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