

Origins and development of Political Economy in the US.¹

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Nineteenth-century American political economy has earned a reputation as "distinctive," chiefly because of its combination of practicality and heavy doses of religion. The practical orientation to applied economic science also resulted in the lack of much theoretical development in American political economy. In light of its practical nature it is not surprising then to find many complaints about the "poverty of American thought" upon the subject of political economy in the nineteenth century.² If this criticism is registered against American political economy in general, it has been even more frequently made against southern political economy where this state of impoverishment is thought to stem not only from the lack of theory but from the "deviance" of southern political economy from classical European and northern standards.

A response to the criticism of "theoretical impoverishment" can be formulated one of two ways: first by pointing out, as Schumpeter did, that political economy was not the only discipline to suffer this fate. Schumpeter argues that the lack of a theoretical dimension was not peculiar to political economy because the same thing also happened to the field of mathematics during that period. Secondly, while normally theoretical development comes after practical debates, in America practical debates on economic problems and policies rarely led to further theoretical discussion because talented men could easily put their energies into practice in areas such as private enterprise where more economic opportunities and rewards were open.³

The supposed weakness of southern political economy is a function of a misinterpretation of how and why the norms, both classical and northern were appropriated,

¹ Revised for the presentation of the talk on "Origins and end of Political Economy: From the US to Siam." May 18, 2015 at the Faculty of Economics, Thammasat University.

² C.F. Dunbar, "Economic Science in America, 1776-1876," *North American Review* 122 (January 1876), 134; T.E.C. Leslie, "Political Economy in the United States," *Fortnightly Review* 28, New Series, (October 1880), 488-509. Seligman clearly shows the practical nature of American economics, see E.R.A. Seligman, "Economics in the United States: An Historical Sketch," in his *Essays in Economics* (New York: Macmillan, 1925).

³ The great delusions among economists and historians of economic thought were the belief that the Ricardian school was of an abstract and unpractical character. Edwin Cannan said of the 19th century economists that "practical aims were paramount...and the close connection between the economics and the politics of the Ricardian period...provides a key to many riddles, *History of the Theories of Production and Distribution in English Political Economy from 1796-1848, 1903,383-4*, quoted in M. Dobb, *Theories of Value and Distribution Since Adam Smith: Ideology and Economic Theory* (London: Cambridge University Press, 1973), 23; Joseph Schumpeter, *History of Economic Analysis* (New York: Oxford University Press, 1954), 514-26. Snavely argues against the accusation that the South did not produce good and able economists. He gives a long list of names and cites a number of books on economics written by southerners. The problem is that he does not go into the detail of those works, which varied and served different political purposes. Thus he puts De Bow in the same capacity as George Tucker and Thomas Cooper in the list of southern economists; see his *George Tucker As Political Economist* (Charlottesville: University Press of Virginia, 1964), chapter 2.

redefined and applied in ways that made sense in the context of the mid-nineteenth century South. Many studies use the development of political economy in Europe as the standard by which they measure the development of the discipline in the United States in general and the Old South in particular. Often they find specific economic statements made by southern economists false because the logic and reasoning does not correspond with that of classical political economy.

Early on southern political economists shared a similar view with their northern colleagues in refuting some schools of the European classical political economy and developing an American version of economics. But the dominating influence of slavery on the southern intellectual meant that a split between northern and southern economic thought was inevitable. By the 1830s, when the South advanced its own political and social ideologies, southern political economists faced a dilemma of conflicting commitments towards the science of economics or towards their society. This dilemma would not have posed a problem to southern political economists if southern society could have grown and developed on the liberal tradition of the bourgeois ideology. But as its political structure and economic relations matured, the Old South found itself more and more at odds with northern politics and ideas. Thereafter, as discussed perceptively by Eugene Genovese and Elizabeth Fox-Genovese, the social relations of southern slave society blocked the development of southern political economy.⁴ Gradually, southern political economists become more and more isolated not only from their northern counterparts but from the politics and ideas of the South as well. After the Compromise of 1850, which ignited the radical proslavery movement and signaled the eventual triumph of secessionists in the South, southern political economists found no place in the politics of secession. They could not use political economy to support or defend the rights of the South in breaking up the Union and the national economy. Finally southern intellectuals, particularly the proslavery theorists, in condemning the capitalist system and its liberal bourgeois ideology, attacked political economy as a false philosophy that led to the practice of "Free Love and no government," which was at war with not only the South, but Christianity and mankind. Southern proslavery theorists argued that based on the idea of selfishness, liberal political economy thus advocated social exploitation and anarchy in a social order.⁵ De Bow and a few southern political economists, however, tried to defend the proper role and good reputation of political economy in the social and economic development of the South. These efforts were in vain and finally were swept away in the storms of a radical proslavery movement that the so-called "fire-eaters" of the South, including James D.B. De Bow, actively participated in.

In their attempts to justify their society, southern political economists relinquished liberal political economy and tried to advance a "practical" political economy in accord with the conditions of their region. In essence they adopted a new perspective vis-à-vis the key concepts

⁴ Eugene D. Genovese and Elizabeth Fox-Genovese, "Slavery, Economic Development, and the Law: The Dilemma of the Southern Political Economists, 1800-1860," in *Washington and Lee Law Review* 41 (Winter 1984), 1-29.

⁵ See for example the attack on classical political economy by George Fitzhugh in, "The False and the True Political Economy," *De Bow's Review* 30 (May & June 1861), 540-546. Such attacks on political economy could make more sense when viewed as the critique of capitalism. See the brilliant discussion of this topic by Eugene D. Genovese in *The World the Slaveholders Made: Two Essays in Interpretation* (New York, Vintage Books, 1969), 165-194.

of classical political economy, a perspective which was capable of explaining the existing master-slave relations and plantation economy. They even tried to offer their "new" world view and ideology as an alternative to the rise and expansion of the dehumanized system of capitalism. In the end this venture did not work mainly because southern political economists still relied on and borrowed their language and economic notions from bourgeois political economy. This process is best illustrated in De Bow's economic ideas. Paradoxical though his ideas may seem, they reflect the contradictory nature of southern society

Other studies explain southern economic ideas mainly from theoretical perspectives with little or no relation to the existing political and social realities.⁶ Searching for a systematic discourse on economic theory based on the classical model without looking at its relation to the existing ideology is doomed to failure from the beginning. Like any other social and political ideas and theories, economic thought and theory are conceived within the particular political and social relations of a state. In this sense, political economy was complex because it grew out of the existing common sense and non-economic ideas of a society. As Louis Dumont has pointed out, an economic viewpoint does not exist out there in society. Men construct it. The economic viewpoint, thus, does not tell us how it constructs its principles and the essence of economics. We have to find them in the "relation between economic thought and the global ideology."⁷ The "economic" question, therefore, must be treated as a "complex social reality" because it is both a "particular field" dealing with production, distribution and consumption, and, at the same time, a "particular aspect" of all non-economic activities.⁸ This problem is even more acute in the understanding of economic ideas in the Old South and the way southern political economists conceived the elements of political economy differently from northerners and the classical economists,⁹ because it was precisely at this period, when southern society had matured as a "slave society" with its "peculiar" world view, that political economy or economic science also

⁶ See Ernest Teilhac, *Pioneers of American Economic Thought in the Nineteenth Century* (New York: Macmillan, 1936); Joseph Dorfman, *The Economic Mind in American Civilization, 1606-1865* 3 vols. (New York: Viking Press, 1946); Henry W. Spiegel, *The Rise of American Economic Thought* (Philadelphia and New York: Chilton Company, 1960); Tipton R. Snavely, *George Tucker As Political Economist*; M. Leiman, *Jacob N. Cardozo: Economic Thought in the Antebellum South* (New York and London: Columbia University Press, 1966); B.F. Kiker and Robert J. Carlsson eds., *South Carolina Economists: Essays on the Evolution of Antebellum Economic Thought* (Columbia, South Carolina: The Bureau of Business and Economic Research, 1969); Michael Hudson, *Economics and Technology in 19th Century American Thought: The Neglected American Economists* (New York & London: Garland Publishing, Inc., 1975); Paul K. Conkin, *Prophets of Prosperity: America's First Political Economists* (Bloomington: Indiana University Press, 1980).

⁷ Louis Dumont, *From Mandeville to Marx: The Genesis and Triumph of Economic Ideology* (Chicago and London: University of Chicago Press, 1977), 24.

⁸ Maurice Godelier, *Rationality and Irrationality in Economics*, trans. Brian Pearce (New York and London: Monthly Review Press, 1972), 23.

⁹ See the excellent and stimulating discussion of slavery and capitalism in Howard Temperley, "Capitalism, Slavery and Ideology," *Past and Present* 75 (May 1977), 94-118.

emerged as a distinct social science discipline and occupied a central place, next to moral philosophy, in the discourse on social progress. The southern slave society was a "discrete social formation" crystallizing the "distinct social relations, political economy, and culture that constitutes a subsidiary society within the dominant mode of production."¹⁰ The slave South emerged during the expansion of the capitalist world market, but before the triumph of industrial capital and its free labor system. In this perspective, the South's social relations of production developed as "modern" relative to European feudalism, and as "retrogressive" relative to the emerging western capitalism.

This practice of studying economic thought without its social history has, unfortunately, become a standard practice since, by the last decade of the nineteenth century, the adjective "political" was dropped in favor of "pure or positive economics."¹¹ With the claim of its scientifically determinable generalizations, economics and its practitioners cut themselves off from their history and proceeded deductively from a limited number of abstract postulates to formulate their theses, disregarding or manipulating factors not covered by the original postulates.¹²

Historians have interpreted southern economic ideas in different ways; one of them is why and how southerners reconciled their "capitalist" economic ideas with the proslavery ideology. James L. Huston asserts that there was a paradox between southern economic formulations and proslavery ideas. On the one hand, southerners believed in the philosophy of free trade with all its bourgeois theoretical assumptions, including individual liberty and property rights. On the other hand, southerners also deeply believed in the system of patriarchal slavery, the antithesis of the free labor system and the bourgeois ideology. To evade this paradox, Huston explains, southerners sought racial arguments to justify the use of slave labor and prove its compatibility with economic progress. But racial justification, Huston maintains, "never wholly resolved this dilemma in Southern economic thought," in particular the contradiction between the proslavery doctrines and the principles of free market economics.¹³ The interesting

¹⁰ Elizabeth Fox-Genovese, *Within the Plantation Household: Black and White Women of the Old South* (Chapel Hill & London: University of North Carolina Press, 1988), 57.

¹¹ See Joseph A. Schumpeter, *History of Economic Analysis* (New York: Oxford University Press, 1954), 21-22; Donald N. Winch, "What Price the History of Economic Thought?," *Scottish Journal of Political Economy*, 9 (November 1962), 193-204. Both Schumpeter and Winch agree in the necessity of history to the full understanding of economic thought and theory. Mark Blaug, while supporting that idea of the importance of history in economic theory, insists that the history of economic thought "is nothing but the history of our efforts to understand the workings of an economy based on market transactions." Thus the objective of Blaug's history of economic thought is not society but only "market transactions." See his *Economic Theory in Retrospect*, Third Edition (Cambridge: Cambridge University Press, 1983), 6.

¹² Martin Staniland, *What Is Political Economy? A Study of Social Theory and Underdevelopment* (New Haven and London: Yale University Press, 1985), 14.

¹³ James L. Huston, "The Panic of 1857, Southern Economic Thought, and the Patriarchal Defense of Slavery," *The Historian* 46:2 (1984), 165, 186.

point that Huston and other historians have recently made is that southern economic thought or political economy shared the same economic assumptions and rational as classical political economy and northern economic ideas except in the one area of slave and free labor.

In his fine book and thoughtful discussion of the development of political economy in antebellum America, Allen Kaufman contends that southern thinkers, including De Bow, still upheld free trade values while pursuing the cause of the South. Antebellum American economists, like the classical political economists, tried to reconcile their economic doctrines with the dominant political discourse of the time, says Kaufman. In the South, they continued the effort to reconcile slavery with modern republicanism. By focusing on individual thinkers, within a larger political context, Kaufman is able to see the process of capitalist development in early United States' history. He detects from early antebellum American economists' writings the traces of a prevailing influence of merchant capital, or in his words, "precapitalist relations," in both North and South prior to the 1840s. Emphasizing ideas of the unity of precapitalist and capitalist classes and the conflict of free and slave labor systems in America, Kaufman focuses his argument on the reconciliation of precapitalist and capitalist relations, that is, how the North and South accommodated their systems of labor with different presuppositions of modern republican political theory.¹⁴ Despite the differences in the systems of labor, both the North and the South believed they could accommodate their different systems of labor with modern republicanism.

Kaufman's decision to terminate his studies in 1848 and to juxtapose antebellum American economic ideas with the classical economists, deprives him of the opportunity to see clearly the emergence and growth of ideological conflicts between the North and South. Such conflicts were not merely a result of failed efforts to reconcile precapitalist and capitalist relations, but were actually due to the aggressive efforts on the part of both northern and southern political economists to define their visions of a correct and proper social order for the future progress of not only their region or country but the whole world.

Laurence Shore asserts that the South had incorporated classical political economy into its proslavery ideologies, making it the basis for a proslavery argument based on economic considerations. Early proslavery ideologists resorted to religious and political justifications for the existence of slavery before economics established itself as a "popular grammar" of the nation. By the 1830s, however, a new mode of argument based on economic reasons fully emerged and became as central to public debate on slavery as Protestantism and republicanism. But, as the case of De Bow will show, the adoption of classical political economy by southern political economists was more complicated than Shore's assertion.¹⁵

The birth of political economy in the United States, as in Europe, was a logical outcome of the growth and expansion of capitalism, albeit within different contexts and with different implications. American political economy was informed by the domination of merchant capital well into the nineteenth century when industrial capital began to exert its

¹⁴ Allen Kaufman, *Capitalism, Slavery, and Republican Values; American Political Economists, 1819-1848* (Austin: University of Texas Press, 1982).

¹⁵ Lawrence Shore, *Southern Capitalists: The Ideological Leadership of an Elite, 1832-1885* (Chapel Hill: University of North Carolina Press, 1986), 6-8.

triumphant role in world economy. That merchant capital could still be able to exert its influential role was due chiefly to the rise to regional political power of the slaveholding class in the early national period, and to America's fortunate position in the development of western capitalism,¹⁶ which allowed it to achieve rapid economic development without having industrialization and its attendant social conflicts. The American political experience, within the context of a shifting world economy as well as domestic conflicts, including the struggle between classes over the economic policies of the state, thus defined the nature and content of its political economy. Not only did Americans reap the benefits of expanding world capital, but the United States also benefited from the more developed science of political economy in Europe. Paul Conkin aptly puts it, "as latecomers, Americans inherited from European political economists their controlling issues, analytical concepts, challenging models, and even ritualized language." This does not mean, however, that they followed the same road as their European masters. Americans refuted one or another classical political economist. "But", as Conkin reiterates, "they could not ignore their predecessors, could not create their own universe of discourse."¹⁷

"Political economy" was a novel term in nineteenth-century America but the subject matter was not if we take the Physiocrats and Smith as the starting point of modern economic science. By the close of the colonial era, the American Revolutionaries had also acquainted themselves with the knowledge of political economy which was then flourishing in Europe. The term "political economy" was first used in Britain by Dugald Stewart, in 1800, when he titled his course, "Political Economy," at the University of Edinburgh. Next Thomas R. Malthus was appointed professor of history and political economy at the East India College near London in 1805 and the Political Economy Club was also founded in 1821. Sir Henry Drummond at Oxford in 1825 established the first chair of political economy in British universities. According to Drew McCoy, the American Revolutionaries conceived the term "political economy" as a signification of the existence of a close relationship between government and the proper social order, which, then, was classical republicanism. The central task of Jeffersonian republican political economy therefore was to reconcile classical republicanism with modern social realities.¹⁸ According to Forrest MacDonald, the concept of political economy as ideas about the policies governments should or should not pursue regarding property relations to promote the general welfare of the people had emerged only after the American Revolution. While the word "politics" and "government" had specific meanings and usage in the antebellum South, the word "economy" had yet to receive the same treatment in its intellectual world. In general the word "economy" meant to live frugally. During the Constitutional Convention of 1787, the word "oeconomy" was used on three occasions in the debate (by Hamilton, Gerry, and Mason) to mean frugality. Until the middle of the nineteenth century, Americans still used the word "economy" in the old meaning of the sixteenth and

¹⁶ See Stuart Bruchey, *The Wealth of the Nation: An Economic History of the United States* (New York: Harper & Row, Publishers, 1988)

¹⁷ Paul Conkin, *Prophets of Prosperity*, 17.

¹⁸ Drew R. McCoy, *The Elusive Republic: Political Economy in Jeffersonian America* (Chapel Hill: University of North Carolina Press, 1980), 6-10.

seventeenth centuries, which meant the management of a house or careful management and administration of a community.¹⁹

In America, economic topics might have been included in lectures presented at Columbia College in 1794. It is likely that these topics dealt mainly with the economics of agriculture and agronomy. Snavelly believes that "political economy" was first taught in the South at the College of William and Mary in the late eighteenth century. In any event, there is no doubt that by the first decade of the nineteenth century, a number of economic books by Smith, Ricardo, the Physiocrats, Montesquieu, Sir James Steuart, Locke, Hume, Kames, Dugald Stewart, Thomas Reid, Bentham, Malthus, and James Mill had made their way into various bookstores and private libraries.²⁰ Americans acknowledged the encroachment of classical political economy with mixed feelings, especially on the negative impact of commerce and manufacturing.

In 1813, Thomas Cooper, while editing the *Emporium of Arts and Science* in Philadelphia, acknowledged the increasing impact of political economy in American politics and society. Sharing the same sentiments with the generation of the Founding Fathers, Cooper cautioned the reader of the mistaken ideas disseminating from political economy. Citing a book by Ganilh, Cooper opposed the idea that commerce and manufacturing are better than agriculture in augmenting the wealth of the nations. He also disagreed that the wealth from commerce and manufacturing would connect the poor and the rich and ameliorate the condition of the poor as to their rights, privileges, and enjoyments.²¹ Another writer from Massachusetts wrote that "all wealth is derived from the natural production of the earth and labor, but [it is] labor alone that accumulates a surplus." Labor thus is entitled to the first place in regard to the production of wealth not commerce or manufacturing. Not all of the readers agreed with the editor about the corrupting influence of commerce, however. A Dr. E. Bollman wrote a long article to the magazine, explaining the true principles of political economy in general and the civilizing role of commerce in particular.²² By the end of the 1820s political economy found a secure place in the college lecture halls.

¹⁹ Samuel Johnson defined economy as "household management, distribution of expense, frugality, disposition of things; Noah Webster in 1828 gave the same definition. See Forrest McDonald, *Novus Ordo Seclorum: The Intellectual Origins of the Constitution* (Lawrence, Kansas: University Press of Kansas, 1985), 97.

²⁰ Snavelly, George Tucker..., 11-13; See also Michael J.L. O'Connor, *Origins of Academic Economics in the United States* (New York: Columbia University Press, 1944), 20.

²¹ Thomas Cooper, "Writer on Political Economy," *The Emporium of Arts and Science, New Series*, 1 (1813), 14; idem, "Political Arithmetic," 164-79.

²² "M" of Massachusetts, "Political Economy," *Emporium of Arts and Science New Series*, 2 (1813), 224; and Dr. E. Bollman, "Political Economy," 120.

Wealth

Southern political economists defined wealth as "utility existing to a limit[ed] extent and capable of appropriation." The mere possession of utility, however, does not constitute wealth; that is, whatever is useful is not necessarily a portion of wealth; it must have exchange value which gives it a certain quality. The exchange value of a commodity is expressed in its having utility, the capacity of appropriation, and limited quantity.²³ Hence wealth is utility capable of consumption. Since utility exists in any objects which can satisfy man's actual wants and desires, They thought a poor man who possesses only a six-pence also possesses wealth. At times, he limited wealth to privately owned commodities, especially the most visible and profitable commodities, that is, cotton, tobacco, rice, and other products of human labor. Like Cardozo, he did not limit wealth to things bought and sold, but extended it to mean the productive capacity of a nation. From this he reasoned that the wealth of a community or nation meant all the wealth possessed by its members.

Southern political economists' application of the concept of wealth reflected their commitment to the preservation of the social order of the South. They wrote that it was clear that the slaveholding class possessed almost all the wealth of the South. They had to because it was their duty and for the preservation of peace and order of the society. But they must have the correct notions of wealth and social responsibilities. For them, the preservation of their wealth was the highest consideration. But they needed to know that wealth may be divided into two classes, natural and artificial. "The natural wealth of a country consists of the soil, forests, minerals, streams, etc. Artificial wealth is that permanent accumulation of the products of human labor and skill which remains after the immediate and daily wants of the producer are supplied." Therefore, the true test of prosperity must be seen only in the capacity of a community to "produce the means of human comfort." In this opinion, labor, skill, and capacity for producing commodities "do not constitute wealth in this sense of the term." They were merely the means of its acquisition. A country might have a great productive capacity and employ much labor, and still an individual and a state might not increase in wealth.

Southern economists supported their arguments with the example of the existing economic condition of the South Atlantic states. They said the Southern states were poorer than they were twenty years ago, even though there was a small increase in the number of laborers and skilled professions. But the great source of all wealth in an agricultural country--the soil--had been greatly deteriorated and diminished. He firmly stated that no country, especially an agricultural one, could increase in wealth while the soil was becoming more and more exhausted every year. Sooner or later the absolute state of exhaustion would come and "no wealth that could be acquired by the sale of those products, the growth of which had caused this state of things, could compensate for the loss of the soil." To preserve the wealth and the slave South, Southerners advocated that the slaveholding class diversify their land and wealth into manufacturing and commerce rather than concentrating them in the decaying agricultural practices of a single crop system. Specifically, they advised them to diversify slave labor, in order to create the conditions for the growth of manufactures and provide employment and more economic opportunities for the nonslaveholders. With the correct notions of wealth and

²³ Vethake, *Principles of Political Economy*, 22.

economic policies, the South would be able to produce and increase the real wealth, that is, the "means of human comfort."²⁴

Another writer for *De Bow's Review* emphasized the meaning of "national wealth," which people tended to think of as the aggregated wealth of a nation, divorced from a community's and individual's well-being. The important aspect of national wealth, the author said, lay in its distribution to the benefit and happiness of the whole society both the rich and poor. "Without such a result," an article in *De Bow's Review* stated, "however rich, no nation can be happy, as a people; for, without such a result, though the nation may be rich in the aggregate, the great masses of the people may suffer all the wretchedness of penury and want."²⁵ The writer gave an example of Great Britain; though the country was rich, the British people--"the masses"--were miserably poor. For southerners wealth without social responsibility was not desirable. Another writer warned that the possession of wealth was not a blessing, for the desire to be rich exposed men to greater temptation and "the love of money is the root of all evil." The writer even pronounced that the commerce of a nation had laid not the foundation of its prosperity, not the road to wealth, but the road to corruption.²⁶

Here again the slaveholder's critique of capitalist wealth is analogous to Marx's contemptuous criticisms of bourgeois property. To Marx, the term "national wealth" had only arisen as a result of the liberal economists' passion for generalization. Similarly, Marx insisted that although the "national wealth" of the English was very great, the people were still the poorest under the sun. Thus this term had no meaning as long as private property continued to exist.²⁷ The difference is that while Marx based his criticisms of classical political economy on bourgeois private property, southerners had no problem with private property as such, but rather with the related individualistic ideas and practices that sapped the reciprocal structure of and dependent relations within the hierarchical society.

Basically, Southern political economy accepted the premises of wealth according to those of classical political economy. In this manner they regarded the commodity as the elementary form of wealth and emphasized the moral character and social role of commerce as seen in his economic ideas on the nature and impact of wealth and prosperity. For northerners, however, there were different popular notions regarding the social meaning of wealth. The Westward movement that followed the Revolution opened new lands and created a new ethos for Americans. The self-seeking individual in pursuit of gain was more closely related to the ideal

²⁴ "Manufactures in the South and West," *The Industrial Resources*, Vol.II, 107-121.

²⁵ Charles T. James, "Cotton and Cotton Manufactures at the South," *De Bow's Review* 7 (August 1849), 173. Emphasis in the original.

²⁶ "The Commercial Spirit--Carthage," *De Bow's Review* 28 (January 1860), 66-67. The debate over the debased nature of commerce had been originated since the colonial period, reflecting the tension between the self and society, see J.E. Crowley, *This Sheba, Self: The Conceptualization of Economic Life in Eighteenth-Century America* (Baltimore and London: Johns Hopkins University Press, 1974).

²⁷ Karl Marx, *The Economic and Philosophic Manuscripts of 1844*, 201.

of freemen engaged in "pursuit of happiness."²⁸ Alexis de Tocqueville also noted in 1835 that Americans came to see the new uses of wealth that no longer were associated with the traditional possession of property or trade and the moral considerations. Riches could be transferred from one enterprise to another based largely on one's shrewd management rather than on family relations. Land, like other forms of property, had no special prestige, except that it was another commodity. But southerners in some respects, as Bertram Wyatt-Brown writes, moved more slowly to the new meaning of wealth, as stated by de Tocqueville, than other Americans.²⁹ Southerners were not apprehensive of wealth itself, but of the concentration of wealth. The wealthy planters who did not diversify their wealth and capital into industrial and commercial pursuits were still regarded as friendly neighbors in the community. The people in the community, as Thornton shows in his book, might not love the planters but they had no reasons to be afraid of and to regard them as enemies.³⁰

Yet Southern political economists also saw another form of wealth represented in money as they explained the origin of money in the article, "Coins, Weights, and Measures."³¹ The money of a country "represented its wealth, and the system of weights and measures applied to the division of that wealth." To show the complexity of the term, the article ventured back into the origin of society when man was a producer, manufacturer of every article of consumption for himself. In the pre-society stage, man had no idea of distribution and exchange of his produce since there was no need for doing so. With few wants, man could easily satisfy the needs in his independent existence. But "natural inequalities" broke up the unities and independent existence of men and amalgamated them in a society in which men were "reciprocally employed in each other's service." Slowly society and civilization arrived at the origin of barter, which had limited use because it could not satisfy all the wants of the producers. Limited by a variety of goods, participating parties might be disappointed at being unable to acquire things that they desired. In order to facilitate the process of exchange to fulfill men's wants, it was necessary for men to find something to serve as an equivalent for their goods and to be used as a medium of exchange. That equivalent should be "something desired and not possessed, or not possessed in sufficient quantities by those with whom [they] would barter."³²

Here Southern political economy comes to the same path that the classical political economists had traveled before. He wrote that in the process of barter, eventually a "commodity

²⁸ Rhys Isaac, *The Transformation of Virginia, 1740-1790* (Chapel Hill: University of North Carolina Press, 1982), 311-12.

²⁹ Bertram Wyatt-Brown, *Southern Honor: Ethics and Behavior in the Old South* (New York: Oxford University Press, 1982), 73.

³⁰ J. Mills Thornton III, *Politics and Power in a Slave Society, Alabama, 1800-1860* (Baton Rouge: Louisiana State University Press, 1978), 115-116.

³¹ "Coins, Weights, and Measures," *De Bow's Review* 2 (November 1846), 284-303.

³² *Ibid.*, 285.

of universal requisition and demand must be sought to conduct the exchanges, which have become too complicated to be conducted in kind." This common commodity would let men meet each other at all times upon common ground and enjoy their mutual products. Such a commodity should be scarce and generally esteemed. They gave examples of the Mexicans, the early Greeks, the Carthaginians, the Lacedemonians, and the Abyssinians, who used various kinds of commodities as a medium of exchange. Colonial Virginia and Carolina adopted tobacco and rice while the Western states even chose pork or horses. In each of these cases, De Bow asserted, "the commodity [as] dignified as the medium of conducting the exchanges of all others, became in every sense the money of the country, without having lost anything of its character as merchandise."³³ Finally gold and silver became the most popular medium of exchange because of their unique properties. Thus the precious metals came to be both money and wealth itself.

Labor and theory of value

The next key concept in classical political economy is labor. Southern political economists defined labor as "disagreeable exertion of body or mind with the prospect of compensation." In this light it did not matter what social form men take to labor; servant, independent farmer, planter, or slave, are all the same as long as they receive compensation for their labor. For labor, including slave labor was not wealth, but only a means to procure wealth. The same reason also applied to capital which is only a means to acquire wealth. Southern political economists gradually came to the same political standpoint, that is, to support and accept the legitimate and proper form of slave labor for the South, which, according to classical political economy, was deemed unsuitable for modern society and economy. Southerners, therefore, had no problem at all with the specifics of labor relations. They believed that there was and had been only one general form of social relations, that is, the master-slave relation, though it appeared under different names such as the relations between lord-servant in Medieval period and capitalist-free laborer in modern times. Underlying this variety of forms was the same reciprocal relationship between the one who labors and the other who provides protection and care for the laborer.

Southerners believed that there were two "forms of labor" which had been known and used in all ages--"hired men and bondsmen" or, in modern terms, free laborers and slaves. These two "classes" had always existed, among "all nations, under every form of civil government." They were essentially the same, said William Grayson, because basically they performed the same indispensable functions in a society or country, "those of hewers of wood and drawers of water." Labor takes one or the other of these forms, according to circumstances of climate, productions and race, but the evils and advantages of their conditions were similar.³⁴

Southern political economists, in their attempts to grapple with the principles of classical political economy, had encountered many theories and concepts with which they could hardly agree because they were based on assumptions that never occurred in their own society and economy. George Tucker stated that there were two controversies in political economy that had yet to be satisfactorily resolved as far as he knew. One was on the question of value theory,

³³ Ibid., 286. Original emphases.

³⁴ William J. Grayson, "The Dual Form of Labor," *De Bow's Review* 28 (January 1860), 49.

specifically the measure of value; the other the origin of rent.³⁵ The controversy of value theory was as old as the origin of simple commodity production and exchange, and it was one area in political economy in which southern economists strongly disagreed with their classical predecessors. Consequently they either substituted another version of value theory or totally disregarded the classical one.

In Antiquity Aristotle had first noticed the peculiar character of a commodity in having a twofold aspect, use-value and exchange-value. He said that everything which we possess had two uses; one "the proper" and the other "the improper or secondary." The proper use is to appropriate or consume the thing as it is made while the improper use is to barter it instead of using it.³⁶ The former was to be known as "use-value" and the latter "exchange-value." This observation also indicates a trace of moral judgment in commodity production and exchange. Indeed it sets the stage for later controversies over the criteria of value and how one reconciles the "paradox of value," that is, the contradiction between use-value and exchange-value as best seen in the two commodities, water and diamond. The first has more useful value to human but less exchange-value while the latter is less useful in life but has more exchange-value. The complexity of value theory became more pronounced when theorists subscribed to the idea of the centrality of labor in producing commodities. Underlying the idea of work or labor were social and religious beliefs that carried the weight of moral judgment according to one's perception of a proper social order. In the Christian tradition, at least from the 13th century onwards, physical labor was regarded as favorable to religious virtue and as a means of keeping men from sinning. The emphasis upon the remuneration of some socially useful activity thus gave rise to the notion of a moral right to the product of one's labor. This early version of a labor theory of value, Schumpeter commented, was in error in that it explained the phenomenon of value by the fact that most commodities cost labor. Schumpeter emphasized that there is no logical relation between the necessity, moral or economic, of remunerating labor and what is known as the labor theory of value.³⁷

In America, Calvinism also raised the idea of work as a religious duty in itself. Work became an expression of Grace and an end in itself as a means to salvation. The Old South, which carried, in its own ways, some of the Puritan work ethic, also valued highly the toil and labor of men in refining and improving their lives and the community. Genovese writes that the slaveholders did not simply spend their lives in leisure; they worked hard in their fashion and carried heavy responsibilities. But neither were they Puritan-like in all aspects of the work ethic, such as the "bourgeois respect for time," and attention to duty and devotion to the calling of business. Slaveholders saw money as a means to a particular kind of good life, not as an end in itself.³⁸ This variant of the work ethic, together with slave labor relations, determined southern political economists' conceptualization of the value theory.

³⁵ George Tucker, "Political Economy," *American Quarterly Review* I (1827), 312.

³⁶ Aristotle, *De Republica*, (1837), quoted in K. Marx, *A Contribution to the Critique of Political Economy*, edited with an introduction by M. Dobb (New York: International Publishers, 1981), 27.

³⁷ Schumpeter, *History of Economic Analysis*, 92.

³⁸ Eugene Genovese, *Roll, Jordan Roll: The World the Slaves Made* (New York: Vintage Books, 1976), 287,296-97.

According to Marx, classical political economists, beginning with William Petty in Britain and Boisguillebert in France and ending with Ricardo in Britain and Sismondi in France, grounded their analyses of the aspects of a commodity in two forms of labor--"use value is reduced to concrete labor or purposive productive activity, exchange-value to labor-time or homogeneous social labor."³⁹ For Marx, the problem with the early political economists from Petty down to Smith was their historical limitations in grasping the essence of the emerging bourgeois economy. This limitation, according to Marx, resulted in the ambiguity of their concepts of value. In pre-capitalist social relations, it was easy to see that concrete useful labor, such as agriculture, manufacture, and commerce, was the source of material wealth of a community and there was little difference between labor as a producer of a use-value, and labor as a producer of exchange-value since the product of labor, not commodity, was an elementary form of wealth.

In a similar vein, southern political economists encountered value theory from one aspect, that is, the exchangeable value of commodities. George Tucker explained that men make exchanges because of "self-love, natural desire and [the] seeking gratification," which are universal practices, and it is through exchanges that the emotions can manifest themselves. Political economy, he said, "aims to multiply objects of value, and inquires into the laws of their production and consumption,[thus], treats only of exchangeable value."⁴⁰ This assessment might partly reflect the influence of Smith, who disregarded the commodity aspect of use-value. This one-sided view also corresponded with the American experience in which, from the colonial period onwards, commerce, both internal and external, had augmented a rapid economic prosperity.

For southern economists, value was associated with the feeling and the desire of men's "comprehending all that can impart pleasure to our senses, our tastes, or desires."⁴¹ In his "Notes on Political Economy," De Bow did not even have a topic on "value" but only "exchangeable value," which is mainly about utility and its limited supply. Though labor was a source of material wealth, he thought that labor did not impart value to things but that their utility gave them value. And utility could come only from the desires and wants of men. Therefore the final factor that creates value in things is human desire. The subjective value theory was opposite to the objective value theory of the classical economists who recognized from the production of the emerging capitalist system that labor and the labor-time spent in producing a commodity create value. To accept the objective theory of value, southern economists had to accept that value was the same thing as market price and that labor, including slave labor, must be seen as an independent economic agent in a market economy. This ran counter to the economic reality in the South whereby slave labor was not a commodity. Slaves themselves did not sell their labor in a market like free laborers; rather their masters did it for them. In this

³⁹ Marx, *A Contribution to the Critique of Political Economy*, 52.

⁴⁰ George Tucker, *The Laws of Wages, Profits & Rent Investigated* (Philadelphia: E. L. Carey & A. Hart, 1837; reprint ed., New York: Augustus M. Kelley, Bookseller, 1964), 2. Original emphasis.

⁴¹ *Ibid.*, 2,

sense, the market economy functioned mainly for and by the masters who, in turn, determined the value of things.

For De Bow, commerce or commodity exchange always benefited both parties, even though the terms of exchange were affected by demand and supply. Dependent relations as natural social relations among men rather than pure or abstract economic relations informed his economic ideas. George Tucker clearly stated the point. He said, "The exchangeable value of every commodity is determined by the number and wealth of those who desire it, the intensity of their desire, and the quantity offered for sale; and that these constituents of price are as uniform and immutable as the nature of man." De Bow concurred with Tucker that exchange-value exists "from a capacity of being appropriated, the possession of utility and a limited supply." It is determined by the relation which the supply of an article or commodity has to the demand for it. By the supply of an article he meant the "quantity which comes into the possession of the sellers, and is offered by them for sale during a given portion of time." By demand he did not mean desire to possess, rather it was "estimated by the number of offers to purchase made in a given time, at any given rate." The fall and rise of prices therefore follow the laws of demand and supply.⁴²

When discussing capital, which he defined as "appropriated wealth," De Bow did not perceive the reproductive power of capital but simply saw it as another form of wealth capable of promoting commodity production. According to De Bow, the elements of capital are wages of labor; instruments and constructions with which labor is performed; materials on which labor is exerted; finished commodity kept on hand by the capitalist; and money appropriated to the circulation of the other constituent portions of capital.⁴³ His concern about capital in the South was that it generally was reinvested in land and slaves, which made the planter more attached to agricultural production and more dependent on the world market, resulting in a relatively fluid financial situation for the planter. He thought whatever is consumed as capital is "productively consumed, otherwise unproductively." But slave labor as capital that was invested in a plantation was unproductive if the prices of staple crops were low and there were more slaves in the plantation than necessary. De Bow's criticism of plantation economy thus was not directed against the system in general, but against the unproductiveness of slave labor employed in the plantation. His advice was to diversify agriculture by putting some slaves to work in manufacturing. This would insure the planter a steady income without relying exclusively on the mercy of the external market and the northern merchants.

Southern economic theory thus was originated and developed within the framework of southern political ideologies and social philosophy based on the master-slave relations. Conceived as a foundation of southern society, the slave social formation, which obstructed the development of capitalist relations of production, provided the basis for southern criticisms of classical political economy. Slavery contributed to the economic rationalization of the precapitalist world that the control of labor presented no special legitimacy. Labor fit naturally into a hierarchical society, and remained a social responsibility of a paternal lord or master. Slavery enabled De Bow to redefine the economic aspects of human relations as against those of the free labor system. But slavery had its own limitations, for it arose as an attempt to solve

⁴² De Bow, "Notes on Political Economy," 418-9.

⁴³ Ibid., 418.

essentially mercantilist problems, not modern or industrial problems.⁴⁴ Herein lay the weaknesses of Southern political economic analysis. Instead of looking forward, they looked backward and fell back solely on commerce as put forth by Smith in analyzing the South's economy and its prospects for further development. In a sense, theirs represented the economic idea of merchant capital, namely that the progress and prosperity of society were based upon commodity exchanges. The "diversification of agriculture and industrial revolution," in this economic theory, thus, was designed to improve the economy and society of the South in the critical period of increased sectional conflict.

CONCLUSION

This paper assumes that the slave society of the Old South was different from the industrializing North. Moreover, southern society created its powerful regional ruling class and developed its own world view which gradually became antithetical to that of the North and Western Europe. This study therefore emphasizes the world view of the slaveholders by which I mean their social philosophy in relation to the political, social, and economic development of the South. Without acknowledging the slaveholders' world views, it is unlikely that one can see the logic and rationality of the proslavery ideology. The study of Southern economic and proslavery ideas shows that these ideas were informed by the world view of the slaveholders.

Instead of focusing exclusively on their economic ideas and analyzing the validity of their economic theory, the study first locates economic thought in relation to the existing political and social ideologies of the Old South. By studying these ideas within the framework of the slaveholders' world view, one can see a certain consistency and integrity in the thought. This was clear in their views on slavery as a proper social order and commitment to a defense of the southern way of life.

At that times, the issue of slavery was not exclusively an economic issue. Nor was it solely a political or religious question. It was, in fact, a combination of all of them. It is necessary therefore in studying Southern's proslavery ideas that one should see them in relation to the religious, political, and economic thought. Essentially they based their social philosophy on the organic view of society, that some men assumed major responsibility for the lives and well-being of others.⁴⁵ Accordingly, they held that all men are created unequal in their constitutions and must depend on others for their survival. And that man is a dependent animal for he has to rely on the will of others for his existence in society. Free will and freedom of individuals must be sacrificed or limited in return for social protection and support. Importantly, they believed that holding property in human beings is also natural and just.⁴⁶

To be sure, Southern economists did not see exploitation in the institution of slavery which, they believed, was designed by God to protect an inferior race from being exterminated by a superior one. In this sense, slavery can be seen as a civilizing institution for it brought black

⁴⁴ Elizabeth Fox-Genovese and Eugene D. Genovese, *Fruits of Merchant Capital*, 97-98.

⁴⁵ Elizabeth Fox-Genovese and Eugene D. Genovese, *Fruits of Merchant Capital*, 397-398.

⁴⁶ See the contrast between the slaveholders' world view and the capitalist world view in Eugene D. Genovese, *The World the Slaveholders Made: Two Essays in Interpretation*, 124-25.

slaves to live together with whites in a modern society. With this belief they could reconcile the proslavery ideas with the idea of progress. For Southerners, it was not class conflict but sympathy among unequals that moved society to a higher level. Inequality among men led to the formation of society and served as the basis for the institution of reciprocal relationships.

Central to Southern social ideas was the belief that there was and had been only one general form of social relations throughout history: the master-slave relation. It appeared, however, under different names, such as the relations between lord-servant in medieval period and capitalist-free laborer in modern times. Underlying this variety of forms was the continuing reciprocal relationship between the one who labors and the other who provides protection and care for the laborer. Southern political economists believed there were two forms of labor at all times--"hired men and bondsmen." The one worked for his master on a temporary basis, the other for life. In justifying the slave system, they stressed the dependent relations between the slave and the master. Under slavery capital and labor were in harmony because they were dependent on each other. In this world view, therefore, it was possible for Southerners to see that there was no such thing as exploitation of labor in the slavery system.

In the defense of slavery as a social system, Southern political economists expressed the concerns toward nonslaveholders and poor whites of the South. For the South to be able to maintain its institutions, he believed that the well-being of the nonslaveholders and poor whites were necessary conditions. They realized that the slaveholding class had the most direct interest in the preservation of plantation economy in the South. Yet they always reminded the slaveholders that the well-being of every class in the South was a necessary condition for the progress and prosperity of the South. They advocated that masters should accept the responsibilities and duties of Christian morality and provide for the welfare and necessities of the slaves. For the nonslaveholders, they stressed the need to diversify the plantation economy. In order to open up economic opportunities for nonslaveholders and poor whites, he advocated using slave labor in manufacturing industries and investing landed capital in manufacturing and commerce. Expanded economic opportunity for nonslaveholders was De Bow's political objective in his call for an "industrial revolution" in the South. He had no desire to see the South industrialized like the North or England. For De Bow, the economic development of the South was not an end in itself, but rather, it was the precondition for the preservation of the institution of slavery, which, in turn, guaranteed the existence of the southern society.

Central to Southern economic thought was the idea of slavery. In fact slavery, conceived as a social system, was probably the single most influential idea in determining his economic thought. His early proslavery ideas, based upon the Biblical arguments and Enlightenment philosophy, viewed slavery as a "positive good." This was a position he maintained throughout his life. In the 1850s De Bow's proslavery ideas were influenced by the increased sectional conflicts, and expanded to incorporate scientific and racial arguments in the defense of slavery as the best state of social organization.

For Southern political economy, the moral question of slavery was a non-issue. Instead, when engaged in debates about slavery, they concerned primarily about which form of human organization, slave or free, offered the best prospect for the peaceful union of two unequal races. To Southerners one thing was clear, the future of the Old South was inseparable from that of blacks. And the destiny of the whites had to be shared with that of the blacks. They found the answer to the "union of two unequal races" in the institution of slavery, which, they claimed was the most natural form of human organization. It was suitable, not only for the South

and the North, but also for all modern world civilization. With this proposition Southern political economy moved the proslavery ideas from the particular to the general and from a concern with Negro slave labor to a concern with labor in the abstract.⁴⁷

Southern political economy left an important legacy from a critical moment in the history of the United States. Southern intellectuals engaged in the movement to defend their way of life and a proper social order based on the institution of slavery. Their ideas, like their society, were full of paradoxes; they believed in conservatism yet were committed to the idea of progress, they defended slavery as a social system but also argued for an "industrial revolution." Although we can fault them on many of their ideas regarding the economic development of the South, we hardly can doubt the sincerity in their advocacy for the prosperity of the South based upon the balanced development of manufacturing, commerce, and agriculture. In retrospect, Southern political and social ideas represented a world that cherished the value of sympathy and reciprocal relations, of sensibility and moderation between matter and mind. Their world thus was necessarily antithetical to the emerging capitalist world which cherished the value of pure reason and positive laws, of market relations and propertied individualism.

⁴⁷ See the salient aspects of the history of the proslavery argument in Eugene D. Genovese, *The World the Slaveholders Made*, 118; and Drew Faust, ed. with an introduction, *The Ideology of Slavery: Proslavery Thought in the Old South, 1830-1860* (Baton Rouge: Louisiana State University Press, 1981), 1-20.