

Gordon Tullock and the Economics of Slavery*

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Abstract

This paper investigates Gordon Tullock's unpublished manuscripts that proposed a public choice interpretation of American slavery. Drafted in response to Conrad and Meyer's seminal 1958 article on the economics of slavery, Tullock's writings influenced the early debate over slavery through his University of Virginia colleague John E. Moes. This paper uses Tullock's surviving writings to map out his theory of slavery and situate it in the broader economic analysis of the institution and identify the links between the economics of slavery and the public choice research tradition.

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I. Introduction

Why was slavery racialized? Was it profitable and efficient relative to other modes of labor organization, or did its profitability depend on political support? How did anti-manumission laws complicate interpretations of early findings on the efficiency and viability of slavery? While he published very little on the economics of slavery, Gordon Tullock addressed these questions in some of his private correspondence that refers to a planned paper that never happened. We rely on Tullock's correspondence to reconstruct his theory of slavery and explain what it teaches us about the development of public choice as a sub-discipline and contemporary debates about slavery and institutions.

Soon after they published their now-classic article "The Economics of Slavery in the Antebellum South," Alfred Conrad and John R. Meyer (1958) got a long letter from public choice pioneer Gordon Tullock, who spent 1958 as a post-doctoral fellow at the University of Virginia. Tullock framed the occasion as a friendly complaint in that the two economic historians had scooped his own "projected article" on the subject, but Tullock wanted to explore the implications of Conrad and Meyer's argument that antebellum slavery was profitable. He agreed with their now-famous finding that slavery was profitable but offered an important caveat: "[From] the standpoint of the 'catchees'"—the enslaved—slavery meant "overwhelming" harm, which extended to others.

"Not only does the individual who is taken suffer a vast loss by this act," he continued, "but the whole of society is disrupted and forced to operate on a much lower level of productivity by this additional and terrible risk." Tullock, therefore, held to a highly qualified version of slavery's profitability and efficiency, both of which were institutionally contingent. Slavery, he argued, could be profitable to plantation owners and economically inefficient simultaneously.

When its welfare effects were measured in total, slavery became ‘economically bad for the South, and hence contrary to the general position taken in your article.’¹ The ensuing correspondence between Tullock and John R. Meyer gives fresh insight into the early development of public choice and establishes a basis for public choice’s anti-discrimination tradition (Magness 2020).

Conrad and Meyer flipped a coin to decide who would reply to Tullock’s letter. The task fell to Meyer, who answered that Tullock still had the core of an independent piece on the economics of slavery over and above what he and Conrad had already said. “[W]e did not mean to take a strong position on the question of whether slavery was or was not economically bad for the south,” he explained. They only sought to show that “slavery was economically desirable from the standpoint of those who owned slaves and that it was therefore not obvious that these people would be led by their own self interests into automatically abolishing the slave system over time.” The related question of whether slavery benefited or harmed the south in the economic sense remained “open” for future inquiry.²

The exchange continued, with Tullock arguing against slavery’s economic efficiency even if it had been profitable. His discussion in the 1958 letters would continue by proxy via an exchange in the *Journal of Political Economy* between Conrad and Meyer and Tullock’s colleague at the University of Virginia, John E. Moes (Conrad and Meyer 1958b; Moes 1960, 1961, 1962). Tullock never completed his projected article but published parts of his argument in 1967 as part of a dual book review of Eugene Genovese’s *The Political Economy of Slavery* and David Brion Davis’s *Problem of Slavery in Western Culture*.³

¹ Gordon Tullock to Alfred H. Conrad and John R. Meyer, n.d., but clearly 1958.

² Meyer to Tullock, August 20, 1958.

³ Tullock (1967) was written for Murray Rothbard’s libertarian journal *Left and Right*. It was solicited by its editor who described Tullock as “the greatest expert on the economics of slavery that I know of.”

We explore Tullock's analysis of slavery using his 1967 article in *Left and Right*, his correspondence with Conrad and Meyer, and some of his unpublished notes. His correspondence provides important insights into various approaches to the economic dimensions of unfree labor. As indicated in the exchange with Conrad and Meyer from 1958, Tullock developed a framework that separated slavery's profitability from its economic (in)efficiency. Conrad and Meyer made a significant contribution, Tullock argued, but he understood that a full accounting for the costs and benefits of slavery would have to include the costs the system inflicted on the slaves themselves, the public treasury, and the southern capital structure. Tullock's analysis helps us understand how slavery hurt the Southern economy even as it provided concentrated benefits to a tiny economic elite.

Since Tullock abandoned his slavery project (apart from his review essay for *Left and Right*), his insights into the subject must be found in the archives. Several contributions nonetheless acknowledge Tullock's analysis as the starting point of what Jeffrey Hummel (2012:98-99) describes as a "legal-restrictions theory of slavery" that understands slavery's legal and institutional setting in terms of regulatory capture and rent extraction. In addition to Tullock, Moes, and Hummel's synthesis, the public choice and public choice-adjacent literature on slavery includes important contributions from Thomas Sowell (1981) and Mark Thornton (1994, 2019). Phillip W. Magness (2020) identifies it as one of the four strains of antidiscriminatory analysis that emerged from the Virginia school in the 1950s and early 1960s alongside regulatory capture, efficiency, and constitutional arguments against racial discrimination. However,

Rothbard's correspondence further indicated that Tullock "been working on the economics of slavery for some time" but "never before had an opportunity to put [his] conclusions in writing," suggesting his awareness of the earlier exchanges with Conrad and Meyer. See Murray Rothbard to Gordon Tullock, July 11, 1966 and February 9, 1967.

Tullock's theory of slavery remains the least-developed and least-acknowledged of these contributions.

First, we summarize existing literature on public choice and slavery. Second, we document and explore Tullock's arguments considering the early years of the "cliometric revolution" that was inspired, in part, by Conrad and Meyer's analysis of slavery. We then explore Tullock's insights into the efficiency of slavery as filtered through the work of John E. Moes and evaluate them as a distinct but hidden contribution that developed alongside the cliometric literature. We conclude by synthesizing his published work and correspondence into a distinct "Tullockian" theory of slavery.

II. Slavery As a Public Choice Problem⁴

As usual, the story begins with Adam Smith. He believed slavery was less productive than free labor, and his explanation for its persistence—and dim prospects for abolition—foreshadowed arguments that would develop in the public choice literature two centuries later. As he put it:

"In a republican government it will scarcely ever happen that it should be abolished. The persons who make all the laws in that country are persons who have slaves themselves. These will never make any laws mitigating their usage, whatever laws are made with regard to slaves are intended to strengthen the authority of the masters and reduce the slaves to a more absolute subjection. The profit of the masters was increased when they got greater power over their slaves" (Smith 1762-63 [1981]:181).⁵

Smith explicitly linked slavery's viability to regulatory capture. Slavery depended on the state's sanction and protection, and Smith saw that sanction growing as the slave power's interests

⁴ Carden et al. (2022) explore this in greater detail. See also Magness (2018a, 2018b).

⁵ See Weinstein (2019) for a brief and accessible discussion of Smith's work on slavery.

directed ever-greater support to the institution via the public courts and the treasury. Even though it was inefficient, it persisted because enslavers used the state to prop it up.

Classical economists produced a steady stream of antislavery insights over the next century, culminating in John Elliott Cairnes's 1861 abolitionist tract *The Slave Power*. The public choice dimensions of Smith's approach to slavery remain underdeveloped; hence, Tullock's analysis is significant.

They are nonetheless present in many contributions, including many from scholars who may not publish in public choice journals or attend public choice conferences. Slavery's persistence, given its inefficiency, suggests that voters' and legislators' incentives matter. Claudia Dale Goldin (1973) developed an early analysis of "slavocracies" that explained how the strength of slave-owning and non-slave-owning groups determined how emancipation happened: the smaller the fraction of slaveowners in the population, the lower the compensation. Barzel (1977) emphasized the costs of specifying and enforcing property rights. From a transaction cost perspective, things like quota and task systems in field work, opportunities for self-purchase, and restrictions on slaves' permissible leisure reflected the costs of specifying and enforcing property rights.

Contributions to the economics of slavery also include the analysis of the incentives within the system. Fenoaltea (1984) extends the transaction cost perspective. Eliciting effort from slaves requires anxiety and, therefore, the possibility of pain; however, this comes at the cost of carefulness and goodwill. Since land-intensive activities require less care, supervision costs less. Therefore, supervision and threats of violence will be more common in tasks that require land and sweat but little capital and careful attention. Slavery was more stable in land- and effort-intensive crops like sugar and cotton, while in urban areas and occupations that required care and

attention, slavery was less common.⁶ For “simple, repetitive tasks, making for economies of scale in supervision costs,” slaves were almost wholly motivated by the threat of punishment (Findlay 1975:923). Slaves doing skilled jobs had greater hope of reward, like the possibility of manumission, which induced greater effort (Findlay 1975:923,928). For jobs with high asymmetric information, masters relied more heavily on rewards (like manumission) than punishment (Dari-Mattiacci 2013). Yanochik et al. (2009) explore how supervision and information costs affected slave sales: the threat to break up a family could be a powerful incentive, and keeping a family together could be a way to maintain at least some semblance of morale.

Within the public choice literature, several contributions have explored what might be broadly termed “Tullockian” themes. Jeffrey Rogers Hummel (1996:47-61) explains slavery’s persistence in terms of concentrated benefits and dispersed costs, while Meadowcroft (2020) argues that it persisted because people were caught in a transitional gains trap, a concept Tullock developed in a 1975 paper: “a small number of individuals likely to incur short-term losses mobilize to prevent welfare-enhancing reform and consequently trap the economy in a relatively impoverished state.” Wright (2017) offers a broad overview of historical and contemporary slavery.

Several contributions have explored the relationship between slavery and the American founding. Meadowcroft (2020:398) argues that it explained why securing sufficient agreement to ratify the Constitution was difficult. McGuire (2018:31) shows that, contrary to a popular contemporary narrative, the electoral college was not a compromise with slavery; Southerners opposed electors. Research has found empirical support for Charles Beard’s (1913) thesis that

⁶ See Goldin (1973) for an early quantitative study of urban slavery.

the delegates to the Constitutional Convention were voting in their economic interests (Dougherty and Heckelman 2008, McGuire 2003). In other contexts—South Africa, for example—Hutt (1964) and Roback (1988, 1989) explain how racism makes it easier to form and govern rent-seeking coalitions. Skarbek explains how and why prison gangs tend to segregate by race because it makes identification and enforcement easier (2011, 2014).

The study of slavery and racism has yielded important insight into how the composition of the electorate and the elected matters. Higgs (1977) summarized quantitative research on black economic progress despite political, social, and cultural headwinds after Reconstruction. Political headwinds include the prominence of former slaveholders in post-Reconstruction governments and violent resistance to black politicians. Luna Bellani et al. (2022:250) highlight how in the South, “former slave owners made up more than half of all state legislators until the late 1890s.” Trevon D. Logan (2020) shows that a larger electorate including more black voters meant more black politicians, higher tax revenue, and more spending on things like education; however, he shows that this came at a gruesome price with the increased tax revenues also raising the probability of racist violence against black elected officials (2023).

“[S]lavery,” Rogowski (2013:189) points out, “usually does not simply wither away on its own but is abolished by legislation.” Southerners’ beliefs about the long-run prospects for slavery were capitalized into slave prices (Ewing et al. 2002, Grynaviski and Munger 2014), and legislation was less likely in response to hardening public attitudes toward manumission in light of the 1831 Nat Turner revolt (Bodenhorn 2011). Slavery endured in the United States with legislative support in the form of conscripted slave patrols, prohibitions on manumission, and prohibitions on slave education. Yanochik et al. (2001:333) explain it this way:

“The purpose of these laws was to prevent the emergence of a large, free black population who could facilitate the escape of slaves or help organize slave rebellions. Most importantly, black slavery in a free white society provided a distinct security advantage because slaves could be identified by the color of their skin. If slave owners were allowed to free their slaves (or to sell them their freedom), then the proportion of free blacks would rise as it had in other slave societies. A large population of free blacks would reduce the security advantage of black-only slavery and drive down the profitability and the price of slaves. Generally, manumission laws did permit owners to free their slaves, but only if the slaves were exported to other states or Liberia, a fact that emphasizes the security nature of such laws.”

In a footnote on page 337 of their paper, Yanochik et al. write, “While this paper is labeled as a new perspective, the authors recently discovered a book review essay by Tullock in an obscure, now defunct journal in which he laid out many of the primary features of this analysis.” As his correspondence with Alfred Conrad and John R. Meyer shows, Tullock was thinking about these issues long before 1967.

III. Tullock on the Economics of Slavery

In 1993, the economic historians Robert W. Fogel and Douglass C. North shared the Nobel Prize for their work applying econometric methods and neoclassical economic theory to historical questions. His decades-long, data-intensive analysis of slavery is Fogel’s most famous contribution. He began with the controversial 1974 publication of *Time on the Cross: The Economics of American Negro Slavery* (coauthored with Stanley Engerman) and continued through 1989 with the publication of *Without Consent or Contract*. The New Economic History of slavery, which occupied so much of Fogel’s career, started in earnest with Conrad and Meyer’s 1958 paper “The Economics of Ante Bellum Slavery.” Conrad and Meyer asked a

narrow but important question: was chattel slavery profitable? The answer, they thought, would help resolve the larger debate about whether slavery would have persisted had the Civil War not forcibly ended it. They found that the return on investment in slaves was comparable to the return people could expect from other investments. Slavery, they argued, was profitable.

Slaves were valuable capital assets who could be forced to work more than they would at market wages. Since their owners were the residual claimants to the fruit of their labor, they could effectively tax slaves' leisure. Since a child's status followed that of its mother, female slaves were also valuable as mothers of future slaves. After conducting statistical analysis based on plantation records, Conrad and Meyer (1958a:122) argued that slavery was sufficiently profitable to reject "the converse argument that slavery must have destroyed itself" without the war. Their results were one of the first empirical challenges to an older convention associated with the historian Ulrich Bonnell Phillips (1918), who depicted late antebellum slavery as an institution in a slow but certain natural decline. Later, Yasukichi Yasuba (1961) would argue that slavery was *viable*, meaning it was probably not going away on its own.

Conrad and Meyer's findings drew criticism from unconvinced historians and economists alike. The *Journal of Political Economy* published two comments on the Conrad-Meyer paper, one by Cornell University's Douglas Dowd in 1958 and the other by Moes in 1960. Moes had been Tullock's colleague during Tullock's brief stay at the Thomas Jefferson Center for the Study of Political Economy and would be Tullock's colleague again when he would join the University's faculty in 1962. Moes thanked Tullock by name in his comment's opening footnote, and his argument very closely resembled the one Tullock made a few months earlier in his private correspondence with Conrad and Meyer. Later, Tullock would acknowledge Moes by

name in the opening footnote of his 1967 review essay and in a 1997 book where he revisited this theme (Tullock 1997).

Tullock's influence on the debate was indirect and came via Moes. They both emphasized the possibility of manumission, noted that it was how slavery had died in ancient Rome, and identified it as a possible flaw in Conrad and Meyer's argument. Moes (1960) argued that Conrad and Meyer had ignored "the most relevant alternative opportunity: that of allowing the slave to buy himself" (Moes 1960:184). The opportunity cost of holding someone in chains was what the owner could have been paid for the slave's freedom. It was clear in ancient Rome and the antebellum South that slaves understood and wanted freedom. As Moes put it, "In a cynical vein we could say that, as a rule, the slave was able to outbid anyone else because he had a sentimental attachment to his person" (Moes 1960:184). Slaves regularly bought their freedom in ancient Rome, even as slave prices were rising (Moes 1960:183). Moes then emphasized an important complication: anti-manumission laws explicitly prohibited freeing slaves even if the slaves paid for it. According to Moes, Conrad and Meyer's conclusion required an important qualification: slavery was profitable *conditional on the institutions in place at the time*. It was not clear slavery would have been viable in the absence of anti-manumission laws and other political supports.

Tullock wrote to Conrad and Meyer that he had been "contemplating an article...which would discuss the economic theory of slavery."⁷ The closest he would get was his 1967 review for Rothbard's journal. Tullock had been independently investigating slavery's similarities to Soviet forced labor camps when the Conrad and Meyer paper caught his attention. As he put it (Tullock 1967), he would explain that he had gotten interested in the economics of slavery by

⁷ Tullock to Conrad and Meyer, n.d., Tullock Papers.

considering whether “Stalin’s slave labor camps...were economically profitable to the Soviet State.” He concluded that they—and Hitler’s concentration camps—could not have been economically profitable because “the death rate in the camps was much higher than any private master who had to pay for the purchase of replacements would permit” (Tullock 1967:6n). Profit-maximizers do not, as a rule, wantonly destroy their productive assets. Incidentally, what he saw in the Soviet Union and Nazi Germany were the same incentives that made post-Reconstruction convict leasing in the United States so brutal. Owners and managers of companies that hired convicts from the state had no interest in the capitalized value of their workers. The state was the residual claimant. It was a system ripe for brutality (Mancini 1996).

In his first letter to Conrad and Meyer, Tullock explained how slavery was a millstone around the neck of any society that tolerated it. In particular, he argued that competition at every link in the supply chain meant that no one would earn abnormal returns, and rates of return on investments in slaves would be comparable to rates of return on other assets such as land, cattle, or bonds. This led him to condemn the system on efficiency grounds (Tullock 1967:7):

“The slave owner, the slave producer, and the owners of other resources all simply got the normal returns. The slave, on the other hand, suffered a very great loss. Thus we see a system which inflicted terrible penalties on one part of the population without any compensating gains to others. The institution clearly imposes a large net cost on society.”

In short, slavery generates abnormal burdens on the enslaved without creating abnormal benefits for the enslaver. Furthermore, he argued that a slave’s incentives “to revolt, kill his master, or run away” meant that maintaining the system would be costly. Hence, “the continuance of the slave system required a very sizeable expenditure on ‘security’ against the slaves” that “were largely born by the non-slaveholding free population” (Tullock 1967:8). The need for specific

protections that externalized the costs of the slave system suggests that large-scale slavery can only exist within an otherwise-dynamic free market economy if it is politically protected. Being the most politically powerful, planters were successfully able to secure these benefits for themselves at public expense.

Tullock explores these themes in his correspondence with Conrad and Meyer. He used the example of slave catching: “I am sure you will agree with me that, however much we may disapprove on moral grounds, slave-catching is economically much like any other business. In view of the risks and the moral odium incurred, returns on capital are apt to be higher than in, say, banking,” a job which carried much less risk and moral odium.⁸

The newly enslaved lost a lot—their livelihoods, families, possessions, and basic freedom, which imposed substantial costs on the communities where the slaves originated. Tullock made an argument that would be examined with greater statistical rigor later by (for example) Nathan Nunn and Leonard Wantchekon (2011). Slave catching, Tullock pointed out, had a very different effect than labor recruiting and indentures:

“The presence of a labor contractor and a corps of smooth talking salesmen in a neighboring village is not likely to impede the getting of the crops in while the mere rumor of slavers is apt to throw a terrified [*sic*] into complete economic stagnation while the whole population tries to hide or flee.”⁹

For slavery to remain profitable and viable, Tullock argued, it required institutions that allowed the enslavers to shift the system’s “substantial external costs” onto others.¹⁰ Specifically, “the internal security arm must be larger and more expensive in a state which permits slavery than in

⁸ Tullock to Conrad and Meyer, n.d., p. 1.

⁹ Tullock to Conrad and Meyer, n.d., p. 1.

¹⁰ Tullock to Conrad and Meyer, n.d. p. 2.

one which does not.”¹¹ Tullock had argued in his initial letter that the costs of maintaining chattel slavery could have been internalized with a special tax on slave wealth.¹² Meyer disagreed with Tullock’s claim that slaves had strong incentives to run away or kill their enslavers:

“It is not clear to me that slaves must necessarily be prevented from fleeing or killing their masters. Outside of the sugar and rice fields, masters who maximized their returns were generally led by their own self-interest to treat their slaves with a reasonable amount of humanity.”¹³

Later research (e.g., Findlay 1975, Fenoaltea 1984, Dari-Mattiacci 2013) would unpack this “reasonable amount of humanity” by explaining that low-skill tasks enjoyed less of it while high-skill tasks enjoyed more of it. Later work on mortality rates in southern convict leasing testified to how “humanity” was contingent on property rights: enslavers who suffered capital losses from mistreated slaves were more careful than firms that leased prisoners from state governments (Mancini 1996). Tullock went on to argue that for a society that insisted on racial stratification, hierarchy, and domination, the “South African Solution”—which, he argued, characterized the South in the decades after Reconstruction—would have been more economically efficient than chattel slavery when constrained to a comparison of the two.¹⁴

Wherever it has appeared, slavery has been intimately bound up with political institutions and property rights. Examining its efficiency requires, therefore, that we explore its institutional and legal foundations. In his correspondence with Conrad and Meyer and through his influence on Moes and others, Tullock did so by developing an explanation for why slavery was racialized and how it persisted due to specific legal protections like rules against manumission, conscripted

¹¹ Tullock to Conrad and Meyer, n.d., p. 2.

¹² Tullock to Conrad and Meyer, n.d., p. 2.

¹³ Meyer to Tullock, August 20, 1958, p. 3.

¹⁴ Tullock to Conrad and Meyer, n.d., p. 3.

slave patrols, and restrictions on slave mobility and literacy. He also identifies another channel through which slavery might have reduced efficiency: by reducing investment in nonhuman capital. While Tullock did not publish on the matter himself, his argument appears in research by his colleague John E. Moes.

IV. “Swallowing Up Capital”: Tullock’s Influence on Moes

Tullock’s only published work on the economics of slavery was his 1967 review article in *Left & Right*, but he affected the discussion indirectly via his influence on John E. Moes. In 1961, Moes published the article “The Absorption of Capital in Slave Labor in the Ante-Bellum South and Economic Growth” in the *American Journal of Economics and Sociology*. He noted that “slaves are producers of durable goods, just like machines or livestock, and every dollar of expenditure leading to an increase of a slave owner’s wealth in this form will satisfy his propensity to save” (Moes 1961:537). “Investing” in children, he argued, was dissimilar in that children are better thought of as consumer durables rather than investment goods (Moes 1961:536). As he put it,

“Free children are desired by their parents—insofar as they are desired at all—primarily for the enjoyment they get from them and hence should be classified as consumer durable goods. Having children may be a provision for the future in terms of psychic income, but in a society like ours most parents would be ill-advised if they should also count on their children to provide them with a material income during their old age or in case of contingencies” (536).

He continued by questioning the wisdom of “investing” in children:

“To the extent that one’s children constituted a claim on future material income at all it was the most illiquid form of wealth imaginable: a claim without marketable value that could not be transferred at will into the kinds of goods and services one might desire” (536).

He concluded that a slave society would not accumulate nonhuman capital as rapidly as a slave society:

“It now becomes clear that there is hardly any reason to expect that the rate of accumulation of non-human capital in a slave society, to the extent that this society has to draw upon its own resources, will be as rapid as that in a free society if we assume saving propensities to be the same” (537).

His argument here and elsewhere bears more than a passing resemblance to the arguments Tullock made in his correspondence with Meyer. Conrad and Meyer disagreed with Tullock, with Conrad writing “Our basic objection to your position is that you overlook the interdependence of buyers and sellers in the economy” because the slave sellers might have a high marginal propensity to save, who might then lend the slave purchase price back to the purchaser.¹⁵ He continues:

“The essential point is that there will be no swallowing up of capital from the standpoint of the slaveowning society as long as it doesn’t cost more to either raise the slaves or capture and transport a slave to his place of work than it does to raise a free laborer.”¹⁶

In a September 4, 1958 letter, Tullock argued that Meyer misinterpreted his point about swallowing up capital, and he noted the difference between investing in slaves and consuming. He used the hypothetical example of a General Electric executive who owns a gravel pit and bulldozer and compares their situation to someone deciding to have children. The bulldozer,

¹⁵ Meyer to Tullock, August 20, 1958, pp. 1-2

¹⁶ Meyer to Tullock, August 20, 1958, p. 2.

while seemingly a piece of capital equipment, is a consumption good. Similarly, children are consumption goods while slaves, at least economically considered, are capital goods. As Tullock put it,

“Parents raise children instead of drinking up all of their income because this seems to them a more satisfactory form of consumption. Resources are used, but they come not from the capital account, but from the consumption side.”¹⁷

It is misleading, therefore, to think that “investing” in slaves is like “investing” in children. Parents’ spending on their children crowds out spending on consumption goods like liquor or golf clubs. The money enslavers spend on slaves crowds out money they might have invested in tools and machines. Capital improvements attributable to spending on children are, he argues, accidental—just as any capital improvement brought about by his bulldozer-driving executive would be a pleasant “by-product of a particularly conspicuous piece of consumption.”¹⁸

A few weeks later, Meyer replied with a claim that Tullock was confused:

“The question, then, that we are basically asking is this: Does a free society have to set aside less for these capital or investment purposes, broadly defined, than a slave society in order to maintain the productive capacity of the economy at a certain specified (or, if you wish, growing) level?”¹⁹

Tullock and Moes argued that a slave society would have to save *more* to maintain the same output as a non-slave society. In a 1960 letter to Meyer, Tullock wrote,

¹⁷ Tullock to Meyer, September 4, 1958.

¹⁸ Tullock to Meyer, September 4, 1958, p. 2.

¹⁹ Meyer to Tullock, September 25, 1958.

“In 1958 we had a correspondence set off by your joint article on slavery. As you perhaps have deduced from the current JPE [*Journal of Political Economy*], this correspondence is continuing in a rather indirect way.”

This is a clear reference to Moes (1960).

Tullock’s and Moes’s criticisms rest on getting the accounting straight. They pointed out that while parents spend a lot on their children, it is a mistake to consider this investment spending. Someone can satisfy their marginal propensity to save by feeding a slave who literally consumes resources that would otherwise have been directed toward investment in nonhuman capital. While spending on one’s children is best considered consumption, they argue that spending on one’s slaves is best considered investment. The slaves themselves were poorly positioned to decide how much to save—or to monetize their human capital.

V. Tullock’s Theory of Slavery: Why Slavery Was Racialized, and Why Manumission Was Prohibited

In addition to the historical context they provide for the cliometric literature Conrad and Meyer inspired and Moes’s contributions, Tullock’s work on slavery contains several original insights that help us understand how slavery emerges and self-perpetuates. As his opening contribution to the exchange, Tullock wondered why slavery became racialized in the New World while it had not been racialized historically or elsewhere. In doing so, he explained what separated it from other New World labor institutions like indentured servitude. Slavery’s racial dimensions, he argued, provided New World enslavers with enforcement advantages. He helps explain subsidized slavery enforcement in the United States in the form of conscripted slave patrols and anti-manumission laws and protocols expelling manumitted Blacks from slaveholding areas.

His explanation relied on enforcement costs and rent protection. He argued that slavery persisted because its beneficiaries could shift enforcement costs onto taxpayers and others. Slavery's economic viability depended on enslavers' ability to shift its enforcement costs onto the rest of society via conscripted slave patrols, the Fugitive Slave Act, and military spending to check possible slave revolts.

Tullock (1967) traced his insights to a surprisingly frank concession by George Fitzhugh, the radical late antebellum pro-slavery theorist. As Fitzhugh (1854:144) wrote,

“The poor constitute our militia and our police. They protect men in possession of property, as in other countries; and do much more, the secure men in possession of a kind of property which they could not hold a day but for the supervision and protection of the poor.”

What was this “kind of property”? Others' enslaved persons. Absent these protections, the entire slave system risked crumbling under the weight of enforcement costs that individual enslavers could not bear.

Though Meyer largely demurred on the point, Tullock highlighted the business of “slave-catching” as a mark against Conrad and Meyer's efficiency claims. If slavery's survival required subsidies and socialized enforcement costs, its profitability was an artifact of state intervention rather than the product of market forces. “In order for a slave enterprise to function,” he explained, “the slaves must be prevented from fleeing and killing their masters.”²⁰ Tullock noted further that “part of the cost of running a slave enterprise” may be “shifted from the enterprise to the general community.” By Tullock's reasoning, slavery was profitable and viable, as per Conrad and Meyer, but only if governments used their comparative advantage in violence to socialize enforcement costs.

Tullock offered a theory of racialized slavery that explains its emergence in the New World and connects it to the economics of enforcement. Costly wars to suppress uprisings had maintained ancient slave systems. Race makes it easier to identify slaves; as Rosenthal (2018:40) “using racial division as a tool for policing” was a feature of Caribbean slave economies. By contrast, racialization made it easier to identify the enslaved: it means that someone encountering a black person could rely on skin color, which “was fairly good evidence of whether he was or was not a runaway slave.”²¹ Racialization thereby reduced slavery’s enforcement costs.

Tullock’s argument helps explain why American slavery became racialized between the seventeenth and nineteenth centuries and why manumission—a fairly common practice in the ancient world—was increasingly proscribed in the Southern states in the decades after the American Revolution. Robert Carter III’s famous “deed of gift” in 1791, which set out to free some five hundred slaves on his inherited plantation under the terms of a 1782 emancipation statute, illustrates the problem. It was a years-long process because the law’s legal processes were cumbersome, and it provoked a violent backlash among neighboring enslavers, particularly as he refused to send many of the manumitted outside Virginia.²²

Manumission restrictions tried to prevent agglomerations of free Blacks who could shelter fugitive slaves, and racialized slavery made skin color an automatic identifier that made enforcement easier. It is insufficient: the probability that someone is black, given that one is a slave, can be 100 percent, while the probability that one is a slave, given that one is black, can be almost 0 percent. Restricting manumission and expelling the freed addressed this. “If the free negroes in an area were so numerous that the police officers would not know all of them by sight, then the detection of runaways would have been more difficult,” per Tullock’s argument.

²¹ Tullock (1967, p. 8).

²² See Levy (2005).

Combined with the added consideration that freedmen could aid and assist slave revolts, the enforcement benefit provided to the slaveowner by establishing this racial line depended on preventing large free-Black communities in the South (Tullock 1967). For Tullock, racialization helps explain why Southern slaveowners secured legislation to inhibit domestic manumission or to subsidize the relocation and expulsion of manumitted slaves to places like Liberia.²³

Free Blacks could also have provided social capital networks that might have alerted slaves to opportunities off the plantation. Race and skin color, for Tullock, served a clear institutional function by reducing the costs of identifying slaves and non-slaves. The enforcement-costs approach helps us understand why slavery was racialized in the Americas and the pernicious legacies of racial discrimination that have persisted since then. By implication, the legal doctrine of *partus sequitur ventrem*, first introduced in Virginia in 1662 and eventually entrenched across the antebellum South, served an economic function by dramatically reducing slavery's information and enforcement costs.

VI. Conclusion

Gordon Tullock had important insights about race and slavery but published very little on it. Most of his ideas were never published under his name but are explained in private letters to Alfred Conrad and John R. Meyer and via his influence on his colleague John E. Moes's criticisms of their 1958 paper (Moes 1960, 1961, 1962). Tullock's only published work on the economics of slavery is his 1967 review essay in *Left and Right*, and while he hinted at taking up the subject again later, he never did. His influence on this important topic as therefore escaped attention, save for stray passing acknowledgements by authors he influenced (Moes 1960) or

²³ See Magness (2014) for a further discussion of the economics of colonization.

who discovered his insights after doing work remarkably consistent with them (Yanochik et al. 2001).

Tullock's correspondence on the economics of slavery contributes to our understanding of the historiography of late twentieth-century economics several ways. First, it helps us see how Virginia Political Economy spoke to the evolving New Economic History of slavery in the 1960s and 1970s and how it speaks to the developing literature on the New History of Capitalism.²⁴ Second, it shows that slavery, racism, and oppression are not the "blind spots" the critics of classical liberal political economy suppose them to be. Third, Tullock's ideas as developed by Moes suggest promising lines of future inquiry in both the economic history of slavery and the intellectual history of late twentieth-century treatments of slavery in the several classical liberal traditions in twentieth-century economics. Fourth, there are promising avenues for further research evaluating the institutions of slavery in the context of "moral exchange" (Brough and Simmons 2023).

By approaching slavery as an example of rent-extracting government capture, Tullock linked insights from classical economists like Smith and Cairnes to the emerging cliometric evidence on slavery's profitability and viability. Slavery's reliance on political capture adds needed nuance to our understanding of slavery and market institutions. Whereas Conrad and Meyer, along with subsequent cliometric work, established the economic profitability of slavery, its alleged efficiency remains a murkier question absent the role of enforcement costs borne by the public at large and the costs slavery imposes on the enslaved. It can be simultaneously profitable and extremely inefficient.

²⁴ See Engerman (2017), Hilt (2017), Olmstead and Rhode (2018), and Wright (2020, 2022) for evaluations of this literature.

Tullock explains how political exchanges and non-market choices functioned in an economy based on slavery, which came at the expense of economic efficiency and human rights. Tullock explained why slavery's enforcement was centralized and why its costs were spread out over southern taxpayers, the southern poor, and the slaves themselves. In this regard, he explained why slavery could be profitable to individual enslavers but detrimental to the southern economy overall. Slavery, from this regard, is neither necessary for free-market capitalism nor good for it. Given recent perspectives that content slavery was exceptionally profitable and necessary for capitalism, recovering Tullock's contribution is especially timely.

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