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In order to understand the brutality of American capitalism, you have to start on the plantation.

By Matthew Desmond

This is a capitalist society. It's a fatalistic mantra that seems to get repeated to anyone who questions why America can't be more fair or equal. But around the world, there are many types of capitalist societies, ranging from liberating to exploitative, protective to abusive, democratic to unregulated. When Americans declare that "we live in a capitalist society" what they're often defending is our nation's peculiarly brutal economy.

Those searching for reasons the American economy is uniquely severe and unbridled have found answers in many places (religion, politics, culture). But recently, historians have pointed persuasively to the gnatty fields of Georgia and Alabama, to the cotton houses and slave auction blocks, as the birthplace of America's low-road approach to capitalism.

Slavery was undeniably a font of phenomenal wealth. By the eve of the Civil War, the Mississippi Valley was home to more millionaires per capita than anywhere else in the United States. Cotton grown and picked by enslaved workers was the nation's most valuable export. The combined value of enslaved people exceeded that of all the railroads and factories in the nation. New Orleans boasted a denser concentration of banking capital than New York City. What made the cotton economy boom in the United States, and not in all the other far-flung parts of the world with climates and soil suitable to the crop, was our nation's unflinching willingness to use violence on nonwhite people and to exert its will on seemingly endless supplies of land and labor.

It is not surprising that we can still feel the looming presence of this institution, which helped turn a poor, fledgling nation into a financial colossus. The surprising bit has to do with the many eerily specific ways slavery can still be felt in our economic life. "American slavery is necessarily imprinted on the DNA of American capitalism," write the historians Sven Beckert and Seth Rockman.

Cotton was to the 19th century what oil was to the 20th: among the world's most widely traded commodities. But cotton needed land. A field could only tolerate a few straight years of the crop before its soil became depleted. Planters watched as acres that had initially produced 1,000 pounds of cotton yielded only 400 a few seasons later. The thirst for new farmland grew even more intense after the invention of the cotton gin in the early 1790s. Before the gin, enslaved workers grew more cotton than they could clean. The gin broke the bottleneck, making it possible to clean as much cotton as you could grow.

Perhaps you're reading this at work, maybe at a multinational corporation that runs like a soft-purring engine. Everything is tracked, recorded and analyzed, via vertical reporting systems, double- entry record-keeping and precise quantification. It feels like a cutting-edge approach to management, but many of these techniques that we now take for granted were developed by and for large plantations. When an accountant depreciates an asset to save on taxes or when a midlevel manager spends an afternoon filling in rows and columns on an Excel spreadsheet, they are repeating business procedures whose roots twist back to slave-labor camps.

Like today's titans of industry, planters understood that their profits climbed when they extracted maximum effort out of each worker. So they paid close attention to inputs and outputs by developing precise systems of record-keeping. Meticulous bookkeepers and overseers were just as important to the productivity of a slave-labor camp as field hands. Plantation entrepreneurs developed spreadsheets, like Thomas Affleck's ‘‘Plantation Record and Account Book.''

Perhaps most remarkable, they also developed ways to calculate depreciation, a breakthrough in modern management procedures, by assessing the fine-tuning of the system, violence lurked. Plantation owners used a combination of incentives and punishments to squeeze as much as possible out of enslaved workers.

Unrestrained capitalism holds no monopoly on violence, but in making possible the pursuit of near limitless personal fortunes, often at someone else's expense, it does put a cash value on our moral commitments. Slavery pulled down all workers' wages. Both in the cities and countryside, employers had access to a large and flexible labor pool made up of enslaved and free people.

As America's cotton sector expanded, the value of enslaved workers soared. Between 1804 and 1860, the average price of men ages 21 to 38 sold in New Orleans grew to $1,200 from roughly $450. Because they couldn't expand their cotton empires without more enslaved workers, ambitious planters needed to find a way to raise enough capital to purchase more hands. Enter the banks. The Second Bank of the United States, chartered in 1816, began investing heavily in cotton. In the early 1830s, the slaveholding Southwestern states took almost half the bank's business. Around the same time, state- chartered banks began multiplying to such a degree that one historian called it an ‘‘orgy of bank-creation.''

When seeking loans, planters used enslaved people as collateral. Thomas Jeff erson mortgaged 150 of his enslaved workers to build Monticello. People could be sold much more easily than land, and in multiple Southern states, more than eight in 10 mortgage-secured loans used enslaved people as full or partial collateral. As the historian Bonnie Martin has written, ‘‘slave owners worked their slaves financially, as well as physically from colonial days until emancipation'' by mortgaging people to buy more people.

During slavery, ‘‘Americans built a culture of speculation unique in its abandon,’’ writes the historian Joshua Rothman in his 2012 book, ‘‘Flush Times and Fever Dreams.’’ That culture would drive cotton production up to the Civil War, and it has been a defining characteristic of American capitalism ever since. It is the culture of acquiring wealth without work, growing at all costs and abusing the powerless. It is the culture that brought us the Panic of 1837, the stock-market crash of 1929 and the recession of 2008. It is the culture that has produced staggering inequality and undignified working conditions. If today America promotes a particular kind of low-road capitalism — a union-busting capitalism of poverty wages, gig jobs and normalized insecurity; a winner-take-all capitalism of stunning disparities not only permitting but awarding financial rule-bending; a racist capitalism that ignores the fact that slavery didn't just deny black freedom but built white fortunes, originating the black-white wealth gap that annually grows wider — one reason is that American capitalism was founded on the lowest road there is.

1. What is the author's opinion of the United States' capitalist economy? Cite two short passages to support your answer.
2. What commodity was the "oil" of the 19th century? What development led to an explosion in its farming?
3. What current business practices does the author attribute to slavery?
4. What role did banks play in the expansion of slavery? What was used as collateral for these loans?
5. What does the author mean by the term "low-road" capitalism? How does he attempt to link its development to slavery?

Now read an excerpt from Phillip Magness's piece in response to Desmond's essay.

The Anti-Capitalist Ideology of Slavery
By Phillip W. Magness
FRIDAY, AUGUST 16, 2019
ECONOMIC HISTORYHISTORY OF ECONOMIC THOUGHT

What is capitalism's view toward slavery? Let us begin with the opening line of the first chapter of George Fitzhugh's Sociology for the South, first published in 1854:

Political economy is the science of free society. Its theory and its history alike establish this position. Its fundamental maxim Laissez-faire and "Pas trop gouverner," are at war with all kinds of slavery, for they in fact assert that individuals and peoples prosper most when governed least.

Fizhugh's point was to inveigh against economic freedom and in defense of slavery. His radical tract sought to make out an elaborate ideological case for slave labor and indeed all aspects of social ordering. Such a system, he announced, would resolve the posited state of perpetual conflict between labor and the owners of capital by supplanting it with the paternalistic hierarchy of slavery. In total, Fitzhugh presented a horrifying vision of a national society reordered around the principle of chattel slavery. And as his introductory remarks announced, attainment of that society required the defeat of its remaining obstacle, the free market.

Fitzhugh was also an avowed anti-capitalist. Slavery's greatest threat came from the free market economic doctrines of Europe, which were "tainted with abolition, and at war with our institutions." To survive, he declared, the South must "throw Adam Smith, Say, Ricardo & Co., in the fire." Such rhetoric presents an under-acknowledged conundrum for modern historians. It is academically trendy at the moment to depict plantation slavery as an integral component of American capitalism.

A new multipart feature series in the New York Times [the 1619 Project] advances this thesis, depicting modern free market capitalism as an inherently "racist" institution and a direct lineal descendant of plantation slavery, still exhibiting the brutality of that system. This characterization draws heavily from the so-called "New History of Capitalism" (NHC) — a genre of historical writing that swept through the academy in the last decade and that aggressively promotes the thesis that free market capitalism and slavery are inextricably linked.

Many leading examples of NHC scholarship in the academy today are plagued by shoddy economic analysis and documented misuse of historical evidence. These works often present historically implausible arguments, such as the notion that modern double-entry accounting emerged from plantation ledger books (the practice actually traces to the banking economies of Renaissance Italy), or that its use by slave owners is distinctively capitalistic (even the Soviets employed modern accounting practices, despite attempting to centrally plan their entire economy). Indeed, it was NHC historian Ed Baptist who produced an unambiguously false statistic purporting to show that cotton production accounted for a full half of the antebellum American economy (it actually comprised about 5 percent of GDP).

Despite the deep empirical and historical deficiencies of this literature, NHC arguments are still widely enlisted not only as historical analysis of slavery's economics but as an ideological attack on modern capitalism itself. If capitalism is historically tainted by its links to slavery, they reason, then the effects of slavery's stain persist in modern American capitalism today. In its most extreme iterations, these same historians then advocate a political reordering of the American economy to remove that stain. In other words, to reconcile our society to its history and atone for the sins of slavery, we must abandon what remains of American capitalism.

We therefore arrive at the curious position wherein "atonement" for slavery, as presented by the NHC historians, involves politically repudiating the same free market doctrines that Fitzhugh deemed the greatest danger to slavery itself in the decade before the Civil War.
Returning to Fitzhugh's defense of slavery, we find deep similarities to anti-capitalist rhetoric today. The economic doctrines of laissez-faire, he wrote in 1857, foster "a system of unmitigated selfishness." As Fitzhugh argued, by way of the example of a wealthy acquaintance who had "ceased work" and lived off of his fortune, the capitalist's "capital was but the accumulation of the results of their labor; for common labor creates all capital." He then succinctly explained the result by noting "the capitalist, living on his income, gives nothing to his subjects. He lives by mere exploitation." As Fitzhugh continued, "Slavery is a form, and the very best form, of socialism," he explained. Wage labor, he predicted, would be forever insufficient to meet the needs of the laborer due to deprivation of his products from his skill. Slavery, to Fitzhugh's convenience, could step in and fill the gap through the paternalistic provision of necessities for the enslaved, allegedly removing the "greed" of wage exploitation from the process.

Fitzhugh's eccentric extrapolation from what are essentially Marxian doctrines has the effect of turning Marx's own untenable "solution" to capital ownership on its head. But the two thinkers unite in their grievances: a shared enmity toward market capitalism, and a desire to cast free market allocation of resources aside through coercive social reordering to achieve their respective ideal societies — mass enslavement or global communism.

1. Who was George Fitzhugh? Why did he think capitalism was an enemy of slavery?
2. What is the New History of Capitalism? What flaws in its thesis does Magness attribute to it?
3. How is capitalism the enemy of slavery? Hint: if workers receive wages under a capitalistic economy, why is this better for the economy as a whole copmared to the economics of slavery?
4. Why does the author believe Matthew Desmond's piece on the economics of slavery causes the reader to arrive at a "curious position?" What evidence does he provide for this argument?

5. After reading both articles, do you agree that “American slavery is necessarily imprinted on the DNA of American capitalism” as asserted by Desmond in the first article? Explain your answer and provide two pieces of evidence to defend your answer.