

A Short History of American Capitalism

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Chapter 3

COLONIAL ECONOMY

During the 17th century, land served as capital in the American colonies.¹ As a knowledgeable politician recalled two centuries later: land “became property, to be bought and sold for money; whereas in the hands of government, it called for no expenditure, formed the basis of no transactions, and created no demand for currency.”² Once wrenched from Indian hands, the land became a basis of commercial society and thus of great economic value. Who was to gain control of the land and under what conditions were political questions. Domination of government land policy thus became a prime arena of colonial politics. No section or region of the country was exempt from this struggle. From the outset, colonial elites succeeded in the privatization of the once commonly-owned land. Control of government lay near the top of the list of political objectives serving this goal.

In Providence, Rhode Island during the years 1646-1686, “the wealthiest half of the taxpayers filled over 90 percent of the major offices, and the share of these offices going to the wealthiest tenth ... had risen dramatically.”³ Clearly, “power went to the prosperous in Providence.”⁴

Six interrelated families dominated Hampshire County, Massachusetts from 1692 to 1760. Members of these families not only held two-thirds of all county offices during 1730-1760. They also were active on the county’s committee to organize new towns: “The committeemen’s involvement brought them rewards in land in the new town, opportunity for investment in mills, and the chance to lend the settlers money for developing the place.”⁵ Daniels found a similar situation in 30 towns of nearby central Connecticut: “The five leading families in each town served an average of 46 percent of all the terms in the thirty towns.”⁶ Speaker of the colonial house was Charles Read, “ironmaster, lawyer, merchant, and land speculator.”⁷

Ekrich, studying North Carolina between 1729 and 1776, wrote

of “the mammoth ‘blank patent’ frauds of the late 1720s, when over four hundred thousand acres of prime land fell into the hands of a few government officials.”⁸ In South Carolina, merchants—the richest group—were the controlling factor in the colonial assembly.⁹

Between the 1680s and 1775, 275 Speakers presided over colonial assemblies. Wendel found that “the overwhelming majority enjoyed prominent social status by the time they took the chair” and that a significant number of Speakers were clearly entrepreneurial types, men who generally sought out the ways to wealth available to them.”¹⁰ Occupants of the governor’s council in a number of colonies were in a position to enrich themselves. Over the years 1665-1775, Kross found, “at least fifty-nine members of the council [in New York], or 63 percent, tried to obtain land grants of some sort.”

It was accompanied by fraud, scandal, and blatant disregard for instructions from England. ... With Governor Dongan’s connivance, Robert Livingston turned a small grant into 160,000 acres ... William “Tangier” Smith [received] 50 square miles in Suffolk County.¹¹

In 1753 a New York governor proclaimed that land grants could not exceed 1,000 acres. “These measures failed, as dummy partnerships and outright bribery of governors caused lands to be given away. ...”¹²

New Jersey provided similar examples. Of all members of that colony’s governor’s council during 1702-1776, “sixty percent were landed proprietors or their relatives, the individuals who had dominated the colony’s history since the 1670s and who still controlled access to all unpatented land in the province.”¹³ Large landholders, professionals, and large planters provided the bulk of members of the assembly. New Jersey’s royal government from 1703 to 1776 had 256 assemblymen, two-thirds of whom were among the top seven percent of wealthiest in the colony.¹⁴ Purvis writes that “virtually no one reached the assembly who was not born into a wealthy family or who lacked ties of kinship with influential families.”¹⁵ Landed proprietors in West Jersey numbering only 16 nevertheless served 38 assembly terms.¹⁶

In 17th-century New England, according to John Martin, the profits made in the creation of 63 towns largely hinged on land rights monopolized by a small group of entrepreneurs:

They were not frontiersmen, but wealthy, educated, mostly urban individuals; not fur traders and surveyors, but often governors,

deputy governors ... and military commanders A network of business and family relations bound most of these men together in an intercolonial commerce in land.¹⁷

A man who owned 20 percent of all the land in Springfield, Massachusetts also functioned as the town meeting moderator, selectman, magistrate and member of the land committee for the town.¹⁸ John Fitch, a son of a minister, “was by turns land surveyor, land registrar, county treasurer of New London County, deputy councillor, [and] military captain.” Martin characterizes Fitch’s entrepreneurial activity: “His business strategy centered upon suborning Indian sachems to obtain their deeds and gaining political office to register the deeds and confirm his titles.”¹⁹ Fitch was also one of the “Indian Fighters”, persons whose assignment was to seize land from the Indians even at the cost of men and arms. Such land, of course, did not require payment to the Indians.

It did not take long under such circumstances for the supply of land to be spoken for. By 1774 “land in the colonies was virtually all privately owned.”²⁰ Over half the value of colonial physical wealth was accounted for by land.²¹ Land prices rose steeply, making it ever more difficult for new farmers. By 1750, Connecticut’s land was all settled and the same was largely true throughout the colonies.²²

On the eve of the Revolution, institutionalized inequality was the keynote of colonial economic life. As Table 1 indicates, sixty percent of the American people possessed no wealth at all. The top twenty percent controlled 95 percent of the wealth. Even the second fifth held only five percent of the wealth. Those without any assets were enslaved workers, indentured servants, or free women, in addition to poverty-stricken free workers located primarily in port towns. In one place after another, north or south, a similar distribution of wealth could be found. With reference to southeastern Pennsylvania, Lemon wrote “from the outset wealth was distributed unevenly and became more so not after several decades but immediately.”²³

In 1774, wealthholders constituted only 23.9 percent of the adult population. Of 498,693 blacks in 1774, only 17,761 owned any wealth (3.6%); of 1,802,258 free whites, 430,872 owned some wealth (23.2%).²⁴ Thus, whites made up 96 percent of all wealthholders. At the same time enslaved workers numbered 480,932 — all more or less without property.

Seemingly without exception, every town or country area during the 17th and 18th centuries experienced an increase in wealth

inequality. Between 1700 and 1776, the top 30 percent of wealthholders increased in Suffolk County, Massachusetts from 62.52 to 68.05 percent.²⁵ To the west, in Hampshire County, a corresponding group increased between 1661-1681 and 1740-1760 from 30 percent to 41 percent.²⁶ In Chester County, Pennsylvania the top half of wealthholders increased their representation from 69.3 percent to 86.1 percent over the years 1693-1782.²⁷ In Dedham, Massachusetts, a different measure revealed a similar outcome:

In 1660 the better-off percent of the sample had an average wealth 7.6 times as great as the average wealth of the lowest 20 percent. By 1765 the bulk of society had estates which averaged 13.75 times the size of the estates of the poorest one-fifth.²⁸

During 80 years after the early 18th century, the upper 10 percent of landholders in the Chesapeake increased their ownership of acreage from one-half to two-thirds.²⁹ A collection of data from numerous places in the colonies documents the ubiquity of inequality.³⁰

These levels of unequal economic power were reflected in varying levels of living. One historian lists in descending order 11 such levels:³¹

1. Southern wealthy planters and farmers. ...
2. Philadelphia, Boston, Salem, and other northern city merchants, esquires, and captains
3. High-wealth Middle Colony and New England farmers and artisans
4. High-wealth widows
5. Middle- to high-wealth lawyers, doctors, ministers. ...
6. Middle- to low-wealth farmers in the Middle Colonies, South, New England
7. Middle- to low-wealth artisans and shopkeepers
8. Laborers and mariners
9. Low-wealth widows
10. Indentured servants
11. Slaves

How did persons on these levels fit into the wealthholding classes? Levels 1-4 were populated by Americans who owned 95 percent of the colonies' wealth in 1774; levels 5 and partly of 6 by those possessing the remaining five percent of wealth; and levels 8 - 11 were well-peopled by those without any wealth or even minus positions (net indebtedness).

How reliable statistics of historical wealth are depends on the trustworthiness of historical documents constituting such materials and upon the methods used by historians to process material in these documents. Problems of completeness and accuracy are critical. As for the former, few if any documents concerning the wealth of the poor are available or have ever existed. Their relative absence is aggravated by the dominant tendency of historians to present figures only relating to wealthholders. The result is a sweeping lack of economic knowledge about propertyless people who frequently constitute as much as half of the American adult population. Another problem regards the understatement of asset-ownership by upper-income persons in matters concerning tax-liability.

The working class of colonial times consisted of three groups of Americans: indentured servants, enslaved workers, and free wage laborers.

Indentured Servants

Indentured servants were immigrant workers who contracted orally or in writing to work for a limited period — usually four years — after which they were entitled to “freedom dues”. Otherwise, they received no pay except housing and upkeep. Most came from England, Ireland, Germany, and Scotland. In colonial America they constituted a significant part of the labor force. Between the 1650s and 1770s, some 300,000 to 400,000 servants arrived.³²

During 1630-1680, a half-century when tobacco-growing became the main occupation in the Chesapeake area, about 75,000 English immigrants arrived of whom up to 56,000 were indentured servants.³³ In New England, about one-third of the labor force in the early years of settlement were indentured servants.³⁴ Over the whole of the 17th century, however, servants made up only five percent of the New England colonies.³⁵ In Philadelphia, the demand for servants was great. By the 1740s, “indentured servants constituted more than one-fifth of Philadelphia’s total white male work force and an even larger percentage of the people who worked with their hands.”³⁶ During the same years, “along the wharves and in the artisans’ shops more than two of every five laboring roles were filled by unfree toilers” including servants and enslaved workers.³⁷ On the eve of the Revolution, while indentured servitude was declining nearly everywhere else, in Philadelphia servants still represented over ten percent of the city’s labor supply.³⁸

Indentured servants were semi-slaves.³⁹ They could be bought or sold during their period of contracted service. In fact, “servants were generally conveyed by a bill of sale, similar to that used in the conveyance of livestock.”⁴⁰ Their owners were obligated to pay taxes upon them, as on any other property. While a servant could be attached to cover a debt owed by a decedent master, in Pennsylvania this was prohibited while the master was alive.⁴¹ Servants were not allowed to marry during the period of service. They could not serve on juries nor vote. “Most rights regarded as basic to the English heritage were held in abeyance until their terms of service were up.”⁴² Servants could be, and were, beaten, whipped, or otherwise “corrected”. When fugitive servants were apprehended, their term of service was lengthened by one to five days for each day absent. Owners advertised personal descriptions of runaways to aid in recapture. Runaways to other colonies were frequently recovered via extradition agreements among the colonies.⁴³ In Virginia, Governor Wyatt ruled that “incorrigible servants were to be burnt in the tongue with a red-hot iron.”⁴⁴ Historians disagree as to the personal relations between servants and masters. One writes that “discontent was rife between master and servant from the very beginning of New England settlement” and another that “the relationship between servant and master was usually close.”⁴⁵

Freedom dues were a frequent subject of litigation initiated by servants. Masters, eager to avoid such payments, frequently encouraged servants to leave before the contracted date so that freedom dues would not need to be paid. Frequently, the dues were not paid at all and this occasioned many lawsuits. During the 1640s, 1650s, and 1660s, Virginia’s governors regularly refused to comply with the contracted term of indenture for their own servants until directed by court suits filed by the servants.⁴⁶ Of course, the longer-off the end date, the later would payment of freedom dues have to be made. In Chester County (Pa.) Quarter Sessions Court between 1745 and 1751, “nearly half of the servant complaints against masters ... involved freedom dues.”⁴⁷

Servants who hoped to acquire land through indentured work were disappointed. As Richard Morris explains:

In at least 90 percent of the cases which arose in the colonial courts involving freedom dues, clothes and tools were awarded, but a grant of land was neither regarded as an obligation under the contract nor required by custom. ... The weight of the evidence proves conclusively that freedom dues did not as a general rule include land.⁴⁸

Abbot Emerson Smith held that one in ten servants became a “decently prosperous” landowner while another one became an artisan living “a useful and comfortable life without owning any land.” But the others “either died during their servitude, returned to England after it was over, or became ‘poor whites,’ and occupied no substantial position in the colonies either as workers or as proprietors.”⁴⁹ Brophy, however, notes that while “one-third of the early servants [in Pennsylvania] collected any land, “nearly half of those went on to add more land. However he concedes that as a group “servants had substantially less property than the average person.”⁵⁰

Tobacco masters worked their indentured servants to the limit. During most of the 17th century in the Chesapeake region, masters extended the term of service whenever they could get away with it. Through the use of violence or the threat of using it, the output of servants continued to rise to the profit of the masters. “One study found that tobacco output per worker in Maryland and Virginia more than doubled between 1620 and 1650, and doubled again between 1650 and the end of the seventeenth century, with the net effect that the amount of the crop harvested per worker rose from 400 pounds in the early decades of tobacco cultivation to 1,900 pounds per worker by 1700.”⁵¹ Capital invested in the purchase of indentured servants to work in tobacco growing yielded high profits.⁵² During these years of intensification of labor, the great majority of workers were white indentured servants. Such workers could be bought for a price that was earned back by the planter in one year’s production; in the remaining three or four years much of the output accrued to the benefit of the planters.⁵³ On iron plantations, servants worked a standard 12 hours per day, rain or shine.⁵⁴

Felons convicted of minor crimes in England could be indentured in America for seven years; for major crimes, 14 years: “Convicts were relatively cheap; they fetched less than one-third of the price of African slaves, and female felons were special bargains, selling for only two-thirds of the price of males.”⁵⁵ In the course of the 18th century some 50,000 convicts were indentured in the colonies. Convicts and non-convicts alike were treated harshly and cruelly.⁵⁶ In the areas of harshest treatment, workers protested; some were arrested and tried in court for the protests: “The chief instances of prosecutions for concerted action by workers occurred in the tobacco provinces and were directed against uprisings by white servants motivated not infrequently by a desire for better working conditions on the plantations.”⁵⁷

Smith writes:

Colonial society ... was dominated by men who had money enough to make others work for them. Few of these men were descended from indentured servants, and practically none had themselves been of that class.⁵⁸

Yet, he also writes that in Virginia one-third of landowners were ex-servants — a not inconsiderable representation.⁵⁹ Very likely often they were predominantly small planters, lacking credit and other resources required for large-scale operations.

Owners of servants were not eager to permit them to serve in militias during wartime. Indeed, in Virginia during 1673 an armed force was raised from freemen—persons who had never been bound labor—while indentured servants were denied the opportunity to join the force. Masters feared placing guns in the hands of their servants.⁶⁰ When servant-enlistments nevertheless occurred, masters filed requests for government indemnification.⁶¹ Among established artisans in New York and Philadelphia, “The bloody work of bearing arms against the French [in the Seven Years War] was best left to fleeing indentured servants and unskilled immigrants who had disembarked in their cities in recent years.”⁶²

During the Revolution, servants and other poor people became cannon fodder. As Koistinen points out:

After 1776 the Continental army’s nucleus was hired, purchased, and directly or indirectly forced into service of three years or more. Those expedients worked because the new regulars, unlike the typical middle-class, propertied militia members, came largely from the lower classes and had few choices. These men included the unemployed, indebted, drifters, criminals, indentured servants, black slaves, captured British soldiers, and accused Loyalists. Without them, the Continental army and thereupon the Revolution stood little chance of success.⁶³

When, in 1775, the royal governor of Virginia offered freedom to slaves who joined with British forces, he did the same for indentured servants.⁶⁴ It is not known in what numbers the latter volunteered.

The Chesapeake masters exercised their dominant power relentlessly over the indentured servants. Little in English law or practice deterred them from doing so. In the old country, indentured servants customarily signed up for one year’s service and could count

on three months' notice of renewal. In the American colonies, however, a four-year term was imposed, and, not seldom, even longer. But in England servants were not considered merchandise, bought and sold for terms of service as they were in the colonies. The transatlantic voyage thus facilitated a deterioration of the conditions of work for some 300,000 servants. Servants and non-servants were victimized by extremely high death rates "comparable only to that of severe epidemic years in England."⁶⁵

Servants who arrived in the tobacco colonies of Maryland and Virginia early on had a greater chance to become landowners. On Maryland's Western Shore, during the 1640s and 1650s, wealth "became more equitably distributed." It was during these two decades that Maryland became "a good poor man's country."⁶⁶ From the 1660s:

Servants who completed their terms ... found it increasingly difficult to obtain credit, land, and plantations of their own. Those who succeeded in becoming small planters found that tight money, a growing scarcity of labor, and rising costs blocked their further progress.⁶⁷

Propertylessness spread after the 1680s, in part because of the growth of slavery. Similarly, in Virginia, among servants who immigrated before 1640 some, occasionally, were elected to the House of Burgesses after completing their terms. After 1640, however, none did so.⁶⁸ After 1660, the best land was taken and ex-servants had to move to the Virginia frontier — and Indian territory — in search of land. Discontent spread in these circles. By 1673, when a war broke out between Virginia and the Dutch, the colony's elite made certain no servants were permitted to join the armed forces.⁶⁹ Servants — and increasingly, ex-servants — had become a disaffected group.

Slavery

Until the mid-17th century, enslaved workers in the colonies constituted less than ten percent of the total population, even in the South. During the next century and a quarter, however, their numbers rose far higher. When the Revolution broke out in 1775, nearly half a million enslaved workers labored in the American colonies and they made up over one-fifth of the total population. One basic reason for the growth was the rise in the life expectancy of the colonial people. Before this, the comparatively short life of a worker made lifelong slavery a speculation; employers preferred short-term indentured

servants instead. As workers lived longer, it became profitable to consider lifetime slavery. But demography was only one factor in the development of slavery in the colonies.

Historically, slavery was not unknown in England. It is first mentioned in accounts of the Roman conquest of that land which is said to have occurred around the 5th Century A.D. While some Roman slaves were Africans, in general they were not subjected to racist treatment by the Romans.⁷⁰ Nearly a thousand years later the Domesday Book of 1086 reported that some nine percent of the English people were enslaved.⁷¹ During the 16th, 17th, and 18th centuries the English people, the Scots, and the Irish were subjected to slavery by various enactments and government policies. A law of 1547 permitted the enslavement of certain criminals in England but the measure was repealed after two years.⁷² In Scotland, employers were permitted to place thieves, vagrants, coal-miners, salt-pan workers, and iron-ore miners into slavery for life; their children also became enslaved workers. The English government sold thousands of defeated Irish soldiers to Spain, Sweden, and other countries.⁷³ When, in 1772, an English court struck down African slavery within the country — the *Somerset* case — from 14,000 to 15,000 black slaves in England were set free.⁷⁴ Enslaved workers in Scotland and Ireland, however, were not affected by the decision. For whatever reasons, European imperialist powers such as England preferred to practice all-out slavery in distant places; nearer home they engaged in enslavement in limited fashion, as in Ireland. As Davies states of 16th century England: “To admit to slavery was bad for national prestige.”⁷⁵

Apparently, *Somerset* was not interpreted to apply to British colonies. In any event, the outbreak of the Revolution made this question moot. Slavery in the American colonies had existed with the blessing of the Crown and government. Under the Navigation Acts of the 17th century, the colonies were forbidden to export or import numerous commodities directly to or from countries other than England. Colonies, however, were permitted openly to import enslaved workers directly from Africa and indentured servants from the German states without any English protest. In the 1670s, it was calculated that over £7 per year went to the royal treasury for every person who worked in the tobacco fields of Virginia.⁷⁶ Indeed, the economic viability of British North America depended on the export of agricultural products:

To a large extent, southern prosperity rested on the performance of

the export sector, especially of the major plantation crops—tobacco, rice, and indigo. Together, those three crops accounted for about three-quarters of the value of all exports from the South on the eve of the Revolution and roughly 40 percent of the value of exports from all of Britain's continental colonies.⁷⁷

Especially in the 18th century, enslaved workers produced by far most of these three crops. Blackburn estimates that from 20.9 percent to 35.0 percent of Britain's gross fixed capital formation in 1770 came from slave-produced products including trade in enslaved workers.⁷⁸ On the import side, the colonies constituted an important market for British manufactured goods.⁷⁹

Slavery led to great wealth not only in England but in the Chesapeake as well: "In the middle of the seventeenth century ... the richest 10 percent of the families owned roughly 40 percent of the wealth, a figure that was to approach 70 percent by the eve of independence."⁸⁰ Studying inventories of planters' estates, Menard notes that "slaves accounted for only 20 percent of inventorial wealth in the seventeenth century ... but nearly 60 percent by the 1720s and 65 percent in the 1740s."⁸¹ Slave labor was the central source of Chesapeake wealth and capital. The best-known Chesapeake entrepreneur, Thomas Jefferson, owned about 200 enslaved workers in the year of the Declaration of Independence; fifty years later, in the year of his death, he owned more than that.⁸² Howsoever some leaders of the revolution might philosophize about the Rights of Man and liberty for all, they took care not to apply such doctrines to the enslaved workers they owned.

By the 1710s in the Chesapeake, according to Kulikoff, "planters had learned that slaves could be as productive as whites and sought them avidly every time a slave ship arrived."⁸³ From the beginning of slavery in the western hemisphere until around 1800, the British established slave plantations in which some half-million enslaved workers labored on sugar and tobacco. Britain also acquired the products of another half-million enslaved workers through trade. Blackburn estimates that the million enslaved workers worked between 2,500 and 3,000 hours a year.⁸⁴ Thus, over a century and a half ending in 1800, they expended around two and a half *billion* hours of uncompensated labor. Enslaved workers on the American mainland may have accounted for a fifth of this total while those in the British Caribbean, about a third. Blackburn also estimates the value of one worker's annual output at £18, or £18,000,000 per year for the total product of New World enslaved workers. All English plantations

over a 150-year period might have produced half that amount per year; and the mainland's share of that sum would have amounted to one-fifth of the half, or, over 150 years, £288,000,000.

Slaveowners pursued their share of such sums with the utmost dedication. Morgan observes that "there was no limit to the work or time that a master could command from his slaves."⁸⁵ No wonder that English capital invested in Virginia tobacco produced a higher return than that put into English agriculture.⁸⁶ By the 1660s or so, slavery became more profitable than indentured servitude and remained that way. This extended also to comparative food rations and clothing:

Slaves, having no say about their diets, were held to an iron ration and expected to supplement their fare by fishing, trapping, and raising kitchen gardens. ... The combined annual cost of food and clothing for slaves (£3.46) is about 40% of the servant allowance (£9)⁸⁷

Slave masters set enslaved children to work at an earlier age than in the case of servants.⁸⁸ They generally began working at tobacco between the ages of seven and ten years.⁸⁹ In the Chesapeake, in the last years of colonial existence, it was not unknown for some slaves to be called upon to work at night, presumably after a full day's work.

The colonial law of slavery was no more than what one would expect of legislatures filled with slaveholders. Theodore Allen refers to the Virginia Company and "the counter-revolution in labor relations it brought." The first African slaves were imported into Virginia in 1619. Twenty-one years later, a second avenue to slavery arose when a Virginia court subjected three fugitive indentured servants to disparate sentences; one—a black man—was sentenced to enslavement for life while the two white servants received lesser sentences.⁹⁰ In 1662, the colony's legislature dropped the English rule of descent via the father and established the principle of *partus sequitur ventrem*: whether a child was considered free or slave depended upon the mother's status. Since many of the children at issue were the children of free (white) fathers and enslaved mothers, the new rule assured slaveowners of the labor of the children for a lifetime. In neighboring Maryland between 1664 and 1692, a freeborn (white) woman who married an African-American became a slave for the duration of her husband's life. Allen comments: "Presented with such an opportunity, many Maryland owners deliberately fostered marriages of European-American women and African-American men bond-laborers in order to get the benefit of the added unpaid labor

time of their descendants.”⁹¹

Yet, free African-Americans “made contracts for work or for credit, and engaged in commercial as well as land transactions, with European-Americans, and in related court proceedings they stood on the same footing as European-Americans.”⁹² These distinctions in treatment under the law were based more on class than race, at least until 1676. Before then, especially in Virginia, enslaved workers and indentured servants interacted socially as near equals. As Morgan pointed out, they ran away together, stole hogs together, got drunk together, and made love together.⁹³ “Wealthy planters feared alliance of poor whites and slaves and discouraged them from trading goods or planning crimes together.”⁹⁴ The planter elite feared such an alliance above all.

That the danger was palpable emerged in 1676 when, as part of the shifting currents of Bacon’s Rebellion, enslaved workers, servants, and ex-servants entered, momentarily, a united alliance against the elite. As soon as the Rebellion was put down, the planter elite took measures to prevent any recurrence of this aspect of the uprising: “The answer to the problem, obvious if unspoken and only gradually recognized, was racism, to separate dangerous free whites from dangerous slave blacks by a screen of racial contempt.”⁹⁵ Two avenues were chosen: the lot of the enslaved workers was worsened and that of the free—i.e., white worker was improved. There could be no movement across the growing gap. Morgan reports that the legislature of Virginia deliberately did what it could to foster the contempt of whites for blacks and Indians.⁹⁶ (In 1682, Indians and Africans were declared to be the only persons subject to enslavement.) Thus, racism came to America as a blend of institutional and personal hates. It did double duty politically by isolating blacks and Indians as pariahs and consolidating the white community behind the leadership of the planter elite. This became the American way of racism.

Under the reign of a racist elite oppression flourished. Slavery expanded greatly during the 18th century (see Table 2). The wealth of the already wealthy grew by leaps and bounds while the actual standard of living of enslaved workers “grew little if at all. ...”⁹⁷ Most likely, the standard of living of small white planters rose because of reductions in taxes, increased land ownership, and other privileges that were distributed by race.

Free Labor

Some full-time free wage-earners were among the earliest immigrants to Jamestown but their status was unusual and remained so for many years to come. After a half-century or so, only about one-eighth of the Euro-American labor force in Tidewater, Virginia consisted of free laborers.⁹⁸ Between the late 17th and most of the 18th centuries, free laborers grew more important even as slavery became dominant in tobacco production.⁹⁹ One reason for this trend was the growth of industries in the Chesapeake that processed agricultural products in lumbering, milling, and tanning. These pursuits “were unsuited to slave labor ... [since] they did not require constant, predictable labor.”¹⁰⁰ Laborers could be employed only as they were needed. A number of free women also filled roles in preparing food, clothing, and other services to the enslaved workers on plantations. As ex-indentured servants found it increasingly difficult to acquire good land, they necessarily turned to wage labor. At the same time, the plantation South had few cities and thus a small number of artisans.

Northward, a different scene developed. In Pennsylvania, for example, an ample supply of landless cottagers or cotters were available. By the 1780s, “cotters and other landless workers accounted for half the population in many districts of southeastern Pennsylvania.”¹⁰¹ They worked on farms and were a cross between the modern sharecropper who supplied only labor and outright wage earners. The employing farmers supplied cottagers with housing, tools, and equipment. In Chester County, Pennsylvania, during the years 1750-1820, “wage laborers ... [were] the largest sector of the landless labor force. ...”¹⁰²

In many northern farming areas, fluid class lines led to much part-time labor. In New England, farmers commonly hired out to work for short terms.¹⁰³ Rothenberg, who studied the estates of probated decedents in Middlesex County, Massachusetts during the years 1730-1838, found:

Just over 80 percent of decedents in the sample were farmers. ... More than 40 percent had by-employments ... in as many as 22 artisan crafts and 5 professions.¹⁰⁴

Jones, writing of the Colonies as a whole, observed:

Many “gentlemen” were also farmers, and occasionally successful artisans or professionals. Some “esquires” were merchants,

officials, attorneys or, especially in the South, planters.¹⁰⁵

Most artisans in Connecticut late in the colonial period also farmed. A number of farmers worked as laborers in the processing of materials they had grown.¹⁰⁶

Some free laborers were employed in manufacturing where they frequently worked alongside enslaved workers or indentured servants. Until the mid-18th century, shipbuilding was Connecticut's only industry selling its product in distant markets. Late in the colonial period, shipyards employed 5 to 10 workers on the average; the New London yard employed some 25 workers.¹⁰⁷ Throughout rural Pennsylvania there were "processing firms and manufacturing units where "inhabitants could avail themselves of numerous non-farm employments, most of which were tied, more or less directly, to the export sector."¹⁰⁸

The greatest concentration of full-time wage laborers was found in the three largest port cities: Boston, New York, and Philadelphia. Comparatively thickly settled areas were able to support many artisan shops. Most important, however, was the import and export of commodities, including enslaved laborers. While great fortunes accumulated in these cities, free laborers lived precariously. As McCusker and Menard report: "In the decades just prior to independence, the working poor in all the large cities apparently suffered a sharp deterioration in living standards, a deterioration evident in falling real wages, growing unemployment, and swelling poor taxes and relief rolls."¹⁰⁹ In Philadelphia, on the eve of the Revolution:

Receiving wages insufficient to the cost of living, a large segment of ... [the] population, especially families headed by less skilled males, had little or no opportunity to amass savings or property as they grew older. They had enough to do simply to survive, and that struggle continued throughout their lives.¹¹⁰

Both in Philadelphia and Boston, according to Nash, the years after 1760 saw a serious deterioration of the lower classes' absolute standard of living.¹¹¹ Connecticut, which had no great cities, nevertheless suffered similarly. Free black laborers, once they left the status of slavery, "seldom progressed beyond the standard of living of slaves."¹¹²

When President George Washington visited Boston in 1789, the first year of his presidency, a great line of march greeted him. Laborers,

however, were not permitted in the line of march.¹¹³ This was characteristic of the colonies as a whole. Lemon refers to “the contempt towards ... laborers.”¹¹⁴ “For mechanics and other manual laborers,” writes Wood, “holding high office was virtually impossible while they remained in their inferior status. ...”¹¹⁵

In both Boston and Philadelphia, many prominent men, including merchants, had risen from artisan status. This did not deny, however, the persistence of poverty among the poorest. In Chester County, adjacent to Philadelphia, there was said to be no growing class of paupers nor even such a class at all. In the decades before the Revolution, in the Chesapeake, “all who entered the poorhouse had to wear a badge with ‘a large Roman P’ to mark them as poor ... anyone refusing to wear such a letter could be whipped or given hard labor.”¹¹⁶ Indeed, an historian of American social welfare observes that “the American Revolution ... encouraged a harsh and suspicious view of the poor.”¹¹⁷ According to Lockridge, it was more likely in 1770 than in 1720 that an American male would receive poor relief.¹¹⁸ Notes Billy Smith, “the great majority of poorer Philadelphians—many of whom were European immigrants—did not come from families who could provide them with land or other wealth when they reached maturity.”¹¹⁹

Just months before the Revolution, the lower 60 percent of Americans owned nothing. (See Table 1.) The bottom third of that grouping consisted almost wholly of enslaved workers. The remaining two-thirds were made up largely of free laborers, tenants, women, and paupers. At the top of the wealth scale, one-fifth of Americans owned fully 95 percent of the colonies’ wealth. Crowding into that small peak were, among others, wealthy merchants, royal officials, great landowners, and especially successful farmers and artisans. Few, if any, of the top fifth could be found among the common soldiers of the imminent Revolution. The prosperity of the chosen few impressed historians far more than did the mass poverty of the many. Most modern economists have followed this lead. In describing the distribution of wealth, they have simply omitted the landless or those without any net worth (i.e., those whose debts exceed their assets). Without exception, of course, wealthholders are wealthier than non-wealthholders. An average of the former will be far higher than an average including both categories. This is illustrated in both columns of Table 1.

Colonial free laborers had virtually no bargaining power with their employers who deployed a vast array of anti-labor stratagems. In

Georgia, which was organized in 1732, slavery was initially prohibited. (One reason for this policy was the nearness of Spanish Florida and the consequent ease of slave escape.) The absence of enslaved laborers placed a premium on free labor. As Oakes indicates:

The ban on slavery ... raised artisan wages ... to one of the highest levels in North America. ... Indeed, the high cost of labor in Georgia was a common complaint among those who sought to introduce slavery into the colony.¹²⁰

By 1750, slavery became legal in Georgia and the cost of labor dropped sharply. Thereafter, free labor was given rewards and privileges superior to those gained by enslaved laborers but they never regained the advantageous conditions of pre-1750 Georgia. In fact, wherever slavery took hold—North or South—the same process occurred.

Another avenue for employer domination of labor lay in English law which was, of course, in effect during some two hundred years of early American history, including the entire colonial period. As Orren writes of the English background: “Wage workers had been regulated by common law and by the customs of manors and guilds that provided rules for place and conditions of hiring, period of service and working hours, and acceptable conduct on the job, and prohibited against enticing employees to other labor.”¹²¹ Justices of the peace, both in feudal England and in the colonies, sought to enjoin disobedience of legal inferiors rather than seek to attain a just workplace.

The borders of freedom in colonial society were highly permeable. Many free laborers unable to pay their debts or court fines became debt laborers. They auctioned off their labor power to the highest bidder.

Debt laborers had been in some localities, predominantly non-white by the late 17th century. But the “twilight area” of bondage, the “shadowland” between freedom and slavery, became predominantly the province of people of color immediately after the American Revolution.¹²²

In the case of free laborers imprisoned for some law violation but too poor to pay a fine, the court conducted the bidding. Debt servants, compelled to sign an indenture for an average term of 18 months, far outnumbered debt laborers.

Some landless free laborers hoped to attain economic independence via farm tenancy but few seem to have succeeded. In

western Massachusetts:

Tenancy in seventeenth-century Springfield was often a swift route to economic hardship. ... Tenancy tended to impoverish those who were already economically vulnerable. Many become chronic debtors, and a large number lost sizable amounts of land, housing, or livestock to [their landlord John] Pyncheon for their debts, thus further stratifying the society.¹²³

With regard to Maryland, Shammas reports that “most tenants died in debt.”¹²⁴ In Chester County, Pennsylvania, adjacent to Philadelphia, by mid-18th century, “few persons who climbed the tenorial ladder from laborer to farm tenant were able to acquire capital or credit early enough in life to buy improved land in the county and then retire their debts without help from their families or by income from a trade.”¹²⁵

By the close of the colonial period, the land of the 13 colonies was spoken for by the politically dominant aristocracy. Much of the labor was performed by unfree persons who had little to say in the realm of work, politics, community life, and, in many cases, even the family. Conquest had brought down the native peoples and enslaved workers constituted a new dependent class. The commercial elite, professionals, large landholders, and royal officials combined to garner vast accretions of wealth but little of these were shared by the vast majority of the people.

Strict class lines were the more visible for their exceptionality. Farmers did artisan work and artisans farmed, as less frequently, did merchants. Great landowners in the Hudson Valley sometimes operated manufacturing enterprises but even collectively they did not form an industrial capitalist class. The most proletarian of all working people were the enslaved workers who numbered just under half a million by the time of the Revolution.

Nature was the sole equalitarian feature of colonial life. Its bounties lay in the form of a giant commons. Timber, game animals, various minerals, fish, clean air, and water resources were available to all. The most valuable of the bounties—the land—promptly became private property. By the time of the Revolution, the top fifth of the American people owned 95 percent of the new nation’s wealth.

Table 1. *Distribution of Wealth in the 13 Colonies, 1774:
Two Alternative Calculations*

<i>Share of Net Worth Held by:</i>	<i>(Method 1)</i>	<i>(Method 2)</i>
Top 1%	28%	18%
Top 5%	63%	41%
Top 10%	80%	N.A.

Quintiles

First	95%	74%
Second	5%	17%
Third	0	7%
Fourth	0	2%
Fifth	0	0

N.A. = not available.

Source: Carole Shammas, "A New Look at Long-Term Trends in Wealth Inequality in the United States," *American Historical Review*, 98 (April 1993), pp. 420 and 424. Method (1) is based on total adult population including unfree adults and free adult females. Method (2) is based on free adult men and unmarried women. Net worth is assets minus liabilities.

Table 2. BLACKS AS PERCENT OF TOTAL POPULATION
BY REGION 1630-1780

NEW ENGLAND		MIDDLE COLONIES		UPPER SOUTH		LOWER SOUTH		BRITISH CARIBBEAN	
Year	%	Year	%	Year	%	Year	%	Year	%
1640	1.5	1640	10.5	1630	4.0	1670	5.3	1650	25.4
1660	1.8	1660	10.9	1650	2.4	1690	18.6	1670	54.2
1680	0.7	1680	10.1	1670	6.1	1710	35.1	1690	72.6
1700	1.8	1700	6.9	1690	9.7	1730	76.5	1710	83.1
1720	2.3	1720	10.5	1710	18.1	1750	72.6	1730	85.7
1740	2.9	1740	7.5	1730	23.7	1770	82.0	1750	89.4
1760	2.8	1760	6.8	1750	39.9	1780	70.2	1770	90.6
1780	2.0	1780	5.9	1770	38.7			1780	91.1
				1780	38.6				

New England: Massachusetts, Connecticut, Rhode Island, New Hampshire. *Middle Colonies:* New York, New Jersey, Pennsylvania, and Delaware. *Upper South:* Maryland and Virginia. *Lower South:* North Carolina, South Carolina, and Georgia. *British Caribbean:* Barbados, Jamaica, and others. Source: John J. McCusker and Russell R. Menard, *The Economy of British America, 1607-1789* (University of North Carolina Press, 1985), pp. 103-136, 154, 172, and 203. On the whole, some 96 percent of all blacks were slaves by the eve of the Revolution.

SUMMARY

The formerly Indian-owned land served as capital in colonial America. Land-ownership was highly concentrated and became the basis for wealthy domination of political office. Two years before the Declaration of Independence there was almost no more privately-owned land available for purchase. Wealth inequality grew throughout the colonies.

Indentured servants were semi-slaves, subject to sale, had few civil rights, and were the largest exploited class in colonial America during the 17th Century. Perhaps one-fifth ultimately became landowners. Between 1650 and 1750 enslaved workers replaced servants in much of the South where they produced tobacco, rice, and indigo. Slavery was far more profitable than indentured servitude. Virginia planters feared possible alliances between enslaved workers and indentured servants and encouraged the contempt of whites for blacks and Indians. The rule of racism favored the further wealth of planters.

Free laborers were most numerous in Boston, New York, and Philadelphia where they lived precariously. Many were part-time artisans and part-time farmers and thus not completely proletarianized. Their standard of living suffered during the years after 1760. Free poor persons met with the contempt of the larger society. The lower 60 percent of American adults possessed no wealth of commercial value on the eve of the Revolution. Many of the poorest laborers were frequently forced into debt servitude.

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