The Profitability of Slavery:
A Historical Perennial

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Abolitionists and their proslavery antagonists in the ante bellum period argued hotly over the profitability of slavery. Since the Civil War, historians and economists have continued the argument, less acrimoniously but no less vehemently. In part, solution of the problem of the profitability of slavery has been blocked by a lack of agreement as to how the problem is to be defined. Either implicitly or—as is more often the case—explicitly, contemporaries and modern scholars alike have begun their discussion of the profitability of slavery by posing the question: Profitable for whom? For the slave? For the slaveowner? For the South as a section? For the American economy as a whole? Answers to the general question, of course, depend upon how the question is posed. As a result, conflicting conclusions often reflect differing definitions of the problem as well as different solutions. What seem to be clashing opinions often do not clash at all but pass each other in the obscurity created by a lack of an agreed upon definition of the problem.

When a writer answers the question, “Profitable for whom?” by limiting himself to the planter or slaveholder, he is dealing with the question of profitability in terms of a business or industry. He is concerned with such questions as: Did the planters make money? Did all planters make money? Did planters make as much on their investment in slaves as they would have made had they invested elsewhere? Staple production with slave labor is regarded as a business enterprise much as automobile manufacture is seen as a business enterprise today. Profitability relates only to the success or failure of slave production as a business and ignores the broader questions of the effect of this type of enterprise on the economy as a whole.

If, on the other hand, a writer answers the question, “Profitable for whom?” by discussing the effect of slavery on the South, he is treating slavery as an economic system rather than as a business enterprise. The issue of profits earned by individual planters is subordinated to the larger problems of economic growth, capital accumulation, and the effect of slavery on the general population.
Debate over the years has ranged on both aspects of the topic, with most writers emphasizing one or the other aspect and an occasional writer dealing with both. Despite the many contributions which have been made—and are still being made—historians and economists have not been able to reach a consensus on this vexing problem. The debate rages undiminished and, except for greater subtlety of method and sophistication of presentation, often rests today on substantially the same ground that it did a hundred years ago.

If we trace the development of this continuing controversy through the works of its most able participants, we can discern some reasons for the lack of substantial progress in solving the problem and suggest certain lines of approach which may lead to a more satisfactory solution.

Dispute on the profitability of slavery in the ante bellum period was confined almost solely to the question of slavery as a system rather than a business. This is not surprising. Proslavery writers could hardly be expected to defend the peculiar institution on the ground that it made the planters rich. In the face of obvious Southern economic backwardness and poverty, such a position would be tantamount to an argument for abolition in the eyes of anyone other than the favored planters. On the other hand, the antislavery or abolitionist group would have a weak argument indeed if they confined it to the contention that slaveowners made a profit. The right to make a profit was uniformly accepted in the United States, and to point out that planters made a profit by using slave labor was no indictment of them. The nature of the situation, then, led prewar commentators to deal with slavery primarily as an economic and social system rather than as a form of business enterprise and to argue its merits on the basis of its effects on the well-being of the whole population.

This did not mean, however, that the contenders clashed directly. Specific arguments seldom met with specific rebuttal. Rather, the antislavery group picked out those aspects of the question they felt most damaging and most to be condemned; defenders answered by pointing to what they considered to be the beneficial features of the peculiar institution. The antagonists, of course, were directly involved. Their aim was most often not to convince their opponents by scholarly argument but to attack or defend slavery within the larger context of the sectional controversy.

The essence of the antislavery economic argument was that the
slave system caused Southern economic backwardness. The words of Hinton Rowan Helper, the North Carolina white farmer, summarize this position and at the same time show the intense feeling which the argument generated in the ante bellum South:

... the causes which have impeded the progress and prosperity of the South, which have dwindled our commerce, and other similar pursuits, into the most contemptible insignificance; sunk a large majority of our people in galling poverty and ignorance, rendered a small minority conceited and tyrannical, and driven the rest away from their homes; entailed upon us a humiliating dependence on the Free States; disgraced us in the recesses of our own souls, and brought us under reproach in the eyes of all civilized and enlightened nations—may all be traced to one common source, and there find solution in the most hateful and horrible word, that was ever incorporated into the vocabulary of human economy—Slavery!  

The burden of Helper’s argument was that even in the area of the South’s touted superiority, agriculture, the North was far ahead. Using figures from the 1850 census, Helper argued that the value of agricultural products in the free states exceeded that of the slave states and that the value of real and personal property in the free states topped that of the slave states (when the value of slaves was excluded). Helper adduced figures for commercial and industrial development which told the same story. His contention that slavery was the cause of this economic inequality came from a process of elimination rather than from a direct analysis of the operation of the slave system. At the close of the eighteenth century the South stood in an equal or superior position to the North in all aspects of economic development. Since then the South had fallen further and further behind. Wherein lay the differences between North and South which could account for this? Slavery, obviously, was the culprit.

The Kentucky editor, Cassius M. Clay, regularly condemned slavery in his newspaper, the Lexington True American. Slavery, he argued, was economically destructive. Because it degraded labor, whites refused to do physical work, thereby fostering idleness. Those who would work were faced by the competition of slave labor, and their wages never exceeded the subsistence level which was the pay accorded slaves. When whites did not work and slaves were kept ignorant, skill or excellence could not de-

1 Hinton Rowan Helper, The Impending Crisis of the South . . . (New York, 1859), 25.
2 Ibid., 1-25, 33, 39, 66, 69, 72, 81, 283-86, esp.
velop. In addition, slave labor was economically expensive for the South because capital was tied up or frozen in the form of labor:

The twelve hundred millions of capital invested in slaves is a dead loss to the South; the North getting the same number of laborers, doing double the work, for the interest on the money; and sometimes by partnerships, or joint operations, or when men work on their own account, without any interest being expended for labor.³

Finally, slavery hindered the development of a home market for local industry and thereby retarded economic development:

Lawyers, merchants, mechanics, laborers, who are your consumers; Robert Wickliffe's two hundred slaves? How many clients do you find, how many goods do you sell, how many hats, coats, saddles, and trunks, do you make for these two hundred slaves? Does Mr. Wickliffe lay out as much for himself and his two hundred slaves, as two hundred freemen do . . . ? Under the free system the towns would grow and furnish a home market to the farmers, which in turn would employ more labor; which would consume the manufactures of the towns; and we could then find our business continually increasing, so that our children might settle down among us and make industrious, honest citizens.⁴

Clay's arguments, written in the 1840's, attempted to explain the economic consequences of the slave system rather than to describe them as did Helper a decade later. Clay's three main points—slavery degrades labor and keeps it ignorant, thereby hindering the development of skills; slavery freezes capital in the form of labor, thereby making it unavailable for other enterprises; slavery limits the home market—were recurring themes in the economic attack on slavery. A pamphlet by Daniel Reaves Goodloe, written about the same time that Clay's articles appeared, raised the same arguments.⁵ George Tucker, in a general economic treatise written a decade earlier, gave major stress to the problem of idleness which he felt was a result of the degradation of labor induced by slavery.⁶

³ Cassius Marcellus Clay, Writings, Horace Greeley, ed. (New York, 1848), 204-205, 224.
⁴ Ibid., 227, also 346-47.
⁵ [Daniel Reaves Goodloe], Inquiry into the Causes Which Have Retarded the Accumulation of Wealth and Increase of Population in the Southern States: In Which the Question of Slavery Is Considered in a Politico-Economical Point of View (Washington, 1846), passim. Goodloe added that the degradation of labor served to keep immigrants away from the South, thus depriving the section of the skills and capital which new arrivals brought to the North.
⁶ George Tucker, The Laws of Wages, Profits, and Rent, Investigated (Philadelphia, 1837), 46-48. Tucker argued that as the number of slaves increased, the
The most detailed economic indictment of the slave system in the ante bellum period—published just after the outbreak of the war—was made by a British economist. J. E. Cairnes stressed the detrimental effects of slavery as a form of labor and as a form of capital. The weaknesses of slave labor, he maintained, stemmed from three characteristics: "It is given reluctantly; it is unskilful; it is wanting in versatility." Soil exhaustion necessarily followed from the use of such labor. Scientific agriculture was impossible; slaves who worked reluctantly and in ignorance were incapable of learning and applying new farming techniques. Only the best lands, therefore, were used and, losing their fertility, were left desolate.7

Slave labor also hindered industrial and commercial development, Cairnes continued. Slaves were kept in ignorance and were thus unable to cope with machinery. If educated and brought to the cities as industrial workers, the danger of their combining to better their conditions or of their engaging in insurrection was increased. Commerce likewise was impossible. The dangers of mutiny on the high seas or of desertion in free ports would deter slaveowners from using their property in this work.

Cairnes agreed with Clay and Goodloe that slave capital was economically expensive because it involved a larger capital outlay than free labor. Available capital was tied up in slaves and therefore unavailable for manufacturing and commerce. As manufacturing and commerce were important sources for the accumulation of capital, the lack of these enterprises hindered accumulation in the South. This completed a vicious circle, accentuating the shortage of capital and making nonagricultural pursuits even more difficult to begin.8

Ante bellum defenders of slavery, for the most part, did not meet these economic criticisms head on. Except for those who charged that Helper manipulated his figures to produce the desired result,9 upholders of slavery shifted the ground of controversy.

cost of raising them would be greater than the gain from their use, and emancipation would result. Ibid., 49.

8 Ibid., 70-72, 74-75.
9 See Samuel M. Wolfe, Helper's Impending Crisis Dissected (Philadelphia, 1860); Elias Peissner, The American Question in Its National Aspect, Being Also an Incidental Reply to Mr. H. R. Helper's "Compendium of the Impending Crisis
Slavery was defended as an economic good because it transformed ignorant and inferior African savages into productive workers. "There is nothing but slavery which can destroy those habits of indolence and sloth, and eradicate the character of improvidence and carelessness, which mark the independent savage," wrote Thomas R. Dew. Another defender, Albert Taylor Bledsoe, after his sketch of the horrors of life in Africa, concluded that "No fact is plainer than that the blacks have been elevated and improved by their servitude in this country. We cannot possibly conceive, indeed, how Divine Providence could have placed them in a better school of correction." William J. Grayson versified the same argument:

Instructed thus, and in the only school
Barbarians ever know—a master's rule,
The Negro learns each civilising art
That softens and subdues the savage heart,
Assumes the tone of those with whom he lives,
Acquires the habit that refinement gives,
And slowly learns, but surely, while a slave,
The lessons that his country never gave.

No better mode can human wits discern,
No happier system wealth or virtue find,
To tame and elevate the Negro mind.

Of the South" (New York, 1861). Obviously in response to Helper were two other works, Thomas Prentice Kettell, Southern Wealth and Northern Profits... (New York, 1860) and J. B. D. De Bow, The Interest in Slavery of the Southern Non-Slaveholder (Charleston, 1860). While Kettell presented figures which would dispute Helper, his main point was not to contend with Helper. De Bow was attempting to argue against Helper's contention that nonslaveholders were dupes of the planters. These two works will be discussed below.

10 Thomas R. Dew, Review of the Debate in the Virginia Legislature, 1831-32, as reprinted in The Pro-Slavery Argument... (Charleston, 1852), 328. Chancellor William Harper echoed these sentiments but in a more general way. Slavery, he wrote, is the only road to civilization. "If any thing can be predicated as universally true of uncultivated man, it is that he will not labor beyond what is absolutely necessary to maintain his existence... The coercion of slavery alone is adequate to form man to habits of labor... Since the existence of man upon the earth, with no exception whatever, either of ancient or modern times, every society which has attained civilization, had advanced to it through this process." Harper, "Slavery in the Light of Social Ethics," in E. N. Elliott (ed.), Cotton Is King, and Pro-Slavery Arguments (Augusta, Ga., 1860), 551-52.

11 Albert Taylor Bledsoe, "Liberty and Slavery; or, Slavery in the Light of Moral and Political Philosophy," ibid., 413-16.

12 William J. Grayson, The Hireling and the Slave... (Charleston, 1856), 34-35. See also [Stephen Colwell], The South: A Letter from a Friend in the North, with Special Reference to the Effects of Disunion upon Slavery (Philadelphia, 1856), 14.
Thus slavery was not only an economic good but a social and humanitarian blessing as well.

Slavery, according to its defenders, was economically beneficial in other ways. It was said to mitigate the class conflict which existed in every society. "It is impossible to place labor and capital in harmonious or friendly relations, except by the means of slavery, which identifies their interests," George Fitzhugh wrote. His Cannibals All! also stressed the well-being of the slave. Because capital and labor were united in the slave he was better cared for and suffered none of the privations visited upon the wage slave of the North for whom freedom was a condition of dubious value. Grayson employed his heroic couplets to make this point:

If bound to daily labor while he lives,
His is the daily bread that labor gives;
Guarded from want, from beggary secure,
He never feels what hireling crowds endure,
Nor knows like them in hopeless want to crave,
For wife and child, the comforts of the slave,
Or the sad thought that, when about to die,
He leaves them to the cold world’s charity,
And sees them slowly seek the poor-house door—
The last, vile, hated refuge of the poor.

Proslavery writers, virtually ignoring the view of slavery as economically debilitating to the South, argued instead that it strengthened the nation's economy. They pointed to the products

13 "It is the order of nature and of God, that the being of superior faculties and knowledge, and therefore of superior power, should control and dispose of those who are inferior. It is as much in the order of nature, that men should enslave each other, as that other animals should prey upon each other." Harper, "Slavery in the Light of Social Ethics," 559-60.
14 George Fitzhugh, Cannibals All! or, Slaves Without Masters (Richmond, 1857), 48. Governor James Henry Hammond of South Carolina, while admitting that economically speaking "slavery presents some difficulties" and that it was more expensive than free labor, nevertheless concluded that it was economically beneficial. There was no overpopulation in the South, he argued, no group of men so hungry that they would work for next to nothing. He concluded self-righteously, "We must, therefore, content ourselves with our dear labor, under the consoling reflection that what is lost to us, is gained to humanity; and that, inasmuch as our slave costs us more than your free man costs you, by so much is he better off." Hammond, "Slavery in the Light of Political Science," in Elliott (ed.), Cotton Is King, 646-47.
15Grayson, The Hireling and the Slave, 43-44.
16 Southern backwardness could not be ignored. The tariff, rather than slavery, was frequently pointed to as the cause. See Thomas Dew, Review of the Debate, 486. J. D. B. De Bow, in De Bow's Review, regularly called for the introduction
of slave labor, tracing their importance to the country as a whole. Upon slavery and slave labor, in fact, rested the economic well-being of the nation and the world. David Christy, writing that slavery was not "a self-sustaining system, independently remunerative," contended that "it attains its importance to the nation and to the world, by standing as an agency, intermediate, between the grain growing states and our foreign commerce." Taking the products of the North, slavery "metamorphoses them into cotton, that they may bear export." To the world it supplied cotton for manufacture into cloth and clothing, stimulating commerce and industry. For the United States it provided the largest cash exports (cotton and tobacco); it comprised a market for manufactured goods, supplied food and other groceries, and helped to pay for foreign imports.\(^{17}\) Northern profits depended upon Southern wealth, argued Thomas Kettell in 1860; the North, therefore, should do everything in its power to keep the South, with its peculiar institution, in the Union.\(^{18}\)

Whatever advantages did accrue to the South came, ironically, to those who did not own slaves, according to the editor J. D. B. De Bow. Not only did the nonslaveowning merchants benefit from slavery because they handled the goods produced by slave labor, but the white worker in the South also benefited. He had status by virtue of being a white man; he was not forced to work in unhealthy shops as was his white brother in the North; and most important of all, he had the opportunity of becoming a slaveholder and by so doing relieving himself and his wife of drudgery in the fields.\(^{19}\)

Although ante bellum disputants thus came to opposite conclusions regarding the profitability of the slave system, not all of their arguments were mutually exclusive. This observation is most clearly illustrated by the manner in which Ulrich B. Phillips, re-examining the question in the twentieth century, was able to incorporate a large part of both ends of the argument into his economic analysis of the slave system. He accepted many of the conclusions of slavery's defenders while at the same time maintaining that the slave system was detrimental to the economic development of the South. He was able to unite the two points of view by

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\(^{17}\) David Christy, *Cotton Is King . . .* (New York, 1856), 78-82, 163.

\(^{18}\) Kettell, *Southern Wealth and Northern Profits*, passim.

\(^{19}\) De Bow, *The Interest in Slavery of the Southern Non-Slaveholder*. 
clearly differentiating between the plantation system and slavery. At the same time he considered another factor in his discussion, that of slavery as a business enterprise.

While slavery existed, for the most part, within the plantation system, the two, Phillips maintained, were not inseparable. Indeed, the plantation regime “was less dependent upon slavery than slavery was upon it.” The plantation system was a means of organizing labor; slavery, on the other hand, was a means of capitalizing labor.

The plantation system had definite advantages both economic and social. By routinizing labor, dividing different tasks rationally, and instituting strict supervision, while at the same time caring for the health of the workers (slaves), the plantation made for efficient methods of production.20 Such methods were required because of the crude labor used. In effectively organizing ignorant and savage labor into efficient production it was economically advantageous; and “in giving industrial education to the laboring population, in promoting certain moral virtues, and in spreading the amenities” it was socially advantageous. The plantation was “a school constantly training and controlling pupils who were in a backward state of civilization.”21

But the ante bellum plantation system hampered the economic development of the South. Its weakness stemmed less from its role as an organizer of labor and more from its close tie-in with slavery as an economic system. If the plantation was a school, the slave system prevented the apt students from ever being graduated. Laborers whose abilities transcended crude field work were yet harnessed to it and could not establish themselves as independent farmers. Unskilled labor was what was required and planters found it economically wasteful to train many skilled laborers despite any ability they might exhibit.22

Slavery, then, was harmful to the South because it prevented full utilization of the potential skills and abilities in the labor force. But the detrimental effects of slavery went deeper than this, according to Phillips. The central economic disadvantage of slavery was that it required that the entire life’s labor of the

22 Ibid., 343; Phillips, “Decadence,” 40.
worker be capitalized. Under a free labor system, wages are paid as work is done, and income from the sale of products can be used to pay future wage bills as they arise. The planter, however, was forced to buy his labor; that is, his wage bill became a long-term capital investment. Thus the slave system absorbed available capital. “Individual profits, as fast as made, went into the purchase of labor, and not into modern implements or land improvements.”

Because capital tended to be absorbed by the slave system, its availability was at a premium and planters were forced to look to outside sources for credit: “Circulating capital was at once converted into fixed capital; while for their annual supplies of food, implements, and luxuries the planters continued to rely upon their credit with the local merchants, and the local merchants to rely upon their credit with northern merchants and bankers.” The result was a continuous economic loss as capital was drained from the South.

The capital shortage stunted Southern economic development by hindering diversification in the economy, thereby keeping the South dependent upon the North. While Ohio benefited New York by becoming a market and a supplier of food and raw materials, Alabama had no such reciprocal relationship with Virginia or South Carolina. On the contrary, the Southwest competed with the Southeast to the detriment of the older regions because it could produce cotton more cheaply on the better lands and because increased production and labor needs drove the prices of slaves up. Economic benefits accrued to the North where manufactured goods and services had to be purchased; the Southeast was prevented from opening mills because all available capital was absorbed in slaves.

Phillips introduced another dimension to his discussion of the economics of slavery—the question of the profitability of slavery to the individual slaveholder. Matching the continual public loss

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26 This was not the first time this aspect of the problem was raised. Complaints by ante bellum planters that they made little money were common, and newspapers (especially during a crisis period) carried notices of sheriffs’ sales of lands and slaves lost by planters. Slavery itself was seldom seen as the root cause of such difficulties. Low cotton prices, the closing of the slave trade, the tariff, the machinations of the middlemen, and other such factors were usually adduced as the reasons for poor return with slave labor. Antislavery disputants sometimes touched on the question also, but the emphasis was on the detrimental effects on
as capital left the South was the private loss in the form of interest payments on borrowed capital. Profits were absorbed by the need to capitalize labor, a situation which was greatly aggravated in the 1850's when prices of slaves skyrocketed. As a result, Phillips declared, by the end of the 1850's only those plantations on the best lands, under the most efficient supervision, could make a profit for their owners.27

For Phillips, then, the plantation system was often economically beneficial to the South.28 Its weakness stemmed from the fact that it was inextricably bound to slavery. It was slavery as an economic system which hindered and warped Southern development and kept the South backward in the prewar period. And it was slavery which made staple production in the ante bellum period an unprofitable enterprise for all but the most favorably situated planters. Phillips concluded that slavery was "an obstacle to all progress." He had to explain the continued existence of a personally and socially unprofitable system on noneconomic grounds. Slavery, he wrote, was initially introduced as a means of labor control and at first had proved to be profitable. As the number of slaves continued to rise, slavery became essential as an instrument of race control. It became the means to police an inferior race, to keep the Negroes' "savage instincts from breaking forth, and to utilize them in civilized industry." For the moment private gain and social gain were united. But as time went on the question of race control became most important—and an end to be attained only "at the expense of private and public wealth and of progress."29

the South in general. "Slavery is profitable to the few," Daniel Goodloe wrote to Frederick Law Olmsted, "because it is simply a privilege of robbing the many." Frederick Law Olmsted, The Cotton Kingdom, Arthur M. Schlesinger, ed. (New York, 1953), xxix.


28 Writing soon after the turn of the century, Phillips concluded that the continued backwardness of the South was due to the absence of the old plantation system. The problem of ignorant labor remained, Phillips argued, and its utilization in small-scale farming (through small landowning, tenancy, renting, or sharecropping) was inefficient. Restore the order, the discipline, the direction, and the large-scale methods which characterized the ante bellum plantation, and the South, relieved of the burden of slavery, would prosper. All of the advantages of the ante bellum situation would be present with none of the disadvantages associated with slavery. Ulrich B. Phillips, "The Economics of the Plantation," South Atlantic Quarterly, II (July 1903), 231-36; Phillips, "Decadence," 40-41; Ulrich B. Phillips, "Conservatism and Progress in the Cotton Belt," South Atlantic Quarterly, III (January 1904), 1-10; Ulrich B. Phillips, "Plantations with Slave Labor and Free," American Historical Review, XXX (July 1925), 738-53.

29 Phillips, "Economic Cost," 259, 275. See also his "The Slave Labor Problem
Phillips' work was immensely influential. In the 1920's and 1930's a series of state studies were published which tended to support his conclusions. Perhaps because they were local studies and not concerned with overall Southern development, these monographs gave major emphasis to slavery as a form of business enterprise rather than as an economic system. The question posed was simply whether the planters made money on their investment in slaves. Rosser Howard Taylor, basing his conclusions on the testimony of travelers and on extant plantation records, concluded that in North Carolina "slaveholding was not generally profitable."\(^{30}\) Ralph B. Flanders, in his study of Georgia slavery, found that although some planters were able to amass a fortune, many others made but a marginal living. He found much evidence showing that ante bellum Georgia planters bemoaned the unprofitability of the peculiar institution.\(^{31}\) Slavery in Mississippi was investigated by Charles S. Sydnor. He found that free labor was much cheaper than slave and would have been more profitable for the planter to use. A thirty-slave plantation required a $40,000 investment, while if free labor had been used only $10,000 would have been needed. The greater the capital investment, he concluded, the greater the interest costs which had to be charged against profits. Furthermore, the large investment in labor the slaveowner was forced to make "added nothing to the productivity of the soil or to the betterment of the farm equipment," and it was doubtful whether the increased efficiency gained by slavery justified the "enlarged investment of capital." After calculating the costs of production on a typical fifty-slave Mississippi plantation, Sydnor concluded that profits were low. Only by spending the interest and other hidden charges (interest on capital invested in slaves, depreciation of slave property, land, and equipment) and by not

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\(^{30}\) Rosser Howard Taylor, *Slaveholding in North Carolina, an Economic View* (Chapel Hill, 1926), 94-98.

\(^{31}\) Ralph Betts Flanders, *Plantation Slavery in Georgia* (Chapel Hill, 1933), 221-30. As Phillips had done earlier, Flanders found the continued existence of a largely unprofitable business to be explained by noneconomic factors. The planters, he wrote, confused the plantation system, slavery, and the race question. "This confusion made it difficult for anti-slavery critics to understand the tenacity with which slave-owners clung to a social and economic system they despised, and which seemed to them unprofitable." *Ibid.*, 231.
calculating their own wages as supervisors of the business could planters seem to make a profit. A similar situation prevailed in Alabama, according to the historian of the cotton kingdom in that state, Charles S. Davis. Even with cotton selling at eight cents per pound, production by slave labor "was a fair business and nothing more." While some planters did make a great deal of money, "for the great majority the planting profession meant only a living."  

Further support for Phillips' views came from an influential article by Charles W. Ramsdell in 1929. Ramsdell maintained that slavery could be profitable only on the very best lands and since these lands, by the late 1850's, had been almost completely settled, slavery would have gradually become more and more decadent until, finally, economic causes would have required emancipation. He pointed out that high cotton prices of the 1850's could not last and, in fact, had already shown evidence of decline by 1860. As good lands were taken up and cotton prices declined, slave prices would drop also and Eastern states would no longer have the Western slave market in which to dispose profitably of excess slaves. In the meantime, with no new land available, more slaves would be on hand than could be used. Owners of large slave forces would find the expense of maintaining them too high to make cotton production by slave labor profitable. Slaves would become an economic handicap and slaveowners would look for a way to free their slaves and thereby relieve themselves of the burden of supporting them.  

While Phillips and his followers were amassing a formidable array of economic reasoning and statistical data to prove that slavery was unprofitable both as an economic system (because of its effects on the South) and as a business enterprise (because slaveowners made little profit), other historians were challenging this thesis on all levels. Some sought to show that Southern back-

32 Charles Sackett Sydnor, Slavery in Mississippi (New York, 1933), 196-200; Charles S. Davis, The Cotton Kingdom in Alabama (Montgomery, 1939), 180. In a brief analysis of the economics of slavery during the last decade before the Civil War, James D. Hill concluded that the business of production by slave labor was in general unprofitable. Many planters, he admitted, became rich, "but these cases were more than likely due to peculiar advantages in location, fertility of soil or individual administrative ability; on the whole, in spite of slavery rather than because of it." Hill, "Some Economic Aspects of Slavery, 1850-1860," South Atlantic Quarterly, XXVI (April 1927), 161-77.

33 Charles W. Ramsdell, "The Natural Limits of Slavery Expansion," Mississippi Valley Historical Review, XVI (September 1929), 151-71. Ramsdell’s conclusion, of course, was that slavery would have disappeared within a generation, and therefore the Civil War had been unnecessary.
wardness was not the fault of slavery; others stoutly maintained that planters on the whole made very substantial profits. The beginnings of this anti-Phillips or revisionist school can be traced back as far as the first decade of the twentieth century, but most of the revisionist work was done in the period beginning in the 1930's. It is this school which seems to be most active at the present time; nevertheless, there are still strong adherents to the traditional point of view.

The Mississippi planter and historian, Alfred Holt Stone, writing in the first decade of the century, relied heavily on Phillips but came to different conclusions. Stone's central argument was that it was the Negro and not slavery which retarded the ante bellum South. The Negro, according to Stone, was an inferior being incapable of advancing whether free or slave: "The negro was a negro before he was a slave and he remained a negro after he became free. I recall no sound economic argument against slave negro labor per se . . . which is not today equally as sound against free negro labor per se." Had white free labor been used in Southern production, the foundation of Southern economic life would have been sounder. Some form of the plantation system would have undoubtedly developed, "but it would have been based upon free white labor, and would have served as a great training school for the production of small farmers."34 The innate inferiority of Negroes prevented them from reaching this level.

But the most telling of the earlier blows struck in the revisionist cause were the works of Robert R. Russel and Lewis C. Gray written in the 1930's. Neither sought to reverse completely Phillips' point of view, but both aimed at changing the emphasis of his analysis.

Russel made no effort to deny that the ante bellum Southern economy was backward; he did deny, however, that slavery was responsible. Rather, the South was hamstrung by its "climate, topography, natural resources, location with respect to the North and to Europe, means of transportation, and character of the white population."35 The fact that population in the North was less dispersed led to more concentrated markets for Northern manufacturers and lessened the problems of transportation to and

from these markets. Household manufacture was more firmly entrenched in the Northeast from the start, and, as Northwestern agricultural regions opened up, Easterners were forced to leave the countryside—they were no longer able to compete—and were thus available as operatives in industry. In the South, the profitability of staple agriculture and the fact that slaves "were certainly not as well adapted to mechanical employments as to agriculture" prevented the development of this same pattern. The central weakness in the South was not simply that slave labor was used but that it was primarily an area of commercial agriculture. Planters lived on future earnings and borrowed from Northern and British sources, thereby incurring an expense which limited the amount of capital accumulation in the region. Overproduction of the staples forced prices down and cut into profits and, therefore, into savings. But these were phenomena of agricultural production and had little to do with the use of slave labor. Furthermore, the argument that slavery absorbed Southern capital was incorrect: "Slavery did not absorb Southern capital in any direct sense; it affected the distribution of capital within the section. The mere capitalization of the anticipated labor of a particular class did not destroy or diminish any other kind of property." 36

The central element in Lewis C. Gray's revisionist argument was that slavery was a highly profitable form of business enterprise. Slave labor, when used for staple production, would always supplant free labor because it was cheaper and more efficient. The employer of slave labor had a guaranteed labor supply; women as well as men could be used in the fields; child labor could be used extensively; labor troubles such as strikes and lockouts were unknown. The slaveowner could appropriate every bit of surplus created by the slave over and above bare subsistence. Thus, slaveowners had to give their slaves only just enough to keep them alive; wage laborers could not offer their services for less.87 The high prices of slaves in the 1850's, Gray wrote, re-

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36 Ibid., 47-52. See also Robert R. Russel, "The Effects of Slavery upon Non-slaveholders in the Ante-Bellum South," Agricultural History, XV (April 1941), 112-26, and Economic Aspects of Southern Sectionalism, 1840-1861 (Urbana, 1924), 55-64.

37 Lewis Cecil Gray, History of Agriculture in the Southern United States to 1860 (2 vols., Washington and New York, 1933-1941), I, 448, 462, 470-74. Gray disputed the contention that the planter's need to buy his labor supply was an added expense when figured in terms of the entire life of the slave: "When capitalization was accurately effected, the series of successive incomes as they became available actually were equivalent to interest and replacement; for interest and replacement would have been allowed for in the relatively low value that the
flected accurately the profitability of such labor, and it was profitability that accounted for its continued use.\(^{38}\)

Although Gray disputed the contention that all of the South's ills could be traced to slavery, he did argue that the "ultimate influence" of slavery "upon the economic well-being of the South was pernicious." Slavery was most profitable on the richest and most favorably situated lands; other lands were left to the free population which lived at a subsistence level. This free population provided a very small market and exerted little pressure for the construction of roads, canals, schools, and other necessary social improvements. Because slavery was profitable, all available capital that was accumulated went into expansion of staple production using slave labor and, hence, was unavailable to industry or trade. The South remained, therefore, "a predominantly agricultural country" and was "consequently subject to the disadvantages characteristic" of such an economy. The fundamental disadvantage was the slow accumulation of local capital which further intensified the problems of expansion, diversification, and economic growth. "Hence," he concluded, "we have the near-paradox of an economic institution competitively effective under certain conditions, but essentially regressive in its influence on the socio-economic evolution of the section where it prevailed."\(^{39}\)

The work of Gray and Russel opened up a double-barreled assault on the Phillips point of view. Russel had questioned the allegation that slavery was the main cause of Southern backwardness, and Gray had disputed the contention that slaveowning was not a profitable business enterprise. Further revisionist work proceeded along these two lines, although most of the succeeding work gave major emphasis to the problem of slavery as a business rather than as an economic system.

Thomas P. Govan subjected the bookkeeping methods used by Phillips and his followers to critical scrutiny. The central problem in determining profitability, according to Govan, was simply to decide whether planters made money on their investment. He criticized the work of Phillips, Sydnor, Flanders, and others on two counts: They failed to consider all possible sources of profit

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\(^{38}\) Ibid., 448, 476-77; II, 933-34, 939.

\(^{39}\) Ibid., 933-34, 940-42.
in making their calculations, and they considered as an expense an item which should have been considered as part of the profit. Services received from household slaves, food and other provisions grown on the plantation and used by the owner, and the increase in the value of land and slaves must all be considered as part of profit; yet, Govan charged, these items were ignored in figuring income. Furthermore, interest on investment, which Sydnor and others listed as an expense, was, in reality, a profit item. According to the classical economists, profit is made up of interest on investment, payment for supervision, and payment for risk. Accountants usually do not separate the first and last of these, but they do include them in the profit column. When these adjustments in bookkeeping methods are made, Govan concluded, slaveownership emerges as a highly profitable business.40

The bookkeeping problem was approached somewhat differently by Robert Worthington Smith. It is a mistake, he insisted, to consider capital investment on the basis of current prices on slaves. While slave prices were extremely high in the 1850’s, it would be incorrect to use the appreciated value of slaves owned from an earlier period (or those born and raised on the plantation) as the capital investment in figuring profit. If, Smith concluded, profit is calculated upon the “capital actually invested in slaves” rather than upon current prices, “a very good return seems to have been paid to the majority of owners.” 41

The most all-inclusive revisionist work on the question of American slavery is Kenneth M. Stampp’s The Peculiar Institution, published in 1956. Disagreeing with Phillips about almost every aspect of slavery in the United States, Stampp differed with him, too, over the economics of slavery. But while Phillips gave major emphasis to the problem of slavery as an economic system, Stampp was mainly concerned with slavery as a business: “. . . allowing for the risks of a laissez-faire economy, did the average ante-bellum slaveholder, over the years, earn a reasonably satisfactory return from his investment?” 42 Stampp’s answer was un-

42 Kenneth M. Stampp, The Peculiar Institution (New York, 1956), 390. Stampp denied that slavery kept the planters in debt. This problem arose from poor management and extravagance, a product, not of slavery, but of “the southern culture that required these extravagances.” Ibid., 391. The charge that slavery absorbed capital and retarded industrialization was also false, according to Stampp: “It is doubtful . . . that slavery in any decisive way retarded the industrialization of the
equivocal: “On both large and small estates, none but the most hopelessly inefficient masters failed to profit from the ownership of slaves.” Slave labor was cheaper and could be more fully exploited; this made up for any loss due to inefficiency. Capital invested in slaves was not an added expense but merely a payment in advance for work which would be performed over a period of years. Hidden sources of profit, such as food produced on the plantation, sale of excess slaves, natural increase of slaves, appreciation of land values because of improvements—all, when added to the income from the sale of the staple, served to increase profits.\(^4^3\) Stampp concluded that there is no evidence that slavery was decadent, no evidence that it would soon have died had not the war brought it to an abrupt end.\(^4^4\)

Two Harvard economists added their voices to the chorus of revisionist argument in a paper published in 1958. Their purpose, declared Alfred H. Conrad and John R. Meyer, was to take the argument over profitability out of the realm of accounting and, instead, measure profitability according to economic concepts.\(^4^5\) They constructed an economic model of a Southern cotton plantation for the years 1830 to 1860 and then computed the return on investment on the basis of a Keynesian capital-value formula.\(^4^6\)

South. After the African slave trade was legally closed, the southern labor system absorbed little new capital that might have gone into commerce or industry . . . . The domestic slave trade involved no further investment; it merely involved the transfer of a portion of the existing one between individuals and regions.” Ibid., 397. Another historian, George R. Woolfolk, in a study attacking what he called the Helper-Phillips thesis, argued that slavery did not freeze great wealth in slaves. On the contrary, he wrote, slave capital was easily converted into liquid capital because of the great facility with which slaves could be sold. Woolfolk, “Cotton Capitalism and Slave Labor in Texas,” Southwestern Social Science Quarterly, XXXVII (June 1956), 43-52.

\(^4^3\) Stampp, Peculiar Institution, 400-11, 414. It is clear that Stampp relies heavily on Gray, Govan, and Smith. His footnotes give recognition of his debt to these earlier revisionist scholars.

\(^4^4\) “. . . If the slave-holder’s economic self-interest alone were to be consulted, the institution should have been preserved. Nor is there any reason to assume that masters would have found it economically desirable to emancipate their slaves in the foreseeable future.” Ibid., 417-18.


\(^4^6\) “Investment returns are properly computed by using the capital-value formula \(y = \frac{x_t}{(1 + r)^t}\), where \(y\) is the cost of the investment, \(x_t\) is realized return \(t\) years hence, and \(r\) is the internal rate of return of what Keynes called the marginal efficiency of capital . . . . The criterion for a profitable investment is that the marginal efficiency exceeds the interest rate (in the Keynesian terminology).” Ibid., 98. The authors calculated the longevity of slaves (assuming on the basis of available figures that a 20-year-old field hand had a 30-year life expectancy), the cost of investment (average cost of slaves, land, equipment, and average annual mainte-
Their calculations showed that returns on cotton production varied from 2.2 per cent on low-yield land to 13.0 per cent on very fertile land, with returns of 4½ to 8 per cent encompassing "the majority of ante bellum cotton operations." Profits on the raising and selling of slaves were considered separately. Their calculations for this part of the slave industry showed returns varying from 7.1 per cent to 8.1 per cent depending on the number of children produced. These figures, the authors maintained, showed not only that profits were made in slaveowning, but that this form of investment was as good as an investment elsewhere in the economy. This was true throughout the South and not only on the best lands. Where lands were good, profits came from cotton production; where lands were poor, profits came from the raising and selling of slaves.47

Up to this point Conrad and Meyer centered their argument on the question of slavery as a business. They then turned to the broader question of slavery and its effect on the South. Slavery, they concluded, did not hamper Southern economic growth. Available capital was not used for industrialization and diversification simply because it could be more profitably used in agricultural production. The economic problems of the South were the product of an agricultural community and not a result of the existence of slavery.48

Two recent works, in dealing with the question of profitability, show the influence of Conrad and Meyer's findings. Stanley M. Elkins in his study of slavery wrote that the economists, by dropping accounting methods and substituting "the economic . . . concept of profit" have made a “conceptual breakthrough” on the

47 Ibid., 106-107, 109-14, 120-22. Their explanation of how figures were calculated (and the assumptions they were forced to make in the absence of adequate figures) may be found on pp. 106-108.
48 Ibid., 119-20. A brief article by John E. Moes suggested that the capitalization of labor "does of itself most probably have a detrimental effect on economic growth." But, Moes wrote, this is a problem only when a society "is dependent upon its own capital resources." Such was not the case in the South, for the section was able to import large amounts of capital, a situation which would tend to overcome the detrimental effects of slavery on economic growth. He concluded by questioning the generally accepted assertion that "investment (and development) in the Ante Bellum [South] lagged behind that of the North." John E. Moes, "The Absorption of Capital in Slave Labor in the Ante-Bellum South and Economic Growth," American Journal of Economics and Sociology, XX (October 1961), 535-41.
question of profitability. Paul W. Gates, in his discussion of slavery in *The Farmer's Age*, leaned heavily on Conrad and Meyer's analysis in concluding that slavery was profitable. It is clear, however, that Conrad and Meyer's work will not find universal acceptance. It was almost immediately challenged, briefly but cogently, by Douglas F. Dowd.

More recently another economist, Robert Evans, Jr., has published his findings on the question of profitability. Assuming a classical market, he calculated returns on investments in slave capital on the basis of profits earned through the hiring out of slaves during the three decades before the Civil War. He found that the rate of return on slaves varied from 9.5 per cent to 18.5 per cent, figures which were usually higher than those which could be earned in possible alternate areas of investment.

Almost all the writers whose work has been discussed in these pages, whether economists or historians, have, to one degree or another, influenced the conclusions of writers of more general works, who show some of the same diversity of opinion as do the specialists.

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51 Robert Evans, Jr., “The Economics of American Negro Slavery, 1830-1860,” in National Bureau of Economic Research, *Aspects of Labor Economics* (Princeton, 1962), 185-243. Evans indicated that he used “the net rent received by owners of slaves when they rented them out as the estimate of the income earned by the capital good” (p. 191) and assumed “that the hired slave labor market was classical rather than Keynesian in character . . .” (p. 194n). Evans' method and his approach to the problem were immediately attacked by a historian (Thomas P. Govan) and an economist (John E. Moes). See “Comments” by these scholars, *ibid.*, 243-56. Govan wrote that he agreed with Evans' conclusion but added that the economist’s evidence had “little relevance to this conclusion” (p. 243).

52 Avery Craven questioned whether slavery could be blamed for Southern backwardness. Southern values and ideals rather than slavery accounted for a lack of diversified economic life in the ante bellum South. “The South often deliberately chose rural backwardness.” Avery Craven, *The Coming of the Civil War* (New York, 1942), 90-91. Allan Nevins came to exactly opposite conclusions. The South did not choose rural backwardness, according to Nevins; it was forced upon the section by the institution of slavery, which “discouraged industrialism,” kept immigrants from the region, discredited “the labor of the white artisan,” and “tied the South to a slovenly and wasteful staple-crop system.” Allan Nevins, *Ordeal of the Union* (2 vols., New York, 1947), 1, 493-94. Two prominent Southern historians, Francis Butler Simkins and Clement Eaton, tend to straddle the fence in their textbooks. They recognize that the slave system was in many ways disadvantageous to the Southern economy, but they do not put the entire blame for Southern backwardness on the peculiar institution. Climate, improvidence, and,
It would be folly to assume that this vexing question will ever be resolved to everyone's satisfaction. In part, the difficulty in arriving at a satisfactory solution stems from varying definitions of the problem. Contemporaries argued vociferously, but they were arguing about two very different things. They could agree that slavery had to be considered in its relation to the Southern economy, but there was no agreement as to the particular issues this consideration involved. Ulrich B. Phillips in his analysis gave major stress to slavery as an economic system, but he also introduced what to him apparently was a secondary question, the profitability of slavery as a business enterprise. It was this question which his followers, and the revisionists as well, have emphasized down to our own day.

Thus, a subtle shift in emphasis has taken place through the years in the discussion of slavery's profitability, a shift which is obvious if one compares not the conclusions but the central problem posed by Phillips early in the century with that considered by Conrad and Meyer several decades later.

Some light at least could be shed on the problem if there could be agreement as to what the problem is. In reality, two distinct topics have been discussed over the years, and they are not necessarily related. At least, their relationship has to be proved before they can be considered related. Even if every slaveowner were able to realize a twenty-five per cent return on his investment, it does not necessarily follow that slavery as a system was economically profitable. The real question is neither one of bookkeeping nor one of economic profit. It is a problem of economic history.

To deal with the question of slavery as an economic system, one must clearly distinguish those elements in the Southern

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53 The works of Russel and, in part, Gray are the most noteworthy exceptions to this.
economy which existed because of slavery and those which were unrelated to slavery. Those who argue that Southern backwardness arose, for the most part, because the South was primarily agricultural must first show that this would have been true whether or not the institution of slavery existed. Conversely, those who argue that slavery prevented diversification must prove (1) that economic diversification did take place in nonslave agricultural areas and (2) that it was slavery and not other factors which prevented diversified investment in the South. Furthermore, if slavery is to be called the cause of any given phenomenon in the Southern economy, the exact dynamics of the influence of slavery must be shown. It is not enough to juxtapose the results with the existence of slavery to establish a causal relationship. A final methodological question must be posed: Can the economics of slavery be discussed adequately in purely economic terms?

Some work has already been done along the lines suggested here. Two decades ago Fabien Linden considered the effect of slavery on the development of manufacturing in the prewar South. Treating slavery as a political and social as well as an economic institution, Linden traced the dynamics of the opposition to a move to establish widespread manufacturing establishments in the South in the 1840's. More recently Eugene D. Genovese has, in a similar manner, investigated the problem of slavery in relation to the home market in the ante bellum South.

A different line of approach has been taken by Douglas Dowd, who made a comparative analysis of economic development in the South and West. Further work in this direction, including comparisons with underdeveloped countries, might yield significant results. Dowd also suggested ways in which the economic question had to be broadened: "The nature and extent of resources are of course meaningless apart from the social context within which they exist."

Certainly new lines of thought and research can be explored. If scholars are mindful of the complexities of the question of profitability, and cognizant of the nature of the work already

54 Fabien Linden, "Repercussions of Manufacturing in the Ante Bellum South," North Carolina Historical Review, XVII (October 1940), 313-31.
accomplished, we can expect the writings of the future to increase our knowledge of the South and its peculiar institution. The prospect is of more than academic interest. Not only could further work in this field deepen our understanding of nineteenth-century American economic history. It might also give valuable insights into the dynamics of economic growth and development.