, it was not conducive to change and long-term investments (and thus gains in productivity, leading to greater incomes). Mandle's simplistic explanation for southern investment and innovation stagnation was that planters, having resolved the labor supply question, had little incentive to shift out of the labor-intensive technology. Yet without any evidence that this was so, Mandle's plausible idea qualifies as little more than an assumption. Ransom's and Sutch's theory is more believable because it is better-supported.

Ransom and Sutch argue that the aversion to long-term investment in the South was an attribute inborn in most sharecropping arrangements. Since the landlord and his tenants contracted for work annually, whereby only productive tenants would be rehired, most tenants contracted for work annually, whereby only productive tenants would be rehired, most tenants naturally insisted on maximizing the value of the *current* crop, thus ensuring future access to the land. Likewise, since landlords typically received only half of the year's crop output (with tenants receiving the other half), any investment initiated by the landlord had to issue returns, from the landlord's perspective, that were at least *twice* the value of the initial investment. Ransom and Sutch conclude that the effects were serious:

The investments affected would not only be the more obvious capital improvements such as improved drainage, sturdy fencing, more elaborate outbuildings, and farm machinery, but also the voluntary reduction

in the current crop yields designed to improve or maintain the soil's fertility in the long run...The rural South of 1900 was stagnant. Crop outputs, yields per acre, and agricultural technology remained virtually the same year after year. Progress was nowhere in evidence (Ransom 102, 176).

Not until the boll weevil had completely infested the South's cotton crop did King Cotton abdicate his throne. The switch to other crops heralded the end of exploitive merchants and a gradual death for sharecropping. Yet racism persisted. And though two economists who take an economist's perspective in their book, Ransom and Sutch duly recognize racism's role in southern poverty. In fact, they do not doubt that racism was the preeminent factor in sinking the South into a century-long economic bog. "With over half the population held in ignorance and forced to work as agricultural laborers, it is no wonder that the South was poor, underdeveloped, and without signs of economic progress" (Ransom 177). Moreover, not only did racism keep blacks uneducated and unskilled, but it motivated many whites to be little better. How? Blacks occupied the underclass so long as a labor-intensive agricultural economy was in orders. But once it was, the demand for capital investment, farm innovations, and, most importantly, skilled workers—all things that could have benefited whites—disappeared. An on this point, Mandle and Ransom and Sutch agree: When the economic system no longer served to keep blacks destitute, legalized racism, in the form of Jim Crow, did.

It is certainly not only time all three agree. Both books show sharecropping to have been an exploitive, oppressive system. Both books agree that, whether tor not the planation survived, there is no question that planter hegemony did. Finally, both books cite the failure to redistribute land as the crucial policy blunder that set in motion all that would come. However, both books have widely different explanations for why most of this occurred. And, of course, there is much that the authors do not find agreement on, in so far as a person can call it a disagreement when one author omits a topic and another author expounds at length about it.

It is difficult to find fault with Ransom's and Sutch's overall thesis—that flawed economic institutions put a cap on southern economic growth—when a long body of evidence supports that very claim. Clearly, then, the methodology of Ransom and Sutch is superior to Mandle's, even if one pretends for a moment that their conclusions are not. Once one stops pretending, however, it is obvious which book is superior in substance. Make no mistake, Mandle's book has value. His thesis, if not well-supported, is at least theoretically possible and generally interesting. However, for a book titled *The Roots of Black Poverty*, he says very little about why blacks were poor. If it were true that the plantation mode of production persisted, or that European immigration to the North and skewed hiring practices confined blacks to the South, it is nonetheless unclear why

blacks remained poor after the Civil War. Mandle's only substantive contribution on the topic is to say that agriculture in the cotton South was characterized by little investment activity, which came about because cotton production experienced few production disruptions, owing to the abundant labor supply. Compare that with Ransom's and Sutch's effort on the same topic, a three-pronged explanation based on extraordinarily high borrowing rates, low cash holdings, and the focus on current crop yields inherent in sharecropping, and it is easy to guess whose explanation is more convincing.

In sum, having established his belief that the New South was essentially the Old South in different clothes, Mandle hesitates to say why this failed. Conversely, convinced that enough had changed to truly consider the New South a New South, Ransom and Sutch describe how the emergence of new institutions failed to solve old problems.

Credit Ransom and Sutch also for devoting substantial attention, amidst their economic-based onslaught, to racism. Mandle's discussion of racism was almost entirely limited to the northern kind that supposedly limited employment opportunities for blacks. It is as if Mandle assumes blacks could have and would have migrated North in droves if only northern employers had been more receptive. More likely is Ransom's and Sutch's premise that Southern racism had helped make most former slaves better fit for the southern economy than the northern. Unable to read and lacking in manufacturing skills and business experience, blacks might have viewed migration as a very risky undertaking.

Indeed, it is hard to fathom a book on the topic that does not incorporate southern racism into the discussion or provide a clear explanation of why it does not. Mandle's book is just such a book, thereby rendering his overall approach, however correct, incomplete. By contrast, Ransom's and Sutch's effort, economics aside, is important for saying just enough about racism to expose its role in the struggle of the postbellum South.