

# Free enterprise and the economics of slavery<sup>1</sup>

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Of the many contradictions we witness between fact and fiction, few would rank more significant today than the contradiction between the small town image commonly used to represent the essence of free enterprise and the real context of early capitalism—the Atlantic trade among the peoples of Europe, Africa, and the Americas. Here is the fiction:

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self-interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.<sup>2</sup>

Such a context is not so difficult to imagine. Small shop owners provide different goods to each other, and the best way of doing this is for each to be guided by one's self-interest, since in this intimate setting, it is certainly in one's self-interest to provide a good product at a good price. How nice that we so easily do what is best for us and it turns out best for our neighbors.

The reality of commerce when Adam Smith was composing *The Wealth of Nations* was something else. The center of this trade was not the town square, but the Atlantic Ocean, which was used for the trafficking of millions of captive Africans to the Americas and the trafficking of American grown sugar and tobacco to the Europeans, as well as the Europeans sending other products and services—such as credit and weapons—that went along with the development of any empire. The “success” of early British economics, in other words, was not so much the result of small town exchanges as the result of the economic connections among Europe, Africa, and America.

Robin Blackburn estimates that of the 21 million Africans enslaved between 1700 and 1850, nine million slaves were delivered to the Americas, 5 million were lost during the passage, and another 11 million were enslaved in Africa.<sup>3</sup> The numbers are astonishing. In fact, more Africans than Europeans settled in the Americas during the seventeenth and early eighteenth century.

Indeed, in every year from about the mid-sixteenth century to 1831, more Africans than Europeans quite likely came to the Americas, and not until the second wave of mass migration began in the 1880s did the sum of net European immigration start to match and then excel the cumulative influx from Africa . . . . In terms of immigration alone, then, America was an extension of Africa rather than Europe until late in the nineteenth century.<sup>4</sup>

True, one finds slavery in earlier historical periods, but the Atlantic-based slavery was unique. For the first time, slavery was an integral part of the global economy. Yes, the Romans had many slaves, but they became slaves mostly due to conquest. As Blackburn writes: “One

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<sup>1</sup> From Marvin T. Brown, [Civilizing the Economy: A New Economics of Provision](#), to be published by Cambridge University Press in April 2010.

<sup>2</sup> Adam, Smith *The Wealth of Nations*, ed. Edwin Cannan (New York: The Modern Library, Random House, 1994), p. 15.

<sup>3</sup> Robin Blackburn *The Making of New World Slavery: from the Baroque to the Modern, 1492-1800*. (London New York: Verso, 1998), p. 388

<sup>4</sup> Quoted in Ronald Bailey “The Slave(ry) Trade and the Development of Capitalism in the United States: The textile Industry in New England,” *Social Science History*, Vol. 14, No. 3. (Autumn, 1990), pp. 373-414, p. 377

might say that many Roman slaves were sold because they had been captured, while many African slaves entering the Atlantic trade had been captured so that they might be sold.”<sup>5</sup>

In the commercial world of the Atlantic, slavery was an economic institution. This conclusion has been carefully documented in Eric Williams’s book, *Capitalism and Slavery*.<sup>6</sup> He traces the history of the plantations in the British West Indies from first using indigenous slaves and then indentured servants brought from Europe. As the plantations grew and needed more labor, and as indentured servants heard of the hard times on the plantations, and refused to volunteer to move there, there rose the need for another source of labor, and African slaves were chosen. The origin of Negro slavery, Williams writes, “was economic, not racial; it had to do not with the color of the laborer, but the cheapness of the labor.”<sup>7</sup> Only later, as whites became afraid of slave rebellions, did they begin to see Africans as racially inferior. As Williams says. “Slavery was not born of racism; rather, racism was the consequence of slavery.”<sup>8</sup>

Although Williams’s work has not been included in the canon of contemporary Anglo-American economics, recent scholarship has confirmed what has become known as the Williams thesis; namely, that slavery was essentially economic. Blackburn, for example, supports this thesis by describing how the sugar plantations in the West Indies were not just institutions of agriculture, but also commercial institutions:

The plantation evidently belonged to the world of manufacture as much as to that of commercial agriculture. The plantation crops, especially sugar and indigo, required elaborate processing, and both permitted and required the intensive exploitation of labour. . . . On the productive side, the plantation required the coordinated and meticulously timed activities of between 10 and 300 workers. Specialist slaves, working long hours but receiving some small privileges, came to work in the responsible positions in the sugar works, as planters discovered that this was cheaper than hiring specialized employees.<sup>9</sup>

Plantations, in other words, were part and parcel of the economic system that created the wealth that Adam Smith enjoyed when he was collecting material for his book *The Wealth of Nations*. Instead of telling us this history, which he knew not only because he would have witnessed it as a resident of Glasgow, but also because he met for years with the Glasgow merchants of tobacco, he tells us the story of the butcher, brewer, and the baker.

This image of economics, and others like it, such as the invisible hand or the “natural” dynamics of markets, has dominated the past decades of Anglo-American economics. The combination of Smith not telling us how wealth was actually created in his city, and of supplying images of commerce that left no room for such stories, created a legacy of market optimism that continues to shield us from seeing how the economy really functions today.

It is truly amazing that in the many current books on Adam Smith’s political philosophy, his ethics, and even his economics, one finds a total absence of reference to the Glasgow tobacco lords, or to the slave-based tobacco trade.<sup>10</sup> After all, one of the first

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<sup>5</sup> Blackburn, *The Making of New World Slavery*, p. 11

<sup>6</sup> Eric Williams *Capitalism & Slavery with a New Introduction* Colin A. Palmer (Chapel Hill & London: The University of North Carolina Press, 1994.

<sup>7</sup> *Ibid.* p. 19.

<sup>8</sup> *Ibid.* p. 7.

<sup>9</sup> Blackburn, *The Making of New World Slavery*, p. 333-334.

<sup>10</sup> Recent examples of such studies on Smith are Jerry Evensky *Adam Smith’s Moral Philosophy: A Historical and Contemporary Perspective on Markets, Law, Ethics, and Culture* (New York: Cambridge

principles of understanding a text is to understand the context in which it was written. It is as if Smith's context was as invisible as his "invisible hand" of the market. Still, one must admit that if one only studied the written text, one would not know that the "opulence" Smith enjoyed in Glasgow came largely from the exploitation of the kidnapped Africans who labored on tobacco plantations in Virginia and Maryland. As a consequence of not knowing this story, or at least not admitting it, Smith's economics have been used as the basis for believing that an unfettered market economy promotes human freedom.

Two writers who played leading roles in the recent popularizing of Smith were Milton Friedman and Michael Novak. Friedman proposed in his book with the apt title, *Capital and Freedom*, that Smith's "invisible hand" of the market system had been more "potent for progress" than the visible hand of government.<sup>11</sup> Michael Novak gave expression to Smith's influence in his thinking with the following formulation of Smith's vision:

Adam Smith's hope was that the self-love of human beings might be transformed into a social system which benefited all as no other system had ever done. Thus his purpose in granting human self-interest its due was to transform it into a system of order, imagination, initiative, and progress for all. . . Each individual would then participate in a good society, in such a way that his self-love would come to include the whole.<sup>12</sup>

In Friedman and Novak, one finds an optimistic economics that proposes that if we would just mind our own business, so to speak, market forces will provide us with the prosperity we desire. This message found its political voice in Ronald Reagan's 1980 campaign for the Presidency, where he contrasted his message of optimism and promised prosperity to Jimmy Carter's message of difficult challenges and the need for sacrifices. He won. "Reganomics," and in Great Britain "Thatcherism," became the basic economic framework for the policies of the final decades of the last century, providing the ideology for such influential organizations as the World Bank, the International Monetary Fund, and the World Trade Organization. The recent chair of the Federal Reserve, Alan Greenspan, continues this praise of Smith. Just before the advent of the financial disaster that continues to threaten our global community, he wrote in his autobiography:

It is striking to me that our ideas about the efficacy of market competition have remained essentially unchanged since the eighteenth-century Enlightenment, when they first emerged, to a remarkable extent, largely from the mind of one man, Adam Smith.<sup>13</sup>

Now we know that Greenspan's comment was more germane than he probably intended. Smith's ideas did emerge largely from his mind, rather than from the data that was available to him in the city of Glasgow. This is also somewhat true of Benjamin Friedman's use of Smith in his arguments for a positive relationship between economic growth and morality. In his book, *The Moral Consequences of Economic Growth*, Friedman writes of Smith's *The Wealth of Nations*.

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University Press, 2005), Samuel Fleischacker *On Adam Smith's Wealth of Nations: A philosophical Companion* (Princeton and Oxford: Princeton University Press, 2004), and Deirdre N. McCloskey *The Bourgeois Virtues: Ethics for An Age of Commerce* (Chicago and London: University of Chicago Press, 2006).

<sup>11</sup> Milton Friedman *Capitalism and Freedom* (Chicago and London: The University of Chicago Press, 1982), p. 200

<sup>12</sup> Michael Novak *The Spirit of Democratic Capitalism* (New York: Simon & Schuster Publication, 1982), p. 149

<sup>13</sup> Alan Greenspan *The Age of Turbulence: Adventures in a New World* (New York: The Penguin Press, 2007), p. 260.

For the first time people saw the possibility of acquiring wealth in a way that need not be inherently exploitive. At the individual level, the idea of voluntary exchange was that in any transaction both parties expected to come out ahead. But the same point applied even more strikingly at the level of the entire society. The route to national wealth was commerce, not conquest.<sup>14</sup>

Was the enslavement of millions of Africans not conquest? Was the occupation of and the extermination of native peoples merely commerce? What a mind-twisting game. It is time to repair this disconnect between the image of commerce we have inherited from *The Wealth of Nations* and the reality of the context in which this book was written, which was the world of the Atlantic slave trade. Part of the repair requires that we fully understand the economic aspects of slavery.

Today, of course, one is more likely to focus on the role of slavery in the development of racism in the United States than on its role in our economic development. My intention is certainly not to minimize the reality of racism, or to obscure the structures of white privilege. Still, if we are to understand the economy that continues to drive us toward an unsustainable future, we must recognize the role of slavery at the very beginning of its development. Part of the difficulty in seeing this clearly is the shifts in the seventeenth and eighteenth centuries between a political and an economic view of slavery, which we will sort out in the rest of this essay. We begin with the case of John Locke, who many consider the political philosopher behind the United States' Declaration of Independence.

### **The Case of John Locke**

John Locke lived in the seventeenth, not the eighteenth century. British slavery was much more in the Caribbean than in North America. Still, in terms of the Atlantic slave trade, Locke was actually much more involved than Adam Smith. Although many of us learned about John Locke as a philosopher, he was an investor in the Royal Africa Company (the British slave trading business) as well as from 1673 to 1675 the Secretary of the Council of Trade and Plantations. So on the one hand, he argued for, as it is stated in the Declaration of Independence, man's "inalienable rights of life, liberty, and the pursuit of happiness," and on the other hand, he was deeply involved in the commerce of slavery. He actually invested his money in the business of buying and selling of slaves. How are we to understand this? I think it makes sense only if we separate the "economic" from the political or moral view of slavery. Locke never competed this separation, but he laid the groundwork for it, and that is what we need to understand.

In his *Second Treatise of Government*, Locke is clear that no man can become a slave of another except as a result of war.

But there is another sort of servants, which by a peculiar name we call slaves, who being captives taken in a just war, are by the right of nature subjected to the absolute dominion and arbitrary power of their masters. These men having, as I say, forfeited their lives, and with it their liberties, and lost their estates; and being in the state of slavery, not capable of any property, cannot in that state be considered as any part of civil society; the chief end whereof is the preservation of property.<sup>15</sup>

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<sup>14</sup> Benjamin M. Friedman *The Moral Consequences of Economic Growth* (New York: Vintage Books, 2007), p. 39

<sup>15</sup> John Locke *Second Treatise of Government*, ed. C.B. Macpherson (Hackett Publishing Company, Inc., 1980), p. 46

If the only slavery that could be justified was the slavery that was the result of a just war, then why did Locke invest his money in the trading of slaves and serve on the Committee on Trade and Plantations, which supervised the slave trade? Surely the large-scale assaults on African communities to kidnap millions of men and women could hardly be described as a “just war.” So how could Locke justify his investments in the slave trade?

One possibility is that Locke turned away from the question to how Africans became slaves and focused only on the slave trade itself? If he separated the capture of Africans and their enslavement from the buying and selling of slaves—the slave trade—then he could invest in such trade, because the captured Africans were already slaves. To explore this possibility of understanding Locke’s behavior, we can review his view of the relationship between property and government.

In his introduction to John Locke’s *Second Treatise of Government*, C.B. Macpherson writes that what is unique about Locke’s arguments in the context of the seventeenth-century debates about the role of government was his theory of property and property rights.<sup>16</sup> Locke’s theory of property begins with his imagined state of nature:

Though the earth, and all inferior creatures, be common to all men, yet every man has a *property* in his own person: this no body has any right to but himself. The *labour* of his body, and the *work* of his hands, we may say, are properly his. Whatsoever then he removes out of the state that nature hath provided, and left it in, he hath mixed his *labour* with, and joined to it something that is his own, and thereby makes it his *property*. It being by him removed from the common state nature hath placed it in, it hath by this labour something annexed to it, that excludes the common right of other men; for this labour being the unquestionable property of the laborer, no man but he can have a right to what that is once joined to, at least where there is enough, and as good, left in common for others.<sup>17</sup>

The question behind this statement is how does a property owner get to own property. Locke’s answer is that we gain ownership through improvement of the land. Property is something one acquires through labor, such as when one cultivates a field. European settlers certainly occupied land in the Americas in this manner, and it seems like Locke must have had such experiences in mind. There certainly was no unsettled land in England. In fact, the enclosure movements in England forced peasants off the land so the owners could treat it as their private property. Still, this idea of mixing labour with land to acquire property does not seem to help us understand Locke’s view of slavery. We need to add a couple more of Locke’s ideas to see the connections and the disconnections.

This acquisition of property through labor occurred in what he called the state of nature, which was prior to the formation of civil society and government. In the state of nature, property owners only collected as much as they could use or supervise, which was quite limited, until the introduction of money. Money allowed property owners to buy more land than they could cultivate themselves, and this land, through purchase, also became their property. Locke does not develop his ideas about money very much, but he does argue that it gives owners the opportunity to enlarge their possessions. Money, for Locke, also belongs to the state of nature, so there is no question here of it belonging to government. It exists prior to government.

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<sup>16</sup> C.B. Macpherson “Introduction,” John Locke *Second Treatise of Government*, ed. C.B. Macpherson (Hackett Publishing Company, Inc., 1980), p. xvi.

<sup>17</sup> Locke, *Second Treatise*, p. 18

The final piece of the small Lockean puzzle we are creating here is the piece that states his belief about the formation of civil society and government. Because owners in the state of nature cannot feel secure without protection of their property, Locke believes that they formed a “Commonwealth” where in they gave up some of their freedoms in exchange for the protection of their property.

So how did slaves owners acquire slaves in the Americas? Locke never tells us. He knew they were shipped on slave ships from Africa. He knew they were then sold on auction blocks in the Americas. They were bought and sold. To participate in these market transactions, of course, one needed money, which was available in Locke’s version of the state of nature. So here is Locke’s dissociative economics. As a political philosopher, he believes that the only justification of slavery is the choice of the victors of war to enslave rather than to kill their victims. He also believes that the most precious thing we have is our property, which he understands as “life, liberty and estate.”<sup>18</sup> For Locke, “life, liberty, and estate,” are properties. Property is not a thing for him, but really a kind of self-possession. Property, in other words, is the basis for human freedom. For Locke, slaves have lost their property. They have become the property of the property owner. And this is not the result of war, but the result of a market transaction. Slavery, in other words, perhaps for the first time, was solely an economic institution.

Or so it would seem. It actually depended on where the slaves were. On the British Isles, the buying and selling of persons was not supported by British law. In the British colonies, on the other hand, slavery was legal. This difference needs an explanation.

### **Slavery in Eighteenth Century Britain**

It is well known that Adam Smith was against slavery. This is actually not so unusual for a Scottish intellectual of the eighteenth century. Scotland, and even the whole of Britain, did not tolerate slavery. As Blackburn points out, by the end of the sixteenth century, there were very few slaves left in Europe.<sup>19</sup> In fact, emerging out of the late middle ages was the so-called doctrine of “free air.” Perhaps originating in some of the new towns, the idea was expressed in a 1569 court of common law: “England was too pure an air for slaves to breathe in.”<sup>20</sup> This doctrine was also used in a 1762 court case of *Shanely v. Harvey*: It stated: “As soon as a man sets foot on English ground he is free: a negro man maintains an action against his master for ill usage, and may have a Habeas Corpus if restrained of his liberty.”<sup>21</sup>

Ten years later, in the famous *Somerset* case, Lord Mansfield ruled that slavery was not supported by natural or common law. This case involved James Somerset, who had been brought from Jamaica to England as a slave. He escaped, and was captured by his owner and placed on a ship to be returned to Jamaica. The courts intervened and Justice Mansfield ruled that slavery was so odious that nothing but positive law could support it. In other words, slavery could not be supported by natural or any higher law, but only positive or in this case property law.

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<sup>18</sup> *Ibid.* p. 46

<sup>19</sup> Blackburn, *The Making of New World Slavery*, p. 62

<sup>20</sup> Charles P.M. Outwin “Securing the Leg Irons: Restriction of Legal Rights for Slaves in Virginia and Maryland, 1625-1791,” *Early American Review*, (Winter, 1996), p. 14 retrieved from [www.earlyamerica.com/review/winter96/slavery.html](http://www.earlyamerica.com/review/winter96/slavery.html)

<sup>21</sup> Wright *Slavery and American Economic Development*, 35-36

Another case that was quite similar to the Somerset case involved Adam Smith's mentor and colleague, Lord Kames. An African born slave, Joseph Knight, who had been bought in Jamaica by John Wedderburn, was brought to Scotland in 1769. Three years later, Knight heard about the Mansfield decision that slavery was contrary to the laws of England, and asked for back wages for the work he had done for free. His master refused, Knight ran away, and then was captured. The case passed through the lower courts and ended up at the Supreme Court of Scotland, the Court of Session in Edinburgh. This Court, with Lord Kames as one of the justices on the bench, ruled that Knight should be free. Their argument was clear: "No man is by nature the property of another."<sup>22</sup>

Adam Smith must have known about these cases, although there is no mention of them in *The Wealth of Nations*. There is another story that actually involved the Scottish Highlanders that is also missing from Smith's writings on slavery, which is the story of the settlement of the colony of Georgia.

In 1739, Thomas Oglethorpe was granted a trusteeship of the land between the Carolinas and Florida to create a buffer zone between the British colonies and Spanish Florida. It was to be a free colony without slaves. Oglethorpe enlisted 250 Scottish highlanders to settle in Darien, which was named after an earlier failed attempt by the Scots to have their own colony. The highlanders were selected because of their fighting capacity to guard the border between the British and the Spanish. In 1739, they signed a petition against slavery, branding it a sin and "shocking to human nature."<sup>23</sup> The slave free colony did not last, however, and by 1748, slaves were being sold on Savannah streets. Oglethorpe returned to England, and wrote a letter to David Hume, a friend of Adam Smith, disagreeing with Hume's assertion that dark-skinned people were genetically inferior to Europeans. His protests did not block the slave trade, but the story of the Scottish Highlanders in Georgia does help us recognize the diversity of opinion in the period when Smith was writing about the wealth of nations. These views, however, had little impact on the growth of slavery in the eighteenth century global economy. In the Americas, slavery was something else than it was in Britain.

### **Slavery in the Americas**

In the British colonies, the colonists did not obey the same laws as those at home. In fact, colonists justified slavery by appealing to Roman law instead of the English common law tradition. Not the laws of nature or the common law, but only statutory law, in other words, protected a person's right to his property—to his slaves.

The slave status in the Americas was defined by two core features—namely that slaves were private property and that, after a while, only those of African descent were enslaved. The most important feature fixing slave identity in the Americas was the property regime and appropriate title deeds. The Roman *jus gentium* and its acceptance of private property in persons furnished elements of a model in all the slave colonies. But running it a close second was dark skin pigmentation; the terms back, negre or Negro were used interchangeable with that of slave. The presence of

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<sup>22</sup> Quoted in Arthur Herman *How the Scots Invented the Modern World* (New York: Three Rivers Press, 2001), p.105.

<sup>23</sup> Blackburn, *The Making of New World Slavery*, p. 464

some free people of colour could still allow for the assumption that blacks were slaves, a circumstance which affected the outlook of even colored slaveholders.<sup>24</sup> The position was tragically displayed in the famous trial involving the slave ship named *Zong*. In 1781, the captain of the *Zong* ordered his crew to throw 133 slaves overboard to their deaths. Many of them were sick because of their treatment during the voyage. The owner of the ship then made an insurance claim to be compensated for his loss of property. It turns out that the reason the slaves were killed was that if they had died of natural causes, such as illness, the insurers would not pay. If they were thrown overboard to save the ship, the insurers would. So the ship's captain claimed that there was a shortage of water on board, but it was later discovered that was not true. The ensuing trial was not about murdering slaves, but about insurance fraud. The insurers won the case. From an economic point of view, slaves are property.

As time passed, slaves were not only property for the plantation owners, but also the means of creating more property. According to Allan Kulikoff:

Once slaves achieved natural increase, masters no longer had to buy slaves to expand their labor force. Mid-eighteenth-century slave-owners, then, possessed both the means of production (land and slaves) and the means of reproduction of the means of production. The more slaves one owned, the more one would eventually possess, and the wealthier one would become.<sup>25</sup>

To increase one's wealth through the increase in size of slave families seems odious to us today, and yet at the time, the possession of slaves was a sign of financial success.

At the center of this world were the privileges of ownership, which gave property owners the means to create a "civilized" world. In a slave society, Kulikoff explains:

Only slaveholders, moreover, possessed high social standing: The custom of the country is such" wrote a Baptist minister, "that without slaves, a man's children stand but a poor chance to marry in reputation," or even according to another commentator, "to appear in polite company."<sup>26</sup>

This slave-based culture was the foundation for the economic growth of the slave states in the eighteenth and nineteenth centuries. Furthermore, even industrial development of the northern states depended on the slave production in the southern states and in the West Indies. As Gavin Wright points out: "As late as 1768-1772, the British West Indies were the largest single market for northern-colony commodity exports, accounting for more than half the overall total and dominating sales of such items as wood products, fish, and meat."<sup>27</sup> The famous textile mills of New England, in other words, were as involved in the economics of slavery as were the various industries in Scotland that exported their products to American plantations.

Perhaps no one recognized the economic aspect of slavery more than Abraham Lincoln. In a 1860 speech in Hartford Connecticut, Lincoln said:

The entire value of the slave population of the United States is, at a moderate estimate, not less than \$2,000,000,000. This amount of property has a vast influence upon the minds of those who own it. The same amount of property owned by Northern men has the same influence on their minds. . . Public opinion is formed relative to a property basis. Therefore the slaveholders battle any policy that

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<sup>24</sup> Blackburn, p. 563

<sup>25</sup> Allan Kulikoff *Tobacco and Slaves: The Development of Southern Cultures in the Chesapeake, 1680-1800* (Chapel Hill and London: University of North Carolina Press, 1986), p. 381-382

<sup>26</sup> *Ibid.* 382.

<sup>27</sup> Wright, *Slavery and American Economic Development*, p. 30



depreciates their slaves as property. What increases the value of this property, they favor.<sup>28</sup>

After the civil war, of course, slavery was abolished in the United States, but the structures of white privilege that were built on the economics of slavery remain with us. The privilege is essentially the same as when slaves were the providers of wealth for the tobacco plantation owners and the tobacco lords in Glasgow—the privilege of ignoring the plight of others who continually work to make our clothes, clean our offices, and provide us with the necessities of life.

This is not to suggest that slavery was instituted to meet basic human needs. In fact, the opposite was the case. It should not escape our attention that the reason for the enslavement of millions in the Atlantic globalization was for the production of such “luxury” products as tobacco and sugar. Especially tobacco, the product that enriched Adam Smith’s friends, the tobacco lords of Glasgow, was a controversial product even then, as well as today. As Blackburn points out, the use of tobacco was disapproved of in Europe in the sixteenth century.<sup>29</sup> Through shrewd marketing, it became, in Blackburn’s words: “the first exotic luxury to become an article of mass consumption.”<sup>30</sup>

Would it have made a difference if slaves had been used for national defense or to supply primary goods such as food or housing? Not really. Here is another truth at the very core of capitalism, it does not matter what the product is or what harm it does, the only question is whether there is a profit in producing it. This is part of the freedom of free enterprise. In a property-based economy, all property is gray, whether it rests in the misery of slaves or the deadly risks of smoking tobacco. Any regulation of property is seen as an attack on free enterprise. This is also an economic view that continually uses Adam Smith’s *The Wealth of Nations* to buttress its position. Smith, of course, did not create this world, but his work does aptly illustrate it.

### **Adam Smith’s Economics of Property**

Adam Smith never visited the Americas. It is hard to know how much he knew about the plight of slaves on the tobacco or sugar plantations, or how much his readers wanted to know. We do know that he knew a lot more than he told about the role of slaves in the creation of the wealth of Glasgow, and especially the wealth of the Glasgow tobacco lords. In a sense, his views about slavery repeat those of John Locke. Slaves in the Americas were not the result of war, but of purchase. They belonged not in the realm of politics, but of economics. In this sense, the slave trade was quite unique in terms of its justification. As we have already noticed, John Locke did not have a theory that justified slavery in the colonies. Adam Smith does. At least it seems that he does. It is the Enlightenment’s theory of human evolution—the four stages of history.

The four stages—stages of human communities from hunting, to shepherding, to farming, and finally to trading or commercial society—had been widely used in various forms before Smith employed them in his writings. The Scottish historian Arthur Herman believes that the legal scholar and judge Lord Kames presented the four stages in the form in which Smith used them. One finds them in Kames’ *Historical Law Tracts*, which were published in

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<sup>28</sup> Quoted in Wright *Slavery and American Economic Development*, p. 72.

<sup>29</sup> Blackburn, *The Making of New World Slavery*, p. 149

<sup>30</sup> *Ibid.* p. 19

1758, so perhaps Smith borrowed the four stages from Kames.<sup>31</sup> Other historians believe that Smith developed the stages himself. In Smith's early book, *A Theory of Moral Sentiments*, published in 1759, he did not use this four-stage model, although he did use it in his lectures of jurisprudence a few years later. His biographer, Ian Ross, says that he "adopted" the model for his lectures on law.<sup>32</sup> If so, then he could have used Kames' four-stage theory. In any case, he appears to have repeated Kames' intention, which was to use the different stages as a story of the progressive accumulation of property, and with this increase of property, the increased role of government to protect property. As Herman suggests, for Adam Smith, the theme was "with the accumulation of property, the development of civilization."<sup>33</sup> To understand the importance of these stages for Smith, read the following passage from his *Lectures on Jurisprudence*:

It is easy to see that in these several ages of society, the laws and regulations with regard to property must be very different. – | In Tartary, [Asia minor] where as we said the support of the inhabitants consist(s) in herds and flocks, *theft* is punished with immediate death; in North America; again, where the age of hunters subsists, theft is not much regarded. As there is almost no property amongst them, the only injury that can be done them is depriving them of their game. Few laws or regulations will (be) requisite in such an age of society, and these will not extend to any length, or be very rigorous in the punishments annexed to any infringements of property. . . . In the age of agriculture, they are not so much exposed to theft and open robbery [as are herds and flocks], but then there are many ways added in which property may be interrupted as the subjects of it are considerably extended. The laws therefore tho perhaps not so rigorous will be of a far greater number than amongst a nation of shepherds. In the age of commerce, as the subjects of property are greatly increased the laws must be proportionately multiplied. The more improved any society is and the greater length the several means of supporting the inhabitants are carried, the greater will be the number of their laws and regulations necessary to maintain justice, and prevent infringement of the right to property.<sup>34</sup>

As a careful reading of this passage indicates, the four stages are as much a story of property and property relations as a story of the evolution of the means of production. As we know, Smith never mentions the role of slavery in the commercial society he enjoyed, but here we do see how important it was that there were laws to protect an owner's property, or in the case of slavery, to protect the slave owner. For Smith, the economics of property always overrides the rights of humans, and especially the rights of those who did not belong to "commercial society." At the same time, it is always possible that Smith did not tell us about the role of slavery in the creation of wealth because he could not totally separate the political or moral dimension of slavery from the economic.

At one point in *The Wealth of Nations*, Smith writes the following:

The pride of man makes him love to domineer, and nothing mortifies him so much as to be obliged to condescend to persuade his inferiors. Wherever the law allows it, and the nature of the work can afford it, therefore, he will generally prefer the service of slaves to that of freemen.<sup>35</sup>

How are we to understand this explanation? When Smith speaks of "the pride of man," does he have the tobacco lords in mind? Are these "men" members of the political economics club

<sup>31</sup> Herman, *How the Scots Invented the Modern World*, p.94.

<sup>32</sup> Ian Simpson Ross, *The Life of Adam Smith* (Oxford: Clarendon press, 1995), p. 83.

<sup>33</sup> Herman, *How the Scots Invented the Modern World*, p. 100.

<sup>34</sup> Adam Smith *Lectures on Jurisprudence* ed. Meek, Raphael, and Stein (Indianapolis, IN: Liberty Classics, 1978), p. 16.

<sup>35</sup> Smith *The Wealth of Nations*, p. 419.

he attended in Glasgow? We don't know. We do know that Smith lived in a world where it was common to see Americans, Africans, and Asians as inferior to Europeans. Still, the terminology of superior and inferior places both groups in the same species, instead of different types of things: humans and property. Perhaps the key here is the law.

Since the purpose of the law is to protect property, and slaves were property, the law, at least in the colonies not only allowed, but actually enforced slavery. If all of human history had been aiming for the stage of society Smith enjoyed, how could slavery be a mistake? At the same time, if the commercial stage of society required slavery, then how could Smith be right? Smith's decision in the face of this quandary was to omit the story of slavery in his account of wealth creation. The result: a dissociative economics that splits off the misery of the actual providers of wealth from the experiences of enjoying it. This is the legacy of the Scottish Enlightenment, and Smith is its best illustration.

The truth is that Africans were the providers for much of the wealth for the Atlantic trading nations. Until we recognize this truth at the very beginning and heart of capitalism, I wonder if we can ever really find adequate solutions to the challenges we face today. Furthermore, the economics of property, which still dominates Anglo-American economics, continually hides from us the living source of land and labor by treating them as property. To move forward, we need to recognize that the land (in fact the whole biosphere) is a living system and human labor, whether in the shop, the hospital, the home, or the classroom should be understood as providers of prosperity instead of forms of property.

The blind optimism of Smithian economics depends on ignoring the desperation and powerlessness of those who are used to produce goods and services, whether they are slaves, workers, women, children in sweatshops, or illegal immigrants. It depends on closing our eyes to the real consequences of economic growth, such as global warming, depletion of resources, and the destruction of the biosphere. Finally, it depends on maintaining the military capacity we need to protect our exclusive right to property against those who have none or not enough. We need a new economics; an economics that grounds human freedom in human dignity and civil society instead of in property. This does not require the elimination of free enterprise. If we are to be free to acquire what we have reason to value, freedom must become grounded in civic membership not property ownership.<sup>36</sup> We must see ourselves as members of this generation where the freedom of one depends on the freedom of all.

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<sup>36</sup> Amartya Sen *Development as Freedom* (New York: Alfred A. Knopf, 1999), p. 18.

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