

# ONE KIND OF FREEDOM

---

The economic consequences  
of emancipation, second edition

ROGER L. RANSOM

UNIVERSITY OF CALIFORNIA,  
RIVERSIDE

RICHARD SUTCH

UNIVERSITY OF CALIFORNIA,  
RIVERSIDE



Handwritten signatures of Roger L. Ransom and Richard Sutch.



**CAMBRIDGE**  
UNIVERSITY PRESS

# CONTENTS

<i>Preface</i>	xiii
<i>Preface to the new edition</i>	xvii
<i>Acknowledgments</i>	xxiii
<i>A note to the reader</i>	xxvii
Chapter 1. <b>What did freedom mean?</b>	1
The welfare gains associated with emancipation	2
The potential for economic development	7
The record of economic growth	9
The institutional constraints to progress	12
Chapter 2. <b>The legacy of slavery</b>	14
Slave literacy	15
Slave occupations	15
Education and training of slaves	16
The slave work ethic	19
The legacy of slavery: racism	22
Black education in the postwar period	23
The black artisan and professional in the postwar period	31
Chapter 3. <b>The myth of the prostrate South</b>	40
The recovery of the southern economy	41
The withdrawal of black labor	44
The impact of the supply of black labor on agricultural production	47
Impact of the war on the factor-labor ratios	48
The decline in land values	51
The myth of the prostrate South	51
Chapter 4. <b>The demise of the plantation</b>	56
The revival of the plantation system	56
Black labor in the new system	61
Economic setbacks in 1866 and 1867	64
Black dissatisfaction with the plantation system	65
The disappearance of the plantation	68
	ix

	Economies of scale in cotton agriculture	73
	The concentration of landownership	78
Chapter 5.	<b>Agricultural reconstruction</b>	81
	The denial of black landownership	81
	The rise of tenancy	87
	The nature of a sharecropping agreement	89
	Alternative share arrangements	90
	The choice of tenure	94
	Sharecropping and labor control	97
	The efficiency of sharecropping	99
	White tenants and white farmers	104
Chapter 6.	<b>Financial reconstruction</b>	106
	The antebellum financial system	106
	The failure of the cotton factorage system to revive	107
	The reestablishment of southern banking	110
	The rural banker	114
	The rise of the rural cotton center	116
	The reestablishment of southern merchandising	117
	The rural merchant as a financial intermediary	120
	The rural furnishing merchant: heir to the cotton factor	125
Chapter 7.	<b>The emergence of the merchants' territorial monopoly</b>	126
	The merchants' monopoly over credit	127
	The price of credit	128
	The merchants' territorial monopoly	132
	The scale of the mercantile operation	137
	The appearance of new firms	140
	The disappearance of existing firms	142
	The successful firm	144
	The merchant-landowner and the landlord-merchant	146
Chapter 8.	<b>The trap of debt peonage</b>	149
	The decline in the production of food in the South	151
	The increased concentration upon cotton	153
	The disappearance of self-sufficiency following the war	156
	The impact of the cotton lien	160
	The lock-in and persistence of cotton overproduction	162
	The genesis of debt peonage	164
	The "profitability" of cotton	165
	The burden of monopoly	168
Chapter 9.	<b>The roots of southern poverty</b>	171
	The dynamics of southern poverty	176
	The economic impact of racism: education	177
	The economic impact of racism: land tenure	179

## Contents

xi

The economic impact of racism: credit	181
Capital formation and economic growth	186
The world market for cotton	188
The South's link to the national economy	193
The close of the postemancipation era	195
One kind of freedom	198

## STATISTICAL APPENDIXES

Appendix A.	<b>Construction of income and welfare estimates: 1859-1899</b>	203
	Calculation of the exploitation rate of slaves: 1859	203
	Addendum on the profitability of slavery	212
	Computation of labor's share of agricultural output: 1879	214
	The cost of living: 1859, 1879	216
Appendix B.	<b>Occupational distribution of southern blacks: 1860, 1870, 1890</b>	220
	The occupational distribution of slaves: 1860	220
	Black occupations: 1870	224
	Computation of racial balance index of occupations: 1890	225
Appendix C.	<b>Estimates of labor supplied by slave and free labor</b>	232
	Labor force participation	232
	Average number of days worked per year	234
	Average number of hours worked per day	235
	Relative efficiency of women and children	236
	Population weights	236
Appendix D.	<b>Calculation of interest charged for credit implicit in the dual-price system</b>	237
	The Georgia surveys	237
	The Louisiana surveys	238
	The opportunity cost of credit	239
	The risk of default	241
	Supervisory costs	242
Appendix E.	<b>Calculation of food residuals on southern farms: 1880</b>	244
	Feed grains grown in the South	245
	Corn-equivalent units	246
	Feed requirements for livestock	246
	Human consumption needs	251
	Tenure	251

Appendix F.	<b>Estimates of per capita gross crop output: 1859–1908</b>	254
	Gross crop output: 1866–1908	255
	Detailed description of sources and procedures, crop estimates: 1866–1908	257
	Aggregate crop output: 1859	262
	Rural population	263
	Addendum on rates of growth in the antebellum South	264

#### DATA APPENDIX

Appendix G.	<b>Descriptions of major collections of data gathered by the Southern Economic History Project</b>	273
	1. The Cotton South	274
	2. The sample of southern farms in 1880	283
	3. Other uses of the manuscript census returns	294
	4. The urban South	300
	5. The Dun and Bradstreet archives	306
	<i>Epilogue</i>	317
	<i>A Bibliography of Literature on the South after 1977</i>	347
	<i>Notes</i>	361
	<i>Bibliography</i>	421
	<i>Index</i>	443

## PREFACE

The Southern Economic History Project was established in 1968 when the authors of this volume were both in Berkeley, California. Supported that year by funds from the Institute of Business and Economic Research at the University of California, Berkeley, we began an investigation into the post-Civil War economic history of the American South. We were intrigued, first, by the fact that while economists had given considerable attention to the institution of slavery and the economic exploitation of blacks before the Civil War, they had virtually ignored black history in the post-Civil War period. It seemed obvious to us that the economic institutions that replaced slavery and the conditions under which ex-slaves were allowed to enter the economic life of the United States for the first time as free agents were of crucial importance to an understanding of the Afro-American experience.

We were intrigued, also, by an as yet unresolved paradox in American economic history. The period between the Civil War and World War I was one of unparalleled economic growth and development for the United States as a whole. Yet the South did not share equally in this expansion. Southern agriculture stagnated while an agricultural revolution transformed the rest of rural America. The South's industrial sector remained small and backward during the age of American industrial growth. And southern people – white as well as black – were among the poorest, least educated, and most deprived of all Americans at a time when America was becoming the richest, best educated, most advantaged nation in the world.

Our joint investigation into these two issues has continued from 1969 to the present with the financial support of the National Science Foundation. The Southern Economic History Project has made the findings of this research available through a series of working papers, by presentation at scientific meetings, and in professional journals. It seemed to us that the best format for reaching a wider audience would be a book addressed to historians, economists, and others interested in this critical period of American history. Hence, the present volume.

Our intent is to provide a historical narrative describing and interpreting the economic changes that swept the South following emancipation.

Simultaneously we wish to acquaint the reader with the variety of information and statistical data upon which we have drawn to support our interpretation. We felt it was essential to do the latter, since the strengths and weaknesses of our methodological approach could be judged only by a reader acquainted with the details of our research. We have tried throughout the book to strike a balance between the narrative and these details. Whenever our statistical procedures required such lengthy description that our narrative would be seriously interrupted, we relegated them to statistical appendixes at the end of the volume. At the same time, we have made a conscious effort to keep the reader of the main text fully aware of the logic of our research methodology and the statistical evidence upon which we draw. Thus, a reader less interested in the methodological or statistical details may skip the appendixes without forgoing the information necessary to form his own judgments. Nevertheless, we hope we have succeeded in making these appendixes accessible to the general reader, and in particular those who are reluctant to work through pages of mathematical formulations. Our appendixes may be dull, but we trust they are comprehensible.

In a longer data appendix (Appendix G) we have different objectives in mind. That appendix describes the statistical data we have collected from a variety of archival sources. It includes a discussion of the manner in which we narrowed the scope of our study to focus on the cotton-producing regions of the South. After examining data from each county of all eleven former Confederate States, we were able to establish the boundaries of a large geographic region within which economic and social conditions were sufficiently homogeneous to enable us to make broad generalizations concerning the economic life of the people living there. We call this region the Cotton South; its boundaries are shown on the map opposite the opening page of Chapter 1. The map also locates twenty-seven counties within the Cotton South that we have selected to represent the larger region. A number of systematic statistical samples have been drawn from the historical records of these counties. These samples, when appropriately aggregated, form the basis for many of the quantitative generalizations we present. The procedures used to select the representative counties, collect the samples of data, and aggregate the statistics are described in the data appendix.

The Cotton South covers an area of more than 200,000 square miles, ranging from the Carolinas through Georgia, Alabama, Mississippi, and westward into the prairies of Texas. More than half of the black population of the United States lived in the Cotton South in 1880, and nearly three-fourths of the country's cotton was grown there. Whenever possible, the results of our study have been based on data from this region. Where it was impossible to obtain data for the individual counties in the Cotton South, we have based the arguments of the text on data for five cotton-producing states: South Carolina, Georgia, Alabama, Mississippi, and Louisiana.

Because we are economists by training, not historians, a characteristic of our work perhaps requires a few words of explanation. As economists, we have tried to understand the complex workings of the southern economic system by reducing it to a few bare essentials. We have studied the history of this period and believe we have identified the major forces at work. We then developed what might be termed an abstract model of the post-emancipation economy. This model brings into sharp focus the interrelationships of those factors which we believe are central to the two issues under study. In the process, we have eliminated what we believe are minor or irrelevant details. We devote considerable attention to justification of the plausibility of our analyses – the inclusion of some factors as critical, the exclusion of others as of less importance – and to demonstrations that both our assumptions and the implications of our models are consistent with the historical evidence.

A serious danger which accompanies any attempt to theorize about human behavior and social institutions is that the theories and the models are likely to depict experience *too* starkly. They may stereotype individuals and situations, while paying insufficient attention to the variety of experiences and the deviations from the norm. Though we have been critical of this tendency in the work of others, we have not completely avoided the same distortion in our own work. Ultimately, it is impossible to obtain the insight which comes with abstraction and simultaneously retain the full richness of detail and variety that is the reality of human experience.

As economists our interest and our analysis naturally focus upon the economy of the postemancipation South. At the same time, whenever we thought it relevant and important to do so, we have attempted to show how noneconomic forces impinged upon the economy, how they helped to direct the evolution of economic institutions, and how they constrained the alternatives available to the South. On the other hand, we have not tried to reverse this procedure. We do not examine the impact of economic events upon the other dimensions of southern life. The demographic, political, social, and cultural histories of the South are beyond the scope of this study. For this reason we make no pretense to have written a general history of the South. We offer our analysis of the southern economy instead as a contribution to the study of that history.

While we hope we have contributed to the understanding of postemancipation history, we know that we have drawn heavily from that history. Indeed, our reliance upon works of the numerous historians who have addressed their attention to the same problems we are examining here is greater than our citations and footnotes might suggest. Whenever possible, we have returned to original sources and the accounts of contemporaries rather than relying upon the work that first called a document to our attention. We are also indebted to the work of several of our colleagues in economics who, in the last several years, have written on the postemancipation economy. Where their research parallels our own work, we have

taken notice in the text of our book. We have eschewed, however, debates that would substantially digress from our own analysis.

The organization of this book reflects our analytical, rather than a chronological, approach to the material. Much of our story focuses on the momentous changes that occurred immediately after the end of the Civil War. The emancipation of the slaves in 1865 shattered the economic system of the Old South. Southerners, both black and white, had to build a new society with new institutions. The economic institutions established at that time shaped in large measure the course of subsequent economic development in the South. We begin by examining the legacy which slavery left southerners and the impact of the Civil War. We then turn to an examination of those changes that proved most influential: the demise of the plantation system, the rise of tenancy, the rearrangement of the financial and marketing structures that supplied southern agriculture. This task accomplished, we are able to explain both the mechanisms through which southern farmers were exploited and the dynamic forces that retarded southern development.

Roger L. Ransom  
Richard Sutch

*Gloucester, Massachusetts*  
*June 1977*

## PREFACE TO THE NEW EDITION

It has been more than three decades since the National Science Foundation provided the funding for two young professors at the University of California, Berkeley, to establish the Southern Economic History Project. We could hardly have guessed in 1968 that our project, which culminated in the publication of *One Kind of Freedom* in 1977, would have such a long-lasting impact on the way scholars viewed the postbellum American South. The prospect of reexamining our youthful contributions as we write a preface for this new edition of the book is both humbling and exciting. Have quarter-of-a-century-old ideas and logic withstood the scrutiny of new evidence, new methods, new questions, and new sensibilities? There are, after all, many reasons to think they might not.

First, consider the new research. As we wrote in the preface to the first edition of this book, "economists . . . had virtually ignored black history in the post-Civil War period" (p. xiii). This paucity of work thirty years ago stands in sharp contrast to the voluminous bibliography that exists today. Indeed, scholarly writings on the history of American slavery, the impact of emancipation, and the problems of the southern economy after the Civil War that we dealt with in this book have become so voluminous that we admit to have not thoroughly examined all of it ourselves. With the assistance of our research assistant Edward Essau, we compiled a Bibliography of work on the post-emancipation period that has appeared since *One Kind of Freedom* was published. We have appended that bibliography to the current edition beginning on p. 347. Despite our best efforts, we suspect it is not complete, but it provides one index of the outpouring of research that has since enriched our understanding of this critical era in American history.

Second, consider the advancements in computational power that computer technology has placed in our hands since 1968. Neither of us obtained a personal computer until after *One Kind of Freedom* was delivered to Cambridge University Press. All of the calculations reported in *One Kind of Freedom* were done on a physically impressive, yet computationally wimpish, IBM 6400 mainframe computer that occupied the entire basement of Evans Hall on the Berkeley campus. We were allocated the lowest priority of computer time, so each computer "run" was an overnight ordeal. Punch cards were typed with Fortran code and submitted to the computer center, nine-track tapes were mounted, and the

results (if, indeed there were any results) were picked up at six the next morning. If, as was often the case, there were an inadvertent typo in the Fortran code, or a data tape failed to load or read properly, or if any of a dozen other possible mishaps intervened, the whole task had to be repeated again the following night, and then again, and again, and, all too often, one more time. It literally took weeks to accomplish on the mainframe computers of the mid-1970s what today can be performed on a desk PC in an evening. Because of the cost, many ideas were left unexplored and many statistics were left uncalculated. In the intervening years the evolution of microchip computers has transformed the social sciences and quantitative history.

It is not just the phenomenal advances in computational speed, in memory capacity, and in software performance that have driven this revolution. The intervening years have also seen the steady growth of our collective historical data library. The quantitative foundation for *One Kind of Freedom* was a sample of farms we drew from the manuscript enumeration forms collected by the 1880 Census of Agriculture and matched to personal information about the farm operator taken from the 1880 Census of Population. At the time, ours was only the second such project undertaken.<sup>1</sup> Today we have samples of northern agriculture, of manufacturing firms, and – perhaps most impressive of all – we have the Integrated Public Use Microdata Series (IPUMS) with its samples for 1850, 1860, 1870, 1880, 1900, 1910, 1920, and for every subsequent census since 1940.<sup>2</sup> How much better we can see into – and count – the past today!

Third, consider that *One Kind of Freedom* was created in the political, social, and intellectual climate of the late 1960s. The Southern Economic History Project was conceived at a moment when students were marching near Sproul Hall demanding a Third-World College, a black history curriculum, and “Power to the People.” It would be disingenuous for us to deny the effect that these political currents had on the two young men who undertook the project.

<sup>1</sup> William Parker and Robert Gallman collected a sample of cotton farms and plantations from the 1860 census manuscripts (William N. Parker, ed. *The Structure of the Cotton Economy of the Antebellum South* [Chapel Hill: University of North Carolina Press, 1970]). The Parker-Gallman sample served as an inspiration and a model for our efforts. We also made extensive use of their sample in *One Kind of Freedom* when comparing the situation before and after the Civil War.

<sup>2</sup> Jeremy Atack and Fred Bateman collected a sample of 20,000 households and 4,391 farms in the northern states in 1860. The sample formed the statistical foundation for their study of agriculture in the antebellum North. See Jeremy Atack and Fred Bateman, *To Their Own Soil: Agriculture in the Antebellum North* (Ames: Iowa State University Press, 1987), Chapters 2 and 7. Scholars who have collected samples from the manufacturing schedules include: Kenneth Sokoloff, “Industrialization and the Growth of Manufacturing Sector in the Northeast, 1820–1850” (Ph.D., Economics, Harvard University, 1982); Bateman and Thomas Weiss for 1850 to 1870, *A Deplorable Scarcity: The Failure of Industrialization in the Slave Economy* [Chapel Hill: University of North Carolina Press, 1981]; and Atack and Bateman for 1880, “How Long Was the Workday in 1880?” *Journal of Economic History* 52 [1992]. On the IPUMS see Matthew Sobek and Steven Ruggles, “The IPUMS Project: An Update,” *Historical Methods* 32 (Summer 1999): 102–110.

We talked at length and thought deeply about the need to have a written and academically respectable black history as a foundation for the discipline of Black Studies. In that emotionally charged atmosphere it was considered arrogant and presumptuous for two white, privileged, and comfortably situated scholars to write the history of 4 million black, dispossessed, oppressed, and uneducated individuals. Neither of us had even toured the Cotton South. Yet, we plunged ahead. As academically well positioned and federally supported scholars, we hoped to command attention where others – at that time – might not. Looking back, we have no apology to make for our earnest and well-meaning efforts. But, and this is a big *but*, the politics of the heart and the energy of the moment are no guarantee of objective accuracy or of clear political logic.

Some characterized our approach as a “rush to moralize.”<sup>3</sup> While we question whether a work that was eight years in the making should be termed a “rush,” we thought then – and we think now – that economic history *should have* a moral. Whether presented as abstract theory, as parameter estimates of an econometric model, or as narrative and thick description, economic historians are engaged in telling stories about the past. Now a proper story has a point, a moral if you wish, without which it would not be worth reading, let alone telling. The problem is not the desire to reach a moral, or to have preconceptions, or to have a heart as well as a head. Problems arise when a sense of moral certainty induces a blindness that leads to a lack of objectivity, a sort of unwitting dishonesty. The scientist must always be on guard against this. We were on guard. We knew we would have critics. We did not mean to preach to the converted. We think we got it right, but each of our readers will have to make his or her own judgment.

When we formulated the framework for *One Kind of Freedom* in the mid-1970s a fascinating analytical issue seemed paramount. The physical destruction and loss of life from the war represented an enormous loss to the South. Yet it soon became clear that while the South’s physical infrastructure could be, and was, rebuilt within a few years, the real “destruction” wrought by the war was the collapse of the basic economic institutions of the South. We were particularly struck by the fact that two of the most important factor markets – those dealing with labor and capital – were completely wiped away by the war. The Thirteenth Amendment eliminated the system of slave labor that had been the mainstay of the Southern economy for two and a half centuries. Moreover the amendment meant that southerners could not simply rebuild what had existed before the war – they had to come up with a completely new labor market that would enable them to forge, for the South, an unprecedented partnership between black labor and white landowners. Equally disruptive was the fact that one-half of all financial assets in the South were declared worthless by the ratification of that same amendment.<sup>4</sup> Additionally, the

<sup>3</sup> Joseph Reid, “One Kind Of Freedom,” *Explorations in Economic History* 16 (January 1979).

<sup>4</sup> For an extended discussion of the economic importance of the fact that slaves were consid-

Confederate States' misadventures with their own currency wiped out not only the purchasing power that the Confederate dollar had once represented, but also brought down the South's entire banking and financial system. As economists, we found the story of how these markets were reconstructed to pose a challenging study in institutional change and one that had hitherto gone untold.

The first six chapters of this book tell our story of how this enormous transformation of the Southern economy took place. Both the narrative description and the analysis of change laid out in these chapters have held up remarkably well under the scrutiny of scholarly attention. Indeed, our version of these events still remains untouched in its broad outline. Most of the controversy relating to the first edition of the book focused on the discussion of the rise of and the role of the rural furnishing merchant. In Chapters 7 and 8, we gave new credence and statistical support for the long-held suspicion that this newly prominent actor on the Southern landscape was responsible for entrapping tenant farmers and "locking them in" to an insidious form of "debt peonage." In Chapters 8 and 9 we added our analysis of the stagnation of the Southern economy. We placed the blame for this economic catastrophe on the flawed institutions that replaced those destroyed by emancipation and the war. Some of our critics felt that perhaps our version of this story was too simple and have offered a list of additional factors and caveats to those we ourselves supplied. But few, if any, have attempted to refute the importance of the factors we did concentrate upon.

As we look back over the past 30 years and reflect on the controversies that have swirled around the issues we raised in *One Kind of Freedom*, we think it would not be useful for us to address our critics on issues of detail. The majority of them wrote soon after the book came out, and we did our best to answer them on the spot.<sup>5</sup> Our judgment of the work that followed the initial

ered assets in the antebellum South, see Roger L. Ransom and Richard Sutch, "Capitalists Without Capital: The Burden of Slavery and the Impact of Emancipation," *Agricultural History* (Fall 1988): 119–147. For a discussion of the consequences of uncompensated emancipation, that is, the slaveowners were not compensated for their loss, see Ransom and Sutch, "Who Pays for Slavery?" in Richard F. America, ed., *Race, Restitution, and Redistribution: The Present Value and Distribution of the Benefits of Slavery and Discrimination* (Greenwood Press, 1990), 31–54.

<sup>5</sup> There were two major conferences held on *One Kind of Freedom* near the time of publication. David Sansing of the Department of History in Oxford, Mississippi, September 1976, organized the first conference while the book manuscript was undergoing final revisions before publication. The subsequent conference volume was titled *What Was Freedom's Price?* which, incidentally, was our working title before we settled on the final version (David S. Sansing, ed. *What Was Freedom's Price?* [Oxford, MS: University Press of Mississippi, 1978]. The second conference was held at Duke University in February 1978 at the invitation of Stefano Fenoaltea. The papers presented at this symposium were published in Volume 16 of *Explorations in Economic History* (1979) and in a conference volume edited by Gary M. Walton and James F. Shepherd, *Market Institutions and Economic Progress in the New South, 1865-1900: Essays Stimulated by One Kind of Freedom* [New York: Academic Press, 1981]). As we mentioned, the critics of *One Kind of Freedom* focused mainly on two issues. The first issue was our model of the

round of criticism is that it extends, enriches, and clarifies the picture we originally presented, and it does so without requiring a further corrective from us. Instead, we want to accept the challenge to reconsider the economic consequences of emancipation and to look afresh at black accomplishment in the eras of racism and segregation. To do that we have written an epilogue which is published here after the complete text of the first edition. Our epilogue answers the inevitable question posed when one reconsiders any past research: With new data sources and new looks at old data sets, with new technology, with a quarter-century of new insights provided by our colleagues, what might we add to *One Kind of Freedom*?

This is the question posed to us (and others) by Anthony O'Brien and William Scott, of Lehigh University, when they organized the National Science Foundation Conference "One Kind of Freedom Reconsidered: African American Economic Life in the Segregation Era," which was held on their campus in September 1999.<sup>6</sup> We are grateful to them for prompting us to return to the cotton fields of the 1880s one more time.

Roger L. Ransom and Richard Sutch  
*Riverside, California, January 31, 2000*

impact of the local monopoly of the furnishing merchant, the "lock-in," "debt-peonage," and the "overproduction" of cotton. We answered these critics in Ransom and Sutch, "Credit Merchandising in the Post-Emancipation South: Structure, Conduct, and Performance," *Explorations in Economic History* 16 (January 1979): 64–89. The second issue was our characterization of the post-emancipation South up to the early twentieth century as a stagnant economy in which both black economic progress and the South's economy-wide progress were held back by virulent racism and "flawed" economic institutions erected after the war. That argument was elaborated and defended in Ransom and Sutch, "Growth and Welfare in the American South in the Nineteenth Century," *Explorations in Economic History* 16 (April 1979): 207–235.

<sup>6</sup> The papers and proceeding of this conference will appear as a special issue of *Explorations in Economic History* (Winter 2001).