

History 225

Re: Notes w/ "The Roots of Underdevelopment"  
Use w/ Outline for Chpt. 8

#### A. The Lessons of History

If you look at the postwar South in a comparative context--measure it against other non-American plantation slave systems in the Western Hemisphere. Against the British, Dutch, French, Spanish and Portuguese, the postwar South shows the same historic pattern of what has come to be called underdevelopment: a legacy of poverty, misery, and colonial dependency.

No plantation slave system in the Americas crossed the threshold after emancipation to self-sustaining industrialization or what can be called modernization. None adjusted to emancipation in ways that allowed it to launch a new cycle of growth that passed into structural development.

So in a comparative context, the American South shows all the same symptomology of other former plantation slaveholding societies after emancipation:

Rigid patterns of social stratification associated with race and color that inhibited social mobility and severely restricted the participation of large groups of people in economic and political affairs.

1. Reason for Southern underdevelopment for the next 50 years was a function of the devastation of the war. This argument hits on the explanation by pointing to the legacy of the war.

2. The more realistic explanation is that of slavery itself

a. Slavery impeded the mechanization of southern antebellum society by adopting an alternative system of labor intensive plantation slavery. There was little need for farm machinery in the South. As a matter of fact, unlike the North, mechanization of farming would have been totally illogical and counterproductive. Consequences were that the South in 1865 had not encouraged much industry(except war-related), a r a labor force of skilled and semi-skilled factory workers. In short the basis of an infrastructure for regional industrialization.

b. Slavery discouraged town-building and investment in an urban infrastructure--banks, schools, a universally literate population, merchant classes, and intergrated local and regional markets. The

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chief crops of the plantation slave system were cash crops that were largely exported. There was not much attention given to the development of local and regional markets.

Slavery also worked against the spread of local markets and farm-town interactions because the ideal of the plantation system was total self-sufficiency/ and isolation.

c. Cotton was King but it had a precarious reign because the price of cotton depended upon the international market over which the planter system had little of no control.

By the end of the ~~1870s and early~~ 1880s the international market's demand for cotton was in swift decline. The market was saturated. The irony was that the international demand for cotton was beginning to level off before the Civil War. The war and the self-imposed blockade along with the Union blockade energized the postwar demand for southern cotton for a short time but the larger macroeconomic forces were just delayed and could not be avoided.

Even if the Civil War had not come the South would have had to find the means to diversify her economy or face economic stagnation in an case.

That would have been an emense problem with or without the war because of the rigidity of the plantation system and in face of all the restraints for diversification.

Even without the war's impact, the South would have had to dfeal with all the structural impediments to escape the crisis of underdevelopment:

She would have needed massive infusion of federal aid, credit from the North or from Europe, technical assistance, and better approaches to agriculture. An early Marshall Plan would have been the medicine needed to prevent the debilitating affliction of underdevelopment.

*In this large macroeconomic context - The notion of a massive land distribution program for blacks & loyal white tenants would not have been enough to ward off economic underdevelopment.*

*John Edgar, Speck*

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B. Patterns of economic change

1. Toward the crop-lien system--the road to nowhere

If we were to ask the question: What were some of the postwar symptoms of underdevelopment?:

Per capita income was down. I don't think it ever rose any higher in the remainder of the 19th century than to 20% of what it was in 1860.

South lost here self-sufficiency in food production

The South's share of the national banking system was about 15% in 1860. After 1865 until 1900 it was about 2%. A massive credit stringency.

South would lose control over her natural resources to northern capital

South would lose control over its transportation system to northern capital

Scandalous misuse or underutilization of her most precious natural resources: her people, in terms of education, health, and productivity.

South became a great debtor prison for hundreds of thousands of her citizens--white and black. [See handout]

South still remains locked-in with cotton production despite the increasing decline in demand from the national and international market.

Perhaps one of the most dramatic examples of expressions of economic underdevelopment or economic retardation was the spread of the crop-lien system.

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2. Origins of crop-lien system