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

By Matthew Desmond
Photograph by Lyle Ashton Harris


YOU BRING IT TO LIFE.
WE BRING IT TO MARKET.

A couple of years before he was convicted of securities fraud, Martin Shkreli was the chief executive of a pharmaceutical company that acquired the rights to Daraprim, a lifesaving antiparasitic drug. Previously the drug cost $13.50 a pill, but in Shkreli's hands, the price quickly increased by a factor of 56, to $750 a pill. At a health care conference, Shkreli told the audience that he should have raised the price even higher. "No one wants to say it, no one's proud of it," he explained. "But this is a capitalist society, a capitalist system and capitalist rules."

This is a capitalist society. It's a fatalistic mantra that seems to get repeated to anyone who questions why America can't be more fair or equal. But around the world, there are many types of capitalist societies, ranging from liberating to exploitative, protective to abusive, democratic to unregulated. When Americans declare that "we live in a capitalist society" — as a real estate mogul told The Miami Herald last year when explaining his feelings about small-business owners being evicted from their Little Haiti storefronts — what they're often defending is our nation's peculiarly brutal economy. "Low-road capitalism," the University of Wisconsin-Madison sociologist Joel Rogers has called it. In a capitalist society that goes low, wages are depressed as businesses compete over the price, not the quality, of goods; so-called unskilled workers are typically incentivized through punishments, not promotions; inequality reigns and poverty spreads. In the United States, the richest 1 percent of Americans own 40 percent of the country's wealth, while a larger share of working-age people (18-65) live in poverty than in any other nation belonging to the Organization for Economic Cooperation and Development (O.E.C.D.).

Or consider worker rights in different capitalist nations. In Iceland, 90 percent of wage and salaried workers belong to trade unions authorized to fight for living wages and fair working conditions. Thirty-four percent of Italian workers are unionized, as are 26 percent of Canadian workers. Only 10 percent of American wage and salaried workers carry union cards. The O.E.C.D. scores nations along a number of indicators, such as how countries regulate temporary work arrangements. Scores run from 5 ("very strict") to 1 ("very loose"). Brazil scores 4.1 and Thailand, 3.7, signaling toothy regulations on temp work. Further down the list are Norway (3.4), India (2.5) and Japan (1.3). The United States scored 0.3, tied for second to last place with Malaysia. How easy is it to fire workers? Countries like Indonesia (4.1) and Portugal (3) have strong rules about severance pay and reasons for dismissal. Those rules relax somewhat in places like Denmark (2.1) and Mexico (1.9). They virtually disappear in the United States, ranked dead last out of 71 nations with a score of 0.5.

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

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

Nearly two average American lifetimes (79 years) have passed

Mortgaging the Future: The North-South rift led to a piecemeal system of bank regulation — with dangerous consequences.

By Mehrsa Baradaran

At the start of the Civil War, only states could charter banks. It wasn't until the National Currency Act of 1863 and the National Bank Act of 1864 passed at the height of the Civil War that banks operated in this country on a national scale, with federal oversight. And even then, it was only law in the North. The Union passed the bills so it could establish a national currency in order to finance the war. The legislation also created the Office of the Comptroller of the Currency (O.C.C.), the first federal bank regulator. After the war, states were allowed to keep issuing bank charters of their own. This byzantine infrastructure remains to this day and is known as the dual banking system. Among all nations in the world, only the United States has such a fragmentary, overlapping and inefficient system — a direct relic of the conflict between federal and state power over maintenance of the slave-based economy of the South.

Both state regulators and the O.C.C., one of the largest federal regulators, are funded by fees from the banks they regulate. Moreover, banks are effectively able to choose regulators — either federal or state ones, depending on their charter. They can even change regulators if they become unsatisfied with the one they've chosen. Consumer-protection laws, interest-rate caps and basic-soundness regulations have often been rendered ineffectual in the process — and deregulation of this sort tends to lead to crisis.

In the mid-2000s, when subprime lenders started appearing in certain low-income neighborhoods, many of them majority black and Latino, several state banking regulators took note. In Michigan, the state insurance regulator tried to enforce its consumer-protection laws on Wachovia Mortgage, a subsidiary of Wachovia Bank. In response, Wachovia's national regulator, the O.C.C., stepped in, claiming that banks with a national charter did not have to comply with state law. The Supreme Court agreed with the O.C.C., and Wachovia continued to engage in risky subprime activity.

Eventually loans like those blew up the banking system and the investments of many Americans — especially the most vulnerable. Black communities lost 53 percent of their wealth because of the crisis, a loss that a former congressman, Brad Miller, said "has almost been an extinction event."

Above: Women and children in a cotton field in the 1860s. Opening pages: The New York Stock Exchange, July 2019

Photography by J. H. Aylsworth, via the Smithsonian National Museum of African American History and Culture

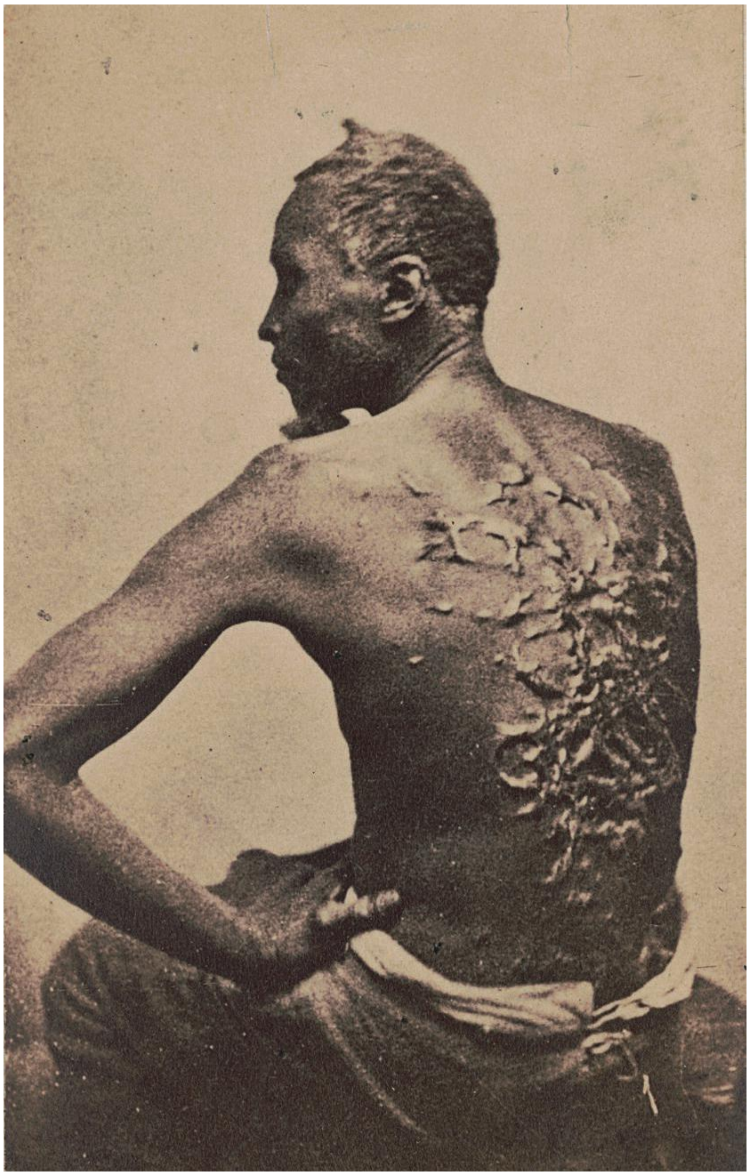
since the end of slavery, only two. It is not surprising that we can still feel the looming presence of this institution, which helped turn a poor, fledgling nation into a financial colossus. The surprising bit has to do with the many eerily specific ways slavery can still be felt in our economic life. "American slavery is necessarily imprinted on the DNA of American capitalism," write the historians Sven Beckert and Seth Rockman. The task now, they argue, is "cataloging the dominant and recessive traits" that have been passed down to us, tracing the unsettling and often unrecognized lines of descent by which America's national sin is now being visited upon the third and fourth generations.

They picked in long rows, bent bodies shuffling through cotton fields white in bloom. Men, women and children picked, using both hands to hurry the work. Some picked in Negro cloth, their raw product returning to them by way of New England mills. Some picked completely naked. Young children ran water across the humped rows, while overseers peered down from horses. Enslaved workers placed each cotton boll into a sack slung around their necks. Their haul would be weighed after the sunlight stalked away from the fields and, as the freedman Charles Ball recalled, you couldn't "distinguish the weeds from the cotton plants." If the haul came up light, enslaved workers were often whipped. "A short day's work was always punished," Ball wrote.

Cotton was to the 19th century what oil was to the 20th: among the world's most widely traded commodities. Cotton is everywhere, in our clothes, hospitals, soap. Before the industrialization of cotton, people wore expensive clothes made of wool or linen and dressed their beds in furs or straw. Whoever mastered cotton could make a killing. But cotton needed land. A field could only tolerate a few straight years of the crop before its soil became depleted. Planters watched as acres that had initially produced 1,000 pounds of cotton yielded only 400 a few seasons later. The thirst for new farmland grew even more intense after the invention of the cotton gin in the early 1790s. Before the gin, enslaved workers grew more cotton than they could clean. The gin broke the bottleneck, making it possible to clean as much cotton as you could grow.

The United States solved its land shortage by expropriating millions of acres from Native Americans, often with military force, acquiring Georgia, Alabama, Tennessee and Florida. It then sold that land on the cheap — just $1.25 an acre in the early 1830s ($38 in today's dollars) — to white settlers. Naturally, the first to cash in were the land speculators. Companies operating in Mississippi flipped land, selling it soon after purchase, commonly for double the price.

Enslaved workers felled trees by ax, burned the underbrush and leveled the earth for planting. "Whole forests were literally dragged out by the roots," John Parker, an enslaved worker, remembered. A lush, twisted mass of vegetation was replaced by a single crop. An origin of American money exerting its will on the earth, spoiling the environment for profit, is found in the cotton plantation. Floods became bigger and more common. The lack



A photograph taken at a medical examination of a man known as Gordon, who escaped from Mississippi and made his way to a Union Army encampment in Baton Rouge, La., in 1863.

Photograph by McPherson & Oliver, via the Library of Congress

of biodiversity exhausted the soil and, to quote the historian Walter Johnson, "rendered one of the richest agricultural regions of the earth dependent on upriver trade for food."

As slave labor camps spread throughout the South, production surged. By 1831, the country was delivering nearly half the world's raw cotton crop, with 350 million pounds picked that year. Just four years later, it harvested 500 million pounds. Southern white elites grew rich, as did their counterparts in the North, who erected textile mills to form, in the words of the Massachusetts senator Charles Sumner, an "unhallowed alliance between the lords of the lash and the lords of the loom." The large-scale cultivation of cotton hastened the invention of the factory, an institution that propelled the Industrial Revolution and changed the course of history. In 1810, there were 87,000 cotton spindles in America. Fifty years later, there were five million. Slavery, wrote one of its defenders in De Bow's Review, a widely read agricultural magazine, was the "nursing mother of the prosperity of the North." Cotton planters, millers and consumers were fashioning a new economy, one that was global in scope and required the movement of capital, labor and products across long distances. In other words, they were fashioning a capitalist economy. "The beating heart of this new system," Beckert writes, "was slavery."

Perhaps you're reading this at work, maybe at a multinational corporation that runs like a soft-purring engine. You report to someone, and someone reports to you. Everything is tracked, recorded and analyzed, via vertical reporting systems, double-entry record-keeping and precise quantification. Data seems to hold sway over every operation. It feels like a cutting-edge approach to management, but many of these techniques that we now take for granted were developed by and for large plantations.

When an accountant depreciates an asset to save on taxes or when a midlevel manager spends an afternoon filling in rows and columns on an Excel spreadsheet, they are repeating business procedures whose roots twist back to slave-labor camps. And yet, despite this, "slavery plays almost no role in histories of management," notes the historian Caitlin Rosenthal in her book "Accounting for Slavery." Since the 1977 publication of Alfred Chandler's classic study, "The Visible Hand," historians have tended to connect the development of modern business practices to the 19th-century railroad industry, viewing plantation slavery as precapitalistic, even primitive. It's a more comforting origin story, one that protects the idea that America's economic ascendancy developed not because of, but in spite of, millions of black people toiling on plantations. But management techniques used by 19th-century corporations were implemented during the previous century by plantation owners.

Planters aggressively expanded their operations to capitalize on economies of scale inherent to cotton growing, buying more enslaved workers, investing in large gins and presses and experimenting with different seed varieties. To do so, they developed complicated workplace hierarchies that combined a central office, made up of owners and lawyers in charge of capital allocation and long-term strategy, with several divisional units, responsible for different operations. Rosenthal writes of one plantation where the owner supervised a top lawyer, who supervised another lawyer, who supervised an overseer, who supervised three bookkeepers, who supervised 16 enslaved head drivers and specialists (like bricklayers), who supervised hundreds of enslaved workers. Everyone was accountable to someone else, and plantations pumped out not just cotton bales but volumes of data about how each bale was produced. This organizational form was very advanced for its time, displaying a level of hierarchal complexity equaled only by large government structures, like that of the British Royal Navy.

Like today's titans of industry, planters understood that their profits climbed when they extracted maximum effort out of each worker. So they paid close attention to inputs and outputs by developing precise systems of record-keeping. Meticulous bookkeepers and overseers were just as important to the productivity of a slave-labor camp as field hands. Plantation entrepreneurs developed spreadsheets, like Thomas Affleck's "Plantation Record and Account Book," which ran into eight editions circulated until the Civil War. Affleck's book was a one-stop-shop accounting manual, complete with rows and columns that tracked per-worker productivity. This book "was really at the cutting edge of the informational technologies available to businesses during this period," Rosenthal told me. "I have never found anything remotely as complex as Affleck's book for free labor." Enslavers used the book to determine end-of-the-year balances, tallying expenses and revenues and noting the causes of their biggest gains and losses. They quantified capital costs on their land, tools and enslaved workforces, applying Affleck's recommended interest rate. Perhaps most remarkable, they also developed ways to calculate depreciation, a breakthrough in modern management procedures, by assessing the market value of enslaved workers over their life spans. Values generally peaked between the prime ages of 20 and 40 but were individually adjusted up or down based on sex, strength and temperament: people reduced to data points.

This level of data analysis also allowed planters to anticipate rebellion. Tools were accounted for on a regular basis to make sure a large number of axes or other potential weapons didn't suddenly go missing. "Never allow any slave to lock or unlock any door," advised a Virginia enslaver in 1847. In this way, new bookkeeping techniques developed to maximize returns also helped to ensure that violence flowed in one direction, allowing a minority of whites to control a much larger group of enslaved black people. American planters never forgot what happened in Saint-Domingue (now Haiti) in 1791, when enslaved workers took up arms and revolted. In fact, many white enslavers overthrown during the Haitian Revolution relocated to the United States and started over.

Overseers recorded each enslaved worker's yield. Accountings took place not only after nightfall, when cotton baskets were weighed, but throughout the workday. In the words of a North Carolina planter, enslaved workers were to be "followed up from day break until dark." Having hands line-pick in rows sometimes longer than five football fields allowed overseers to spot anyone lagging behind. The uniform layout of the land had a logic; a logic designed to dominate. Faster workers were placed at the head of the line, which encouraged those who followed to match the captain's pace. When enslaved workers grew ill or old, or became pregnant, they were assigned to lighter tasks. One enslaver established a "sucklers gang" for nursing mothers, as well as a "measles gang," which at once quarantined those struck by the virus and ensured that they did their part to contribute to the productivity machine. Bodies and tasks were aligned with rigorous exactitude. In trade magazines, owners swapped advice about the minutiae of planting, including slave diets and clothing as well as the kind of tone a master should use. In 1846, one Alabama planter advised his fellow enslavers to always give orders "in a mild tone, and try to leave the impression on the mind of the negro that what you say is the result of reflection." The devil (and his profits) were in the details.

The uncompromising pursuit of measurement and scientific accounting displayed in slave plantations predates industrialism. Northern factories would not begin adopting these techniques until decades after the Emancipation Proclamation. As the large slave-labor camps grew increasingly efficient, enslaved black people became America's first modern workers, their productivity increasing at an astonishing pace. During the 60 years leading up to the Civil War, the daily amount of cotton picked per enslaved worker increased 2.3 percent a year. That means that in 1862, the average enslaved fieldworker picked not 25 percent or 50 percent as much but 400 percent as much cotton than his or her counterpart did in 1801.

Today modern technology has facilitated unremitting workplace supervision, particularly in the service sector. Companies have developed software that records workers' keystrokes and mouse clicks, along with randomly capturing screenshots multiple times a day. Modern-day workers are subjected to a wide variety of surveillance strategies, from drug tests and closed-circuit video monitoring to tracking apps and even devices that sense heat and motion. A 2006 survey found that more than a third of companies with work forces of 1,000 or more had staff members who read through employees' outbound emails. The technology that accompanies this workplace supervision can make it feel futuristic. But it's only the technology that's new. The core impulse behind that technology pervaded plantations, which sought innermost control over the bodies of their enslaved work force.

The cotton plantation was America's first big business, and the nation's first corporate Big Brother was the overseer. And behind every cold calculation, every rational

Good as Gold: In Lincoln's wartime "greenbacks," a preview of the 20th-century rise of fiat currency.

By Mehrsa Baradaran

The Constitution is riddled with compromises made between the North and South over the issue of slavery — the Electoral College, the three-fifths clause — but paper currency was too contentious an issue for the framers, so it was left out entirely. Thomas Jefferson, like many Southerners, believed that a national currency would make the federal government too powerful and would also favor the Northern trade-based economy over the plantation economy. So, for much of its first century, the United States was without a national bank or a uniform currency, leaving its economy prone to crisis, bank runs and instability.

At the height of the war, Lincoln understood that he could not feed the troops without more money, so he issued a national currency, backed by the full faith and credit of the United States Treasury — but not by gold. (These bills were known derisively as "greenbacks," a word that has lived on.) The South had a patchwork currency that was backed by the holdings of private banks — the same banks that helped finance the entire Southern economy, from the plantations to the people enslaved on them. Some Confederate bills even had depictions of enslaved people on their backs.

In a sense, the war over slavery was also a war over the future of the economy and the essentiality of value. By issuing fiat currency, Lincoln bet the future on the elasticity of value. This was the United States' first formal experiment with fiat money, and it was a resounding success. The currency was accepted by national and international creditors — such as private creditors from London, Amsterdam and Paris — and funded the feeding and provisioning of Union troops. In turn, the success of the Union Army fortified the new currency. Lincoln assured critics that the move would be temporary, but leaders who followed him eventually made it permanent — first Franklin Roosevelt during the Great Depression and then, formally, Richard Nixon in 1971.

Fabric of Modernity: How Southern cotton became the cornerstone of a new global commodities trade.

By Mehrsa Baradaran

Cotton produced under slavery created a worldwide market that brought together the Old World and the New: the industrial textile mills of the Northern states and England, on the one hand, and the cotton plantations of the American South on the other. Textile mills in industrial centers like Lancashire, England, purchased a majority of cotton exports, which created worldwide trade hubs in London and New York where merchants could trade in, invest in, insure and speculate on the cotton-commodity market. Though trade in other commodities existed, it was cotton (and the earlier trade in slave-produced sugar from the Caribbean) that accelerated worldwide commercial markets in the 19th century, creating demand for innovative contracts, novel financial products and modern forms of insurance and credit.

Like all agricultural goods, cotton is prone to fluctuations in quality depending on crop type, location and environmental conditions. Treating it as a commodity led to unique problems: How would damages be calculated if the wrong crop was sent? How would you assure that there was no misunderstanding between two parties on time of delivery? Legal concepts we still have to this day, like "mutual mistake" (the notion that contracts can be voided if both parties relied on a mistaken assumption), were developed to deal with these issues. Textile merchants needed to purchase cotton in advance of their own production, which meant that farmers needed a way to sell goods they had not yet grown; this led to the invention of futures contracts and, arguably, the commodities markets still in use today.

From the first decades of the 1800s, during the height of the trans-Atlantic cotton trade, the sheer size of the market and the escalating number of disputes between counterparties was such that courts and lawyers began to articulate and codify the common-law standards regarding contracts. This allowed investors and traders to mitigate their risk through contractual arrangement, which smoothed the flow of goods and money. Today law students still study some of these pivotal cases as they learn doctrines like forseeability, mutual mistake and damages.

fine-tuning of the system, violence lurked. Plantation owners used a combination of incentives and punishments to squeeze as much as possible out of enslaved workers. Some beaten workers passed out from the pain and woke up vomiting. Some "danced" or "trembled" with every hit. An 1829 first-person account from Alabama recorded an overseer's shoving the faces of women he thought had picked too slow into their cotton baskets and opening up their backs. To the historian Edward Baptist, before the Civil War, Americans "lived in an economy whose bottom gear was torture."

There is some comfort, I think, in attributing the sheer brutality of slavery to dumb racism. We imagine pain being inflicted somewhat at random, doled out by the stereotypical white overseer, free but poor. But a good many overseers weren't allowed to whip at will. Punishments were authorized by the higher-ups. It was not so much the rage of the poor white Southerner but the greed of the rich white planter that drove the lash. The violence was neither arbitrary nor gratuitous. It was rational, capitalistic, all part of the plantation's design. "Each individual having a stated number of pounds of cotton to pick," a formerly enslaved worker, Henry Watson, wrote in 1848, "the deficit of which was made up by as many lashes being applied to the poor slave's back." Because overseers closely monitored enslaved workers' picking abilities, they assigned each worker a unique quota. Falling short of that quota could get you beaten, but overshooting your target could bring misery the next day, because the master might respond by raising your picking rate.

Profits from heightened productivity were harnessed through the anguish of the enslaved. This was why the fastest cotton pickers were often whipped the most. It was why punishments rose and fell with global market fluctuations. Speaking of cotton in 1854, the fugitive slave John Brown remembered, "When the price rises in the English market, the poor slaves immediately feel the effects, for they are harder driven, and the whip is kept more constantly going." Unrestrained capitalism holds no monopoly on violence, but in making possible the pursuit of near limitless personal fortunes, often at someone else's expense, it does put a cash value on our moral commitments.

Slavery did supplement white workers with what W. E. B. Du Bois called a "public and psychological wage," which allowed them to roam freely and feel a sense of entitlement. But this, too, served the interests of money. Slavery pulled down all workers' wages. Both in the cities and countryside, employers had access to a large and flexible labor pool made up of enslaved and free people. Just as in today's gig economy, day laborers during slavery's reign often lived under conditions of scarcity and uncertainty, and jobs meant to be worked for a few months were worked for lifetimes. Labor power had little chance when the bosses could choose between buying people, renting them, contracting indentured servants, taking on apprentices or hiring children and prisoners.

This not only created a starkly uneven playing field, dividing workers from themselves; it also made "all nonslavery appear as freedom," as the economic historian Stanley Engerman has written. Witnessing the horrors of slavery drilled into poor white workers that things could be worse. So they generally accepted their lot, and American freedom became broadly defined as the opposite of bondage. It was a freedom that understood what it was against but not what it was for; a malnourished and mean kind of freedom that kept you out of chains but did not provide bread or shelter. It was a freedom far too easily pleased.

In recent decades, America has experienced the financialization of its economy. In 1980, Congress repealed regulations that had been in place since the 1933 Glass-Steagall Act, allowing banks to merge and charge their customers higher interest rates. Since then, increasingly profits have accrued not by trading and producing goods and services but through financial instruments. Between 1980 and 2008, more

African-Americans preparing cotton for the gin at a plantation on Port Royal Island, S.C., in the 1860s.

Photograph by Timothy H. O'Sullivan, via the Library of Congress

than $6.6 trillion was transferred to financial firms. After witnessing the successes and excesses of Wall Street, even nonfinancial companies began finding ways to make money from financial products and activities. Ever wonder why every major retail store, hotel chain and airline wants to sell you a credit card? This financial turn has trickled down into our everyday lives: It's there in our pensions, home mortgages, lines of credit and college-savings portfolios. Americans with some means now act like "enterprising subjects," in the words of the political scientist Robert Aitken.

As it's usually narrated, the story of the ascendancy of American finance tends to begin in 1980, with the gutting of Glass-Steagall, or in 1944 with Bretton Woods, or perhaps in the reckless speculation of the 1920s. But in reality, the story begins during slavery.

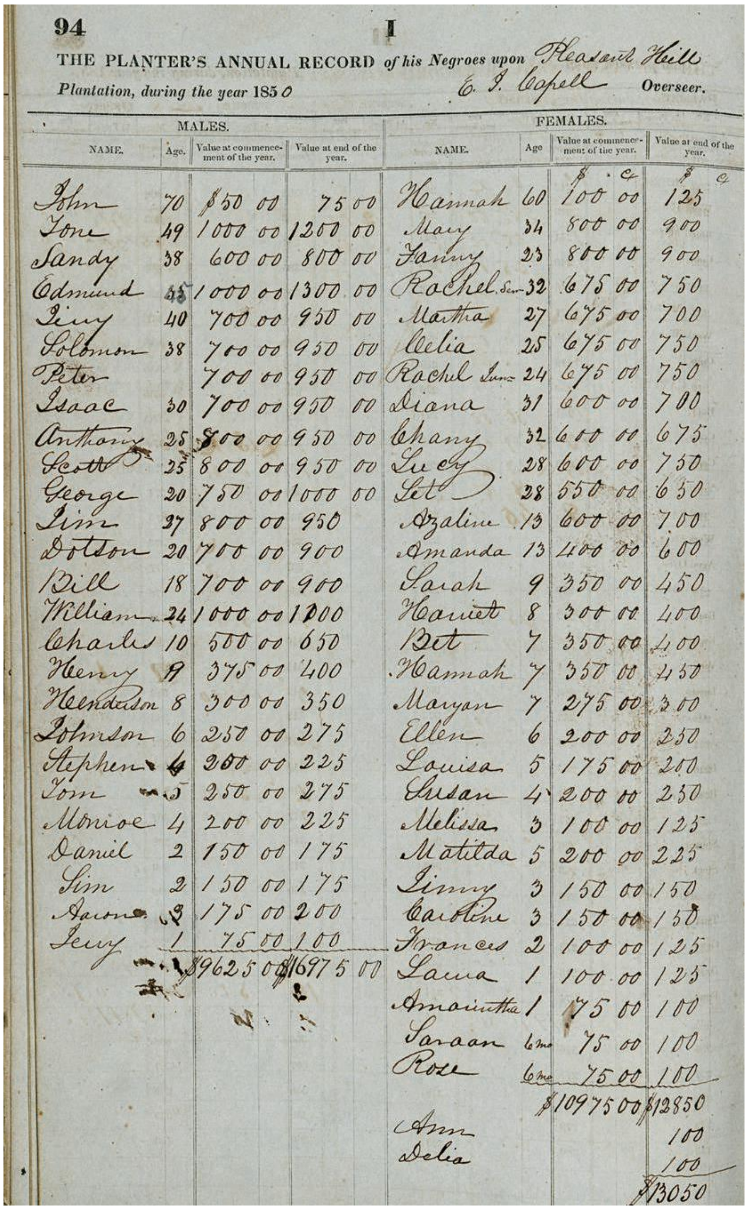
Consider, for example, one of the most popular mainstream financial instruments: the mortgage. Enslaved people were used as collateral for mortgages centuries before the home mortgage became the defining characteristic of middle America. In colonial times, when land was not worth much and banks didn't exist, most lending was based on human property. In the early 1700s, slaves were the dominant collateral in South Carolina. Many Americans were first exposed to the concept of a mortgage by trafficking in enslaved people, not real estate, and "the extension of mortgages to slave property helped fuel the development of American (and global) capitalism," the historian Joshua Rothman told me.

Or consider a Wall Street financial instrument as modern-sounding as collateralized debt obligations (C.D.O.s), those ticking time bombs backed by inflated home prices in the 2000s. C.D.O.s were the grandchildren of mortgage-backed securities based on the inflated value of enslaved people sold in the 1820s and 1830s. Each product created massive fortunes for the few before blowing up the economy.

Enslavers were not the first ones to securitize assets and debts in America. The land companies that thrived during the late 1700s relied on this technique, for instance. But enslavers did make use of securities to such an enormous degree for their time, exposing stakeholders throughout the Western world to enough risk to compromise the world economy, that the historian Edward Baptist told me that this can be viewed as "a new moment in international capitalism, where you are seeing the development of a globalized financial market." The novel thing about the 2008 foreclosure crisis was not the concept of foreclosing on a homeowner but foreclosing on millions of them. Similarly, what was new about securitizing enslaved people in the first half of the 19th century was not the concept of securitization itself but the crazed level of rash speculation on cotton that selling slave debt promoted.

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

When seeking loans, planters used enslaved people as collateral. Thomas Jefferson mortgaged 150 of his enslaved workers to build Monticello. People could be sold much more easily than land, and in multiple Southern states, more than eight in 10 mortgage-secured loans used enslaved people as full or partial collateral. As the historian Bonnie Martin has written, "slave owners worked their slaves financially, as well as physically from colonial days until emancipation" by mortgaging people to buy more people. Access to credit grew faster than Mississippi kudzu, leading one 1836 observer to remark that in cotton country "money, or what



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THE PLANTER'S ANNUAL RECORD of his Negroes upon Pleasant Hill Plantation, during the year 1850 E. J. Capell Overseer.

MALES.				FEMALES.			
NAME.	Age.	Value at commencement of the year.	Value at end of the year.	NAME.	Age	Value at commencement of the year. $ c	Value at end of the year. $ c
John	70	$50 00	75 00	Hannah	60	100 00	125
Tone	49	1000 00	1200 00	Mary	34	800 00	900
Sandy	38	600 00	800 00	Fanny	23	800 00	900
Edmund	45	1000 00	1300 00	Rachel Sen.	32	675 00	750
Jerry	40	700 00	950 00	Martha	27	675 00	700
Solomon	38	700 00	950 00	Celia	25	675 00	750
Peter		700 00	950 00	Rachel Jun.	24	675 00	750
Isaac	30	700 00	950 00	Diana	31	600 00	700
Anthony	25	800 00	950 00	Chany	32	600 00	675
Scott	25	800 00	950 00	Lucy	28	600 00	750
George	20	750 00	1000 00	Let	28	550 00	650
Jim	37	800 00	950	Azaline	13	600 00	700
Dotson	20	700 00	900	Amanda	13	400 00	600
Bill	18	700 00	900	Sarah	9	350 00	450
William	24	1000 00	1200	Harriet	8	300 00	400
Charles	10	500 00	650	Bet	7	350 00	400
Henry	9	375 00	400	Hannah	7	350 00	450
Henderson	8	300 00	350	Maryan	7	275 00	300
Johnson	6	250 00	275	Ellen	6	200 00	250
Stephen	4	200 00	225	Louisa	5	175 00	200
Tom	5	250 00	275	Susan	4	200 00	250
Monroe	4	200 00	225	Melissa	3	100 00	125
Daniel	2	150 00	175	Matilda	5	200 00	225
Sim	2	150 00	175	Jinny	3	150 00	150
Aaron	3	175 00	200	Caroline	3	150 00	150
Jerry	1	75 00	100	Frances	2	100 00	125
		$9625 00	$16975 00	Laura	1	100 00	125
				Amaintha	1	75 00	100
				Saraan	6mo	75 00	100
				Rose	6mo	75 00	100
						$10975 00	$12850
				Ann			100
				Delia			100
							$13050

An 1850 inventory of enslaved people from the Pleasant Hill Plantation in Mississippi.

From Louisiana And Lower Mississippi Valley Collections, Louisiana State University Libraries, Baton Rouge, Louisiana.

passed for money, was the only cheap thing to be had."

Planters took on immense amounts of debt to finance their operations. Why wouldn't they? The math worked out. A cotton plantation in the first decade of the 19th century could leverage their enslaved workers at 8 percent interest and record a return three times that. So leverage they did, sometimes volunteering the same enslaved workers for multiple mortgages. Banks lent with little restraint. By 1833, Mississippi banks had issued 20 times as much paper money as they had gold in their coffers. In several Southern counties, slave mortgages injected more capital into the economy than sales from the crops harvested by enslaved workers.

Global financial markets got in on the action. When Thomas Jefferson mortgaged his enslaved workers, it was a Dutch firm that put up the money. The Louisiana Purchase, which opened millions of acres to cotton production, was financed by Baring Brothers, the well-heeled British commercial bank. A majority of credit powering the American slave economy came from the London money market. Years after abolishing the African slave trade in 1807, Britain, and much of Europe along with it, was bankrolling slavery in the United States. To raise capital, state-chartered banks pooled debt generated by slave mortgages and repackaged it as bonds promising investors annual interest. During slavery's boom time, banks did swift business in bonds, finding buyers in Hamburg and Amsterdam, in Boston and Philadelphia.

Some historians have claimed that the British abolition of the slave trade was a turning point in modernity, marked by the development of a new kind of moral consciousness when people began considering the suffering of others thousands of miles away. But perhaps all that changed was a growing need to scrub the blood of enslaved workers off American dollars, British pounds and French francs, a need that Western financial markets fast found a way to satisfy through the global trade in bank bonds. Here was a means to profit from slavery without getting your hands dirty. In fact, many investors may not have realized that their money was being used to buy and exploit people, just as many of us who are vested in multinational textile companies today are unaware that our money subsidizes a business that continues to rely on forced labor in countries like Uzbekistan and China and child workers in countries like India and Brazil. Call it irony, coincidence or maybe cause — historians haven't settled the matter — but avenues to profit indirectly from slavery grew in popularity as the institution of slavery itself grew more unpopular. "I think they go together," the historian Calvin Schermerhorn told me. "We care about fellow members of humanity, but what do we do when we want returns on an investment that depends on their bound labor?" he said. "Yes, there is a higher consciousness. But then it comes down to: Where do you get your cotton from?"

Banks issued tens of millions of dollars in loans on the assumption that rising cotton prices would go on forever. Speculation reached a fever pitch in the 1830s, as businessmen, planters and lawyers convinced themselves that they could amass real treasure by joining in a risky game that everyone seemed to be playing. If planters thought themselves invincible, able to bend the laws of finance to their will, it was most likely because they had been granted authority to bend the laws of nature to their will, to do with the land and the people who worked it as they pleased. Du Bois wrote: "The mere fact that a man could be, under the law, the actual master of the mind and body of human beings had to have disastrous effects. It tended to inflate the ego of most planters beyond all reason; they became arrogant, strutting, quarrelsome kinglets." What are the laws of economics to those exercising godlike power over an entire people?

We know how these stories end. The American South rashly overproduced cotton thanks to an abundance of cheap land, labor and credit, consumer demand couldn't keep up with supply, and prices fell. The value of cotton started to drop as early as 1834 before plunging like a bird winged in midflight, setting off the Panic of 1837. Investors and creditors called in their debts, but plantation owners were underwater. Mississippi planters owed the banks in New Orleans $33 million in a year their crops yielded only $10 million in revenue. They couldn't simply liquidate their assets to raise the money. When the price of cotton tumbled, it pulled down the value of enslaved workers and land along with it. People bought for $2,000 were now selling for $60. Today, we would say the planters' debt was "toxic."

Because enslavers couldn't repay their loans, the banks couldn't make interest payments on their bonds. Shouts went up around the Western world, as investors began demanding that states raise taxes to keep their promises. After all, the bonds were backed by taxpayers. But after a swell of populist outrage, states decided not to squeeze the money out of every Southern family, coin by coin. But neither did they foreclose on defaulting plantation owners. If they tried, planters absconded to Texas (an independent republic at the time) with their treasure and enslaved work force. Furious bondholders mounted lawsuits and cashiers committed

The Daily Lies

COLOR OF CHANGE

WINNING JUSTICE
THE PROSECUTOR PROJECT

VOL. COC...No. 55,727 UNITED STATES OF AMERICA, 2019

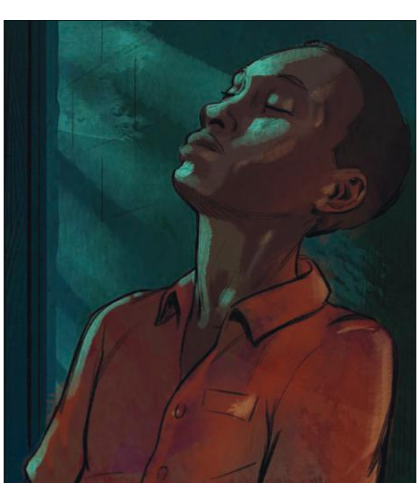
BLACK PEOPLE ARE FREE

CORRECTION: IN NEW YORK AND NATIONALLY, BLACK AND BROWN PEOPLE BEAR A DISPROPORTIONATE BURDEN FOR AN UNJUST CRIMINAL JUSTICE SYSTEM. THIS IS NOT FREEDOM, BUT YOU CAN FIGHT FOR THE CHANGE WE NEED TO SEE.

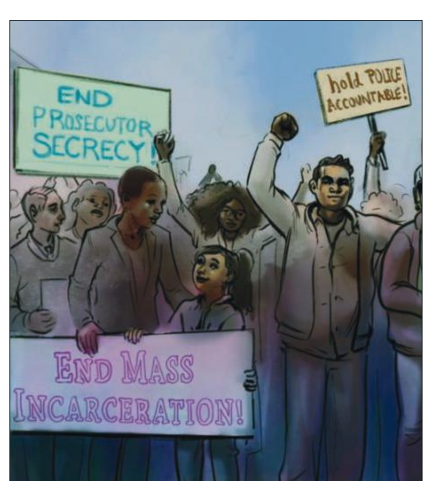
BY COLOR OF CHANGE

CORRUPT PROSECUTORS ARE SELLING OFF THE FREEDOM OF BLACK PEOPLE WITH THE PREDATORY MONEY BAIL SYSTEM, FUELING MASS INCARCERATION.

BLACK AND BROWN IMMIGRANTS ARE BEING RIPPED FROM THEIR FAMILIES.



200K BLACK AND BROWN KIDS ARE CAUGHT UP IN THE ADULT CRIMINAL JUSTICE SYSTEM EVERY YEAR.



Color Of Change is fighting for an America that values Black lives.

Through 2020, and beyond, we are building and using our collective power to hold prosecutors accountable to transform the criminal justice system.

Join our fight, make your voice heard and be part of history

JOIN US TO BE PART OF HISTORY.

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Illustrated by Simon Ampel

suicide, but the bankrupt states refused to pay their debts. Cotton slavery was too big to fail. The South chose to cut itself out of the global credit market, the hand that had fed cotton expansion, rather than hold planters and their banks accountable for their negligence and avarice.

Even academic historians, who from their very first graduate course are taught to shun presentism and accept history on its own terms, haven't been able to resist drawing parallels between the Panic of 1837 and the 2008 financial crisis. All the ingredients are there: mystifying financial instruments that hide risk while connecting bankers, investors and families around the globe; fantastic profits amassed overnight; the normalization of speculation and breathless risk-taking; stacks of paper money printed on the myth that some institution (cotton, housing) is unshakable; considered and intentional exploitation of black people; and impunity for the profiteers when it all falls apart — the borrowers were bailed out after 1837, the banks after 2008.

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

Municipal Bonds: How Slavery Built Wall Street

By Tiya Miles

While "Main Street" might be anywhere and everywhere, as the historian Joshua Freeman points out, "Wall Street" has only ever been one specific place on the map. New York has been a principal center of American commerce dating back to the colonial period — a centrality founded on the labor extracted from thousands of indigenous American and African slaves.

Desperate for hands to build towns, work wharves, tend farms and keep households, colonists across the American Northeast — Puritans in Massachusetts Bay, Dutch settlers in New Netherland and Quakers in Pennsylvania — availed themselves of slave labor. Native Americans captured in colonial wars in New England were forced to work, and African people were imported in greater and greater numbers. New York City soon surpassed other slaving towns of the Northeast in scale as well as impact.

Founded by the Dutch as New Amsterdam in 1625, what would become the City of New York first imported 11 African men in 1626. The Dutch West India Company owned these men and their families, directing their labors to common enterprises like land clearing and road construction. After the English Duke of York acquired authority over the colony and changed its name, slavery grew harsher and more comprehensive. As the historian Leslie Harris has written, 40 percent of New York households held enslaved people in the early 1700s.

New Amsterdam's and New York's enslaved put in place much of the local infrastructure, including Broad Way and the Bowery roads, Governors Island, and the first municipal buildings and churches. The unfree population in New York was not small, and their experience of exploitation was not brief. In 1991, construction workers uncovered an extensive 18th-century African burial ground in Lower Manhattan, the final resting place of approximately 20,000 people.

And New York City's investment in slavery expanded in the 19th century. In 1799 the state of New York passed the first of a series of laws that would gradually abolish slavery over the coming decades, but the investors and financiers of the state's primary metropolis doubled down on the business of slavery. New Yorkers invested heavily in the growth of Southern plantations, catching the wave of the first cotton boom. Southern planters who wanted to buy more land and black people borrowed funds from New York bankers and protected the value of bought bodies with policies from New York insurance companies. New York factories produced the agricultural tools forced into Southern slaves' hands and the rough fabric called "Negro Cloth" worn on their backs. Ships originating in New York docked in the port of New Orleans to service the trade in domestic and (by then, illegal) international slaves. As the historian David Quigley has demonstrated, New York City's phenomenal economic consolidation came as a result of its dominance in the Southern cotton trade, facilitated by the construction of the Erie Canal. It was in this moment — the early decades of the 1800s — that New York City gained its status as a financial behemoth through shipping raw cotton to Europe and bankrolling the boom industry that slavery made.

In 1711, New York City officials decreed that "all Negro and Indian slaves that are let out to hire . . . be hired at the Market house at the Wall Street Slip." It is uncanny, but perhaps predictable, that the original wall for which Wall Street is named was built by the enslaved at a site that served as the city's first organized slave auction. The capital profits and financial wagers of Manhattan, the United States and the world still flow through this place where black and red people were traded and where the wealth of a region was built on slavery.