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A Model of "Original Sin": Rise of the West and Lag of the Rest

By William Darity, Jr.*

The close temporal association between slave trading and colonial slavery in the Americas and the emergence of an industrial Europe from the 16th through 19th centuries has suggested a cause-and-effect relationship to some scholars. Most notable among these is Eric Williams (1966) who proposed that for Britain, in particular, the colonial slave system was instrumental in achieving successful capitalist economic development. Indeed, Williams's study suggests the hypothesis that the slave trade lies at the heart of the origins of the disparity in economic status between Europe and Africa. The hypothesis has been given full development in Walter Rodney's (1972) provocatively titled book, How Europe Underdeveloped Africa.

While economic historians whose research interests have been devoted to explaining European industrialization typically have ignored Williams's analysis (Darity, 1990 pp. 118–20), when they have considered his claims their conclusions have registered on the negative side of the ledger. Their basis for dismissal of Williams's argument that modern European prosperity derives from exploitation of coerced African labor in the Americas has been empirical. Stanley L. Engerman (1972) and Patrick K. O'Brien (1982) put forth the "small-ratios" argument to undercut Williams (i.e., slave-trade profits, colonial trade, and export activity constituted such small shares of British or European gross national product or gross investment that they are irrelevant in explaining the rise of industry). On the other hand, the other prong of the Williams-Rodney hypothesis, the adverse long-term effect of the slave trade on African economic development, has garnered virtually no attention from mainstream economic historians.

Several responses have been made to the "small-ratios" argument, including those in papers by Barbara Solow (1985), Ronald W. Bailey (1986), Ronald Findlay (1990), and myself (Darity, 1990). These responses point out that, from a historical perspective, the proportions computed by Engerman and by O'Brien actually are quite large. While they might appear to be "small" in absolute size, when compared with similar figures for various countries at various times, their relative magnitudes are quite substantial. However, such numbers are not decisive. For the ratios to be vested with interpretative substance they must be integrated into a theoretical framework that would indicate their potential significance.

O’Brien and Engerman apparently now concede both points handsomely. In their recent collaborative paper (1991 p. 178) they issue the welcome acknowledgement that "expressing the value of the output produced within any sector of economic activity as a percentage of national income seems almost calculated to create an impression of insignificance." They then proceed to report trade statistics that indicate a major role for colonial trade for England in the 18th century, although they remain agnostic about the importance of colonial trade in the 17th century.

They then go on to admit that the significance of the export sector only can be established in the context of a theoretical model. Virtually echoing a portion of my discussion (Darity, 1990 pp. 122–3, 126, 128), O'Brien and Engerman (1991 p. 187) observe that "The significance of exports is derogated by using national income as the sole point of reference. Foreign trade needs to be considered in the context of a dynamic

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general equilibrium model that considers the contribution of exports (and other sources of changes in demand) to the cycles of growth achieved by the British economy from 1697 to 1802.”

Three major extant formal models of slavery and the slave plantation system now exist in which foreign trade can be given the context that O'Brien and Engerman (1991) now say is required. These are models developed by Solow (1985), Darity (1982a), and Findlay (1990). Each of these models has its limitations.

Solow’s model is quasi-Ricardian (see David Ricardo, 1951), featuring two regions, Europe and the Colonies. Neither Africa nor the slave trade is modeled explicitly. European production is characterized by decreasing returns, while colonial production is characterized by increasing returns. The cheaper production opportunities afforded by the colonial region, which depends upon African slave labor, prop up the general rate of profit available to European capitalists and sustain a higher rate of growth for Europe than would prevail otherwise.

While Solow says that her model is evocative of Eric Williams’s theory of British industrialization, the textual basis for her claim is not obvious. Certainly Williams’s (1966 pp. 113, 145, 150–1) consistent invocation of the “old law of slave production”—the propensity for cultivation by slave labor to exhaust soil—is incompatible with the view that there were increasing returns in plantation agriculture.

Solow’s technological asymmetry between Europe and the colonies seems to owe more to a brief but pregnant comment from Richard Sheridan (1973 pp. 15–16): “As artificial creations tied to the metropolis by the Acts of Trade, the export economies in the West Indies came to play a significant role in the economic development of Great Britain. Essentially the growth process involved the diversion of capital and labour from domestic agriculture and conspicuous consumption, activities subject to the law of decreasing returns, into Atlantic empire trade and manufacturing for export, activities which came to yield increasing returns.”

Even here, the increasing returns activities are “Atlantic empire trade and manufacturing for export,” not slave-grown sugar or tobacco in the colonies.

If the Solow model were to capture an authentically Ricardian story, colonial produce would have to have been a staple component of the European workers’ consumption bundle. It also would have to have been produced cheaply enough in the colonies to reduce Europe’s labor costs to bolster the rate of profit; this need not require an assumption of increasing returns. While the latter condition appears to have been met, Sidney Mintz’s (1985 pp. 46, 115, 173–7) study suggests that in the case of England, at least, sugar was not viewed as an essential element of working-class diets until the 19th century, a bit late in the game.

The formal models advanced by Darity (1990) and Findlay (1990) both are variants of neoclassical general equilibrium trade models. Both treat all three regions of the triangle forming the Atlantic economy in a highly aggregated fashion. Unlike Findlay’s version, my model neglects to distinguish between stocks and flows of slaves in the Americas. It also lacks an explicit representation of the process for the production of slaves for the export trade on the African continent and fails to treat the export of European manufactures to Africa, to be exchanged for slaves, as part of the structure of trade.

Findlay’s model corrects the foregoing shortcomings of my model. However, it shares an additional weakness with my model. The neoclassical trade framework is not readily amenable to displaying the phenomenon of special interest with respect to Europe: structural transformation. Findlay (1990 p. 11) is left treating the Industrial Revolution “as [an exogenous] Hicks-neutral shift in the production function” for Europe’s manufacturing sector, when the thrust of Eric Williams's analysis indicates that the Industrial Revolution was an endogenous outcome of the repercussions of the slave system in the Americas.

An alternative and more natural route for modeling the Williams-Rodney hypothesis
can be found via a Keynesian approach. Here the emphasis shifts to differential multiplier effects associated with various sectors of the economy because of variations in backward and forward intersectoral linkages (Albert O. Hirschman, 1958). The colonial trade sector, inclusive of the slave trade and slave-grown produce, displayed a remarkable and unique array of intersectoral linkages of both types for Europe and especially for Britain. Hence the multiplier effects were bound to be quite substantial. If, correspondingly, the consequence of participation in the slave trade was to retard such multiplier effects in Africa, a theoretical basis exists for explaining the origins of the disparity between “the West” and “the Rest” (“the West” is not merely a spatial concept, since Africa is no less in the West geographically than Europe).

In Chapter 23 of his General Theory, John Maynard Keynes (1936 pp. 333–51) asserted that his vision of aggregate demand-led growth bore a strong resemblance to the views of the much-maligned mercantilists, who “were under no illusions as to the nationalistic character of their policies and their tendency to promote war. It was national advantage and relative strength at which they were admittedly aiming” (p. 348). Although Keynes did not share the mercantilists’ desire to repress domestic wages, which would make export capacity even more important as a source of aggregate demand, it should not be surprising that some of the mercantilist writers sound like early Keynesians. For example, the 17th century mercantilist Josiah Child (p. 205) estimated that each white planter engaged in sugar cultivation in the islands utilizing black slaves generated an employment multiplier effect of four additional English jobs because of the planter’s demand for clothing, household goods, and the like.

Sir Thomas Dalby (1972 p. 27) expressed a related sentiment in 1690 when making his case for elimination of the Royal African Company’s monopoly position in the trade. Dalby estimated that the value of the iron products used as work tools by the 600,000 slaves then in the West Indies amounted to 200,000 pounds sterling. He concluded, “…the produce and Consumption with the Shipping they give Employment to, is of an Infinite deal more benefit to the Wealth, Honour, and Strength of the Nation, than four times the same Number of Hands the best Employ’d at Home can be.”

Were these mercantilist writers engaged in mere hyperbole with their speculative estimates of the multiplier effects of the slave system? No. The direct effects of the slave trade were profound, raising villages like Liverpool in England and Nantes and Bordeaux in France to the status of cities. Those Europeans who profited from slavery sometimes amassed great fortunes which they transferred to industrial employment and to the insurance and banking sectors (e.g., the cases of Lloyd’s and Barclay’s Bank [Williams, 1966 pp. 98–105, 126–34]). What was not transferred was often expended in conspicuous consumption, further augmenting the stream of aggregate demand; witness Williams’s (pp. 85–92) description of the lifestyles of the absentee West Indian landlords in England.

The range of backward linkages from the slave trade and slave plantation system was extensive. The development of the cotton textile industry in 18th-century England, so closely identified with the Industrial Revolution, was fueled by the export trade that provided fabrics to purchase slaves on the African coast and clothing for the slaves on the plantations (Joseph E. Inikori, 1989). In the 17th century, English manufacturers already were shipping brass, amber, blankets, bells, beads, cloth, carpets, pistols, gunpowder, silk, hats, knives, beef, bread, butter, sugar, medicines, and liquor to Africa to be exchanged for African produce. However, it was woolen textiles that came heavily into play in the trade for slaves (Wilson E. Williams, 1938 p. 9).

Manchester was the first great manufacturing center in England. Its growth was linked intimately to Liverpool slavers’ requirements for exports to Africa to obtain slaves. Wilson Williams (1938 p. 14) in a thesis that influenced Eric Williams, wrote, “Since Liverpool made Manchester, the
connection of Africa with the evolution of capitalism in England is thus rendered very clear.” To the extent that Manchester made not only cotton textiles for export to the slave coast and to the plantations but also imported raw cotton from the Americas, it received what Eric Williams (1966 p. 71) called a “double stimulus.” Moreover, the West Indies generally served as an important outlet for English manufacturers. Dalby was alert to the significance of the West India market for English ironmongers, the latter producing not only tools for plantation agriculture but also the chains of the African trade; furniture and pottery makers also benefited (W. Williams, 1938 p. 39).

Bristol, the second largest British slave port, also was the site of a major shipbuilding industry whose development also depended upon the trade to Africa (W. Williams, 1938 pp. 11–13). Even Birmingham’s growth can be joined closely to the slave trade, for among the array of goods shipped to Africa to be traded for slaves were Birmingham firearms. Limited evidence suggests that guns and gunpowder constituted 10–30 percent of the value of cargoes exchanged for slaves (R. A. Kea, 1971; George Metcalf, 1987). Anywhere from 1.6 to 1.9 million firearms were shipped to West Africa in the interval 1796–1805 alone (Inikori, 1977; W. A. Richards, 1980). This aspect of the trade gave rise to the notorious slave–gun cycle: slaves were exchanged for firearms that were used to procure more slaves to be traded for more guns, and so on (Inikori, 1977; Herbert Foster, 1976).

The major forward linkage from the slave trade and slave plantation system was the sugar output of the West Indies. As Findlay (1990 p. 22) points out, it is important to recognize that what Britain imported was raw, unrefined sugar, syrup, or molasses; therefore, “In good Mercantilist fashion, the final processing into refined white sugar and the distillation of molasses into rum were reserved for the industry of the mother country… . Differentiated tariffs provided the necessary ‘effective protection’ for hundreds of sugar-refining establishments in Bristol, Glasgow, and London, which was the main center.” Glasgow also imported raw tobacco to be processed into smoking materials for consumers (E. Williams, 1966, p. 75).

Karl Marx’s incandescent rhetoric did not miss the mark: “The colonial system ripened trade and navigation as in a hothouse… . The colonies provided a market for the budding manufactures, and a vast increase in accumulation which was guaranteed by the mother country’s monopoly of the market. The treasures captured outside Europe by undisguised looting, enslavement and murder flowed back to the mother-country and were turned into capital there” (1977 p. 918).

But what of Africa? There, Marx’s “hothouse” effect was altogether absent. The most lucrative activity throughout the 18th century for those Africans with the power to enslave rather than be enslaved was procurement of human exports for the slave trade. As Walter Rodney (1972 p. 115) observed: “…even the busiest African in West, Central or East Africa was concerned more with trade than with production, because of the nature of the contacts with Europe; and that situation was not conducive to the introduction of technological advances… . In Africa, the trading groups could make no contribution to technological improvement because their role and preoccupation [with the slave trade] took their minds and energies away from production.” The wealth of the African elite was bound to exchange activity, leading them to send abroad the essential source of wealth in production: labor (Darity, 1982b, pp. 13–15).

Inikori (1986 p. 3) emphasizes the adverse effects of depopulation, resulting from the export slave trade, on the extent of the African market. The salutary effects Adam Smith foresaw for a region anticipating growth in markets were inverted: “…between 1450 and 1870, export demand for captives kept the total population of tropical Africa at a level that was far too low to stimulate a widespread development of the division of labour, the growth of internal trade, diversification of the economy, trans-
formation of the technology and organization of production, and class differentiation. At the same time export demand for captives retarded the development of commodity production for export...."

The African failure to pursue mercantilist principles, while the Europeans were doing exactly that in mobilizing slave-based economies in the Americas, began the process of uneven development. Inikori (1982 p. 55) knows of "no historical example of an economy in which the technology and organization of industrial production were transformed during a period of uncontrolled importation of cheap foreign manufactures."

Africa lost, in Inikori's (1982 p. 54) estimation, 300 years of economic development. Heavy involvement in the export slave trade deprived it of a general industrial stimulus. Here was the incubus for comparative African economic backwardness, reinforced during the period of external colonial rule that followed the end of the slave trade (Inikori, 1982 p. 54). Here was the "original sin" that began the partition between the rich and poor regions.

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