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### Building a Meritocracy: The American Precedent for Wealth Redistribution

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## Building a Meritocracy: The American Precedent for Wealth Redistribution

### Abstract

This work investigates the use of wealth redistribution mechanisms in establishing and promoting meritocratic practices in early United States history. From the fifteenth to eighteenth century, the reward system used in exploration, colonization incentives, and land redistribution techniques are examined. During the eighteenth and nineteenth century, the effects of industrialization and education on social mobility are reviewed. Finally, the social and economic factors resulting in southern secession, particularly slavery, are examined. While the concept may be unpopular in modern society, wealth redistribution mechanisms were essential to cultivating merit-based social mobility and overall societal stability throughout the period covered.

### Keywords

merit, meritocracy, meritocratic, American Civil War, industrial revolution, slavery, inheritance, social mobility

### Cover Page Footnote

I would like to thank Terri L. Sims for her help. Her advice and the many discussions we had were crucial to fleshing out key concepts. I would also like to thank my professors and mentors Clayton T. Black and Lisa Daniels for editing and overall assistance.

Building a Meritocracy: The American Precedent for Wealth Redistribution

Chapter 1  
Defining Concepts

Since the Cold War, socialism has become a taboo subject in the American mindset because of its close association to communism. In government and academics, socialism has had a polarizing effect causing politicians and intellectuals often to make or lose their careers in connection with their views of it. One of the most controversial subjects in this ongoing debate is wealth redistribution. The question of the implementation of this seemingly socialist ideal has sparked repeated political quarrels in American history.

Opponents of wealth redistribution commonly argue that it assaults one of the fundamentals of our society—the belief that people should rise and fall according to their inherent ability or merit. As such, it is commonly considered an un-American practice. Conversely, I would argue that wealth redistribution has been crucial to America’s formulation of meritocratic principles as our history is littered with examples of taking wealth that was often unearned and redistributing it as opportunity—an integral component to a merit-based society.

First, it needs to be clearly established what is meant by the concept of merit. Throughout this paper, phrases such as inherent potential (innate ability, merit, etcetera) will be used interchangeably. Each refers to the innate ability of an individual for the achievement of success. The actual achievement level attained is dependent upon that innate ability coupled with environmental factors. As work habits and self-motivational skills are acquired, they are considered a synthesis of innate ability and environment rather than a separate variable. These factors are referred to in this paper in many ways

including as opportunity, resources, tools, etcetera. Meritocracy is defined, for the purposes of this paper, as a form of society where environmental factors are equal for all persons and therefore individual achievement is the sole result of innate ability.

Our country, since even before its founding, represented this ideal of meritocracy. It was a place where people like Benjamin Franklin, a man born to a candle maker, could rise from apparent obscurity to stand as a major figure on the world stage.<sup>1</sup> Franklin's rise can be attributed to several reasons but perhaps the most salient is the application of merit, the exercise of individual achievement. From the vestiges of a centuries-old feudal system that determined a person's status based on birth, emerged a "city upon a hill" that represented an escape from the stultifying effects of this reality.<sup>2</sup> Our nation was a symbol of the idea that human beings had an inherent potential that transcended the social conditions of their birth. It was a system that held that if given opportunity, persons from every walk of life could accomplish great achievements.

The American meritocratic principle is derived from micro- and macroeconomic factors. This is not to say that theorists, intellectuals, and theologians have not participated in the formation of American values. The success of ideals, however, is dependent upon their connection with reality. In matters concerning finances, radical theories will not remain radical if their application results in financial success time after time. They will become doctrine. If through studying the financial success of the United States, meritocratic practices appear crucial to its emergence as the strongest economy in the world, we might reasonably assume that this is directly related to our acceptance of

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<sup>1</sup> *The Autobiography of Benjamin Franklin* (New York: 1909), Project Gutenberg, July 1994, <http://www.gutenberg.org/cache/plucker/148/148>.

<sup>2</sup> John Winthrop, "A Model of Christian Charity," The Religious Freedom Page, <http://religiousfreedom.lib.virginia.edu/sacred/charity.html>.

merit-based principles. In consideration of that, this work is devoted not to a study of the evolution of literature around the formation of meritocratic principle but instead to the economic and socioeconomic factors that contributed to the formation of the American meritocratic precedent.

Wealth and income are the other crucial components that will be focused on in this paper. Often both components are used to measure success as well as the incentives for obtaining it. The wealth of an individual can comprise many things. It is often seen as some tangible piece of property but that is certainly not its only form. The economist John Stuart Mill believed that “to an individual anything is wealth, which, though useless in itself, enables him to claim from others part of their stock of things useful and pleasant.”<sup>3</sup> Mill uses the example of a mortgage “which is wealth to the individual to whom it brings revenue.”<sup>4</sup> In this way, wealth is described as an asset that produces something of value, usually income. On a national basis, wealth was identified by Adam Smith as “the annual produce of the land and labour of the society.”<sup>5</sup> To each country, wealth is the exercise of its ability to produce over a given year. Individuals, driven by the desire to accumulate personal wealth, increase the production and therefore wealth of the country. Wealth redistribution is therefore seen as removing a crucial incentive for success, taking from those who earned it in favor of giving to those who did not. Without incentive, less work is performed, less production occurs, and the country as a whole is made less wealthy. Or so the argument goes.

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<sup>3</sup> John Stuart Mill, *Principles of Political Economy, With Some of Their Applications to Social Philosophy* (London: 1909), The Library of Economics and Liberty, <http://www.econlib.org/library/Mill/mlP.html>.

<sup>4</sup> Mill, *Principles of Political Economy*.

<sup>5</sup> Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations* (London: Printed for W. Strahan and T. Cadell, 1776) English Short Title Catalogue, Eighteenth Century Collections Online, Gale Group, <http://galenet.galegroup.com/servlet/ECCO>, 1: 4.

This argument that wealth redistribution weakens, if not destroys, a merit-based system cannot, however, be accepted without critical examination. In order to be a result of merit, wealth must be something gained through individual achievement. This is not always the case. One of the major vessels in which wealth is transferred is inheritance. This requires no more work or talent than successfully navigating a birth canal. In our modern era, studies have shown that roughly 20 percent of privately held wealth comes directly from bequests and gifts.<sup>6</sup> This is not the full extent of what amounts to inheritance, however. How much future wealth was gained by the individual from the inheritance received must be considered. If all wealth transferred to offspring after reaching adulthood was to be calculated and accumulated interest were factored in, the figure has been shown to come to around 80 percent.<sup>7</sup> This figure, too, is imperfect. First, it assumes that those receiving inheritance will invest it and receive the going rate of return. It may be that they lack the investment savvy that “self-made” people possess, or it may be that they have additional investment opportunities because of the heightened status into which they were born. Nevertheless, the two figures of 20 to 80 percent give us at least a range of the possible amount of private wealth held as a result of inheritance. Other studies, calculating the amount of private wealth made up of inheritance or derived from it, have come up with amounts anywhere between those two figures.<sup>8</sup>

This huge amount of inheritance becomes troubling to the concept of meritocracy when examining how polarized wealth distribution is in the United States and has been for the last century. If wealth were fairly evenly distributed, then inheritance’s impact on

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<sup>6</sup> Franco Modigliani, “The Role of Intergenerational Transfers and Life Cycle Saving in the Accumulation of Wealth,” *The Journal of Economic Perspectives* 2 (1988): 15-40. JSTOR, [www.jstor.org](http://www.jstor.org).

<sup>7</sup> Jens Beckert, *Inherited Wealth*, (Princeton, Oxford: Princeton University Press, 2004), 15.

<sup>8</sup> Beckert, *Inherited Wealth*, 15.

merit would be fairly minimal, because individuals would likely receive similar bequests. Unfortunately, this is not the case. Since 1922, the earliest the data were available, the wealthiest one percent have maintained an extremely high share of the wealth, varying between 19.9 percent and 44.2 percent.<sup>9</sup> Given how much of this wealth is unearned, it is in clear conflict with the principles of a merit based society and brings into question the association of wealth with individual achievement.

Those who support unencumbered inheritance, from an economic standpoint, often argue that it is a source of capital that supports investment and therefore economic development. Adam Smith laid the groundwork for this argument with his opposition to transfer taxes, including “taxes upon the transference of property from the dead to the living.”<sup>10</sup> He believed that inheritance taxes were “unthrifty taxes that increase the revenue of the sovereign, which seldom maintains any but unproductive labourers at the expence of the capital of the people, which maintains none but productive.”<sup>11</sup> Economists who oppose inheritance taxes further argue that besides a loss in investment capital from taxes, there would be a further loss from individuals choosing to cease accumulating wealth coupled with an increase in consumption toward the end of their lives.

An analysis of this viewpoint, unencumbered inheritance, finds two major flaws. First, this viewpoint appears to maintain that it supports “none but [the] productive.” An individual who accumulates wealth throughout his or her life by making good investments and sound financial choices would certainly be following Smith’s theory of

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<sup>9</sup> G. William Domhoff, “Wealth, Income, and Power,” *Who Rules America*, <http://sociology.ucsc.edu/whorulesamerica/power/wealth.html>

<sup>10</sup> Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations*, 3: 317.

<sup>11</sup> Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations*, 3: 319.

the “invisible hand”—the theory that there is an efficient and invisible force driving the market.<sup>12</sup> However, proponents of inheritance limitations argue the transfer of wealth from the dead to the living, when speaking of bequests made to heirs, is not an efficient means of allocating capital because it is not market driven.<sup>13</sup> Because the desire for the accumulation of wealth can be considered an incentive for being productive, inheritance would be a natural disincentive. Those who stand to receive enough of a fortune to place them in the wealthiest 1% of society, with continuing monumental income resulting from no effort on their part, have little reason to work. Furthermore, even if they try to use their wealth in a constructive manner, it may not be used as effectively as someone with a greater innate ability who lacked the opportunity to express it. The receipt of unearned wealth bypasses the competition mechanisms of the market, resulting in a less efficient use of capital.<sup>14</sup> Thus, it can be concluded that a capitalistic meritocratic system is not only best served by policies that redistribute unearned wealth; its fundamentals require it to do so.

A second flaw in Smith’s argument is that taxation of inheritance, or redistribution of wealth, will “seldom maintain any but unproductive labourers.” This makes the assumption that the revenue cannot serve a productive means. The rest of this paper examines the historical precedent of the United States’ use of redistributive practices to provide opportunities for advancement. In order to rise and fall in society, advancements (and conversely reductions) in status must be possible. The examples of wealth redistribution, however, do predate the discovery of the New World. If the truth

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<sup>12</sup> Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations*, 3: 181.

<sup>13</sup> Beckert, *Inherited Wealth*, 168.

<sup>14</sup> Glenn E. Hoover, “The Economic Effects of Inheritance Taxes,” *The American Economic Review* (1927): 17: 38-49. JSTOR, [www.jstor.org](http://www.jstor.org).



be told, there was opportunity for social mobility in England prior to the colonization of America. Titles could be granted in response to exemplary service on the battlefield or elsewhere. However, advancement in status was extraordinarily rare. In feudal Europe, it was a respected principle that status and office were inherited along with wealth.

This system of status of inheritance was due to a rigid society divided into the three estates of “those who prayed, those who fought, and those who labored.”<sup>15</sup> It was only in the first estate, that of the church, that social advancement was easily visible and frequent. Notable bishops, abbots, and even popes, including Pope Gregory VII, arose from humble and obscure backgrounds.<sup>16</sup> The major reason for this was the church’s inheritance policies. For much of the church’s history, clergymen were allowed to marry and, consequently, have children. During the 11<sup>th</sup> and 12<sup>th</sup> centuries, major reforms completely disallowed this practice.

Although many theological arguments were made for why clergymen should not be married, the question of church possessions and office in relation to the offspring of clergy was especially important. Wealth that was the rightful possession of the church was bequeathed to the families of the ministry.<sup>17</sup> The practice of priests passing on their parishes to their sons became such a problem that Pope Innocence III made an issue of urging his bishops to dispose of those clergyman who had succeeded to their fathers’ churches.<sup>18</sup> By the mid-thirteen century sex by members of the clergy, and therefore fathering offspring, was criminal fornication and grounds for removal from the church.

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<sup>15</sup> David Herlihy, “Three Patterns of Social Mobility in Medieval History,” *The Journal of Interdisciplinary History* 3, no. 4 (1973): 623. JSTOR, [www.jstor.org](http://www.jstor.org).

<sup>16</sup> Herlihy, “Three Patterns of Social Mobility in Medieval History,” 624.

<sup>17</sup> I. S. Robinson, *The Institutions of the Church, 1073-1216*, in *The New Cambridge Medieval History*, ed. David Luscombe and Jonathan Riley-Smith (New York: Cambridge University Press, 1995), 4: 436.

<sup>18</sup> Robinson, *The Institutions of the Church*, 436.

Without inheritance, the offices of the church and command of its immense wealth were at the disposal of those who were capable of climbing the ranks of the first estate. Men from all walks of life, many who were educated and raised by the church from youth, were placed in positions where they could demonstrate their level of inherent potential.

The success of the North American colonies, later the United States, was arguably the success of a new system that included a capitalistic base. Such a system hinged on equality, at least from a legal perspective, that could not exist in a three-tiered system. Efficient production and commercial intercourse requires equal legal privileges.<sup>19</sup> A successful capitalistic system requires that a single class, such as nobility, not have the ability to control market actions according to whim—the forces of the market must operate on their own.<sup>20</sup> The colonies of the United States went even a step beyond this by equalizing economic opportunity, at least to a greater extent than was present in Europe. While the United States has never been a perfect meritocracy, it offered a greater level of equal opportunity than the feudal system that preceded it. The fairer the playing field from birth, the more meritocratic a society becomes. For this reason, if wealth redistribution results in the equalization of opportunity, it can be seen as supporting the American ideal of merit.

The equalization of opportunity occurs as a result of the adjustment of resources, either taking from those who possess more or by giving to those with less. Simply put, redistribution. However, this must be done in a way that encourages individual achievement. A straight transfer of wealth from one party to another simply changes the recipient of inheritance. In order to encourage individual achievement, wealth must be

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<sup>19</sup> James W. Russel, *Double Standard* (New York: Rowman & Littlefield Publishers, 2006), 64.

<sup>20</sup> Russel, *Double Standard*, 64.

redistributed in a way that gives individuals tools to exercise their inherent potential, instead of simply acting as an effortless source of income.

In the United States, there has been spirited disagreement over the concept of wealth-distributive policies since before the founding. This is because there have been numerous examples where such policies have been implemented. Religious and political literature known to the settlers of the seventeenth and eighteenth centuries, such as the Bible and James Harrington's *Oceana*, include passages that advocate regular land redistribution.<sup>21</sup> Of particular interest is the Israelites required redistribution of land every half-century, undertaken perhaps to avoid tribal rivalries or inequalities.<sup>22</sup> Although no serious efforts were made to literally adopt the Bible's redistribution of land, it is clear it impacted early land policies.<sup>23</sup> In essence, further support for the concept of redistribution not being antithetical to Americanism lies in the fact that it has existed since the days of the colonies, long before Karl Marx ever wrote the *Communist Manifesto*. It has been an essential ingredient in the United States becoming more meritocratic—the very thing that separates us from the monarchies from which our nation emerged. Throughout American history a policy of merit based redistribution was implemented.

This is not to say there was not extreme hypocrisy in our nation's founding in relation to its view of social mobility according to personal ability. The founding fathers and subsequent leaders debated freedoms in buildings built by slaves<sup>24</sup>. The lack of

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<sup>21</sup> Daniel J. Elazar, "Land and Liberty in American Civil Society," *Publius* 18, no. 4 (1988): 1-29. JSTOR, [www.jstor.org](http://www.jstor.org).

<sup>22</sup> Leviticus. 25.8-17 New International Version.

<sup>23</sup> Elazar, "Land and Liberty in American Civil Society," 4-5.

<sup>24</sup> United States. Congress. House. Committee on House Administration, "Emancipation Hall: A Tribute to the Slaves Who Helped Build the U.S. Capitol," Hearing, September 25, 2007, [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110\\_house\\_hearings&docid=f:41186.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_house_hearings&docid=f:41186.pdf)

founding mothers also reminds us of merited individuals who were not allowed to contribute. Good sociological arguments could be made that the United States, when considering the huge portion of the population that was enslaved or unable to vote, had its own form of caste system. Even after the end of slavery and the appearance of women's suffrage, policies both official and unofficial stood as a barrier to social mobility for minority groups. In fact, the perpetually low socioeconomic status of groups like African Americans can be in part attributed to the failings of the United States to adopt a fully meritocratic system. Status is still somewhat inherited as environmental factors are not equal across the spectrum.

Regardless of the correspondence of rhetoric and reality, however, America gained the reputation of being a place of opportunity. This reputation was a calling to the people of other nations, in essence saying "give me your tired, your poor, your huddled masses yearning to breathe free" and the chance of social mobility is precisely why those downtrodden immigrants came. These masses felt they had a better chance of improving their status in society in the United States than in their country of origin.

Because of the continued influx of populations from varying countries and continents, the United States was the only major world power that had no universal ethnicity, religion, or race. We were unified by the few commonalities of our ancestors, things they shared with each other and with no other nation: American ideals. These were beliefs in freedoms, equalities, and merit over birthright.

These beliefs, like those of many peoples the world over, arose out of the circumstances of the American environment. They were not invented at the founding of the nation; they emerged from the social, economic, and political realities of

colonization—all of which will be addressed in the next chapter. This will be followed by the third chapter, which will discuss how meritocratic policy evolved as the northern United States industrialized, replacing purely agrarian means of social mobility with that of industry and education. The last chapter will cover the same period as the third chapter, but will examine the south and the impacts of slavery and the Civil War on meritocratic practices.

Chapter 2  
Pioneers, Land Distribution, and the Colonial Process

The formation of the American meritocratic system was the result of several environmental historical circumstances. A societal desire for merit was synthesized through the blending of the exploration and colonization methods of European powers with the physical as well as political realities of the American terrain. The dangers involved in charting new lands led to a very specific reward system. Opportunity for advancement was given in exchange for taking on the risks involved in finding new lands. Those talented enough to accomplish the difficult goals involved in these expeditions were able to improve their socioeconomic standings. This pattern was eventually repeated in the settlement process as well.

In April 1584, an expedition under Walter Raleigh explored the coast of North Carolina after receiving a charter from Queen Elizabeth I to do so.<sup>25</sup> As newly located lands were considered the possession of the monarch, ownership or control of them had to be bestowed by England's Queen. For his exploration of the region, named Virginia in honor of the Virgin Queen, Raleigh received North American land as well as title.<sup>26</sup> It could be argued that, because the majestic rulers of Europe invested in these expeditions, any resulting wealth was earned. Such an argument, however, does not hold up to careful examination. First, this vast new wealth of area and resources was already populated by diverse groups of people. The conquest, genocide, and displacement of native peoples are not considered part of any major economic process of "earning" wealth. Even at that time, Saint Thomas Aquinas's writings on what constituted a legitimate war was well

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<sup>25</sup> Richard L. Morton, *Colonial Virginia*, vol. 1, *The Tidewater Period 1607-1710* (Chapel Hill: The University of North Carolina Press, 1960), 2.

<sup>26</sup> Morton, *Colonial Virginia*, 2-3.

known, setting forth a series of requirements for a Christian nation to start and conduct a justifiable war.<sup>27</sup> The conquest of the Americas failed to meet the requirements set out by Aquinas, lacking even that legitimacy. Secondly, even if an economic rationale could be discovered for earning wealth through conquest, the question would still remain as to how to justify it as belonging to the monarch. Such possessions were considered the monarch's by right of their position as ruler of the nation, a position obtained through birthright rather than individual merit. For these reasons the wealth of the New World must be regarded as unearned by the European monarchs who claimed it. The dispersion of this wealth was not an act of kindness but rather a necessity of the age.

Monarchs of Europe understood that if they wanted their subjects to go forth and expand the holdings of the empire, they needed to provide incentives for doing so. Just as conquerors received the spoils of war, adventurers received the spoils of exploration which often included knighthood, governorship, and large grants of often still unexplored land. A year after Raleigh's first venture to the North America, his cousin Sir Richard Grenville returned to plant a settlement on Roanoke Island in an attempt to begin to reap the rewards of the discovery.<sup>28</sup> The United States may have turned out quite differently if this had been the whole story of how colonization took place in the New World—explorers found new lands, received rewards for their discoveries, and soon afterwards colonists went forward to start successful settlements.

This was not, however, the whole story. Raleigh was not the first person to receive a charter for this particular expedition. He received it only after his half-brother,

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<sup>27</sup> James Turner Johnson, "The Broken Tradition," *National Interest* (1996): 27-36. *Historical Abstracts*, <http://uclibs.org/pid/12775>; Alexander Moseley, "Just War Theory," *The Internet Encyclopedia of Philosophy*, <http://www.iep.utm.edu/j/justwar.htm>.

<sup>28</sup> Morton, *Colonial Virginia*, 2-3.

Sir Humphrey Gilbert, was turned away by Spaniards on his first attempt only to be lost at sea on his second.<sup>29</sup> These risks were perhaps one of the major reasons that exploring the unknown was often left to untitled men or the lowest of nobility. These were men who often came from educated backgrounds but still had little or no wealth when compared to the higher echelons of society. Instead, their success or failure depended on luck and merit.

Just as dangerous as finding new lands was trying actually to settle them. The settlers of Roanoke were not successful. After a great deal of investment and work, the settlement failed when its inhabitants vanished.<sup>30</sup> This may have been due to conflicts with natives, illnesses, or desertion for a plethora of other reasons.<sup>31</sup> As a result of such difficulties, there were numerous unsuccessful colonization attempts. From lesser known Ramea to Jamestown, settlements constantly failed while under siege by the harsh realities of the New World.<sup>32</sup>

The question then remains, what did the English government have to do to get people to come here? From the point that Columbus first returned to Spain with gold, it was apparent that there were valuable resources to be had in America.<sup>33</sup> There is no question as to why the major powers of Europe wanted it. The dangers of early colonial life were a major deterrent to men of established holdings, or gentry, back in Europe to relocate to America. Although there was noted passage of gentlemen in the initial

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<sup>29</sup> Morton, *Colonial Virginia*, 2.

<sup>30</sup> John Wood Sweet, *Introduction: Sea Changes*, in *Envisioning an English Empire: Jamestown and the Making of the North Atlantic World*, ed. Robert Appelbaum and John Wood Sweet (Philadelphia: University of Pennsylvania Press, 2005), 4; Morton, *Colonial Virginia*, 3.

<sup>31</sup> James Horn, *The Conquest of Eden: Possession and Dominion in Early Virginia*, in *Envisioning an English Empire: Jamestown and the Making of the North Atlantic World*, ed. Robert Appelbaum and John Wood Sweet (Philadelphia: University of Pennsylvania Press, 2005), 4; Morton, *Colonial Virginia*, 3; Sweet, *Introduction: Sea Changes*, 4.

<sup>32</sup> Horn, *The Conquest of Eden*, 30; Morton, *Colonial Virginia*, 12.

<sup>33</sup> Charles Gibson, *Spain in America* (New York: Harper & Row, 1966), 8.



voyages to America, they were already in fast decline by the early to mid seventeenth century as news of starvation and mass deaths reached England.<sup>34</sup> The lack of desire by the nobility to venture forth was coupled with their ineptitude at handling the rigors of the pioneer life. Captain John Smith, undoubtedly like many pioneer leaders of the time, preferred skilled laborers over gentry, noting that the latter was more fit “to spoyle a commonwealth than to begin or maintain one.”<sup>35</sup> Just as exploring was led by the lower echelons of society, so too was settling. The nobility was forced to do whatever was necessary to compel the lower subjects of the empire to go forth and harness the raw materials of the Americas.

Propaganda had its place in this equation. Early colonists were often forbidden from writing home with discouragement, and early explorers certainly exaggerated both the friendliness of the natives as well as the ease of life in the new lands.<sup>36</sup> This made news from the English colonies more optimistic than they might have been otherwise. However, the colonies’ success and the foundations for meritocratic practices lay in the many major concessions that England made to its early pioneers.

The willingness to make concessions owes no small part to the political environment in which England found itself. By the time England attempted to stake its claim in America, other European powers had already established themselves here, with the Spanish actively reaping enormous wealth to the south and the French having staked a claim to the north.<sup>37</sup> England’s choice of location was in major part decided by the area that was, as of yet, realistically unclaimed and completely unsettled by European

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<sup>34</sup> Thomas J. Wertenbaker, *Patrician and Plebeian in Virginia or The Origin and Development of the Social Classes of the Old Dominion* (New York: Russell and Russell, 1959), 8.

<sup>35</sup> Wertenbaker, *Patrician and Plebeian in Virginia*, 7.

<sup>36</sup> Morton, *Colonial Virginia*, 7; Horn, *The Conquest of Eden*, 28-29.

<sup>37</sup> Sweet, *Introduction: Sea Changes*, 4, 12; Morton, *Colonial Virginia*, 7.

peoples.<sup>38</sup> This, perhaps, made Queen Elizabeth I and the nobility particularly keen on doing whatever was necessary to make England's holdings in North America quickly successful.

From the point that Sir Walter Raleigh contributed to the formation of the first Virginia company, England departed from its previous methods of colonization by putting it largely into the hands of entrepreneurs.<sup>39</sup> This is the most noticeable of the aforementioned concessions when reflecting on later themes of meritocracy. As opposed to a strict control under the direct management of the crown or nobility, the forces of the entrepreneurial class were allowed to shape the future. These companies, including that of London and Plymouth, were granted charters that gave those and their descendants settling in the English colonies "all Liberties, Franchizes, and Immunities of Free Denizens and natural Subjects within any of our other Dominions to all Intents and Purposes, as if they had been abiding and born within this our Realm of England, or in any other of our Dominions."<sup>40</sup> These charters derive their authority from the monarch who in essence distributed vast tracts of land without requiring immediate monetary compensation.<sup>41</sup> This was done for the greater benefit of the country, with the monarch understanding that that which makes the empire stronger, makes the monarch stronger. This afforded the Virginians protection under English law, ensuring they would not lose their rights by emigrating.<sup>42</sup>

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<sup>38</sup> Sweet, *Introduction: Sea Changes*, 4.

<sup>39</sup> Morton, *Colonial Virginia*, 4.

<sup>40</sup> James Charles Stuart, "The Second Charter of Virginia," Royal Charter, May 23, 1609, [http://avalon.law.yale.edu/17th\\_century/va02.as](http://avalon.law.yale.edu/17th_century/va02.as).

<sup>41</sup> James Charles Stuart, "The Third Charter of Virginia," Royal Charter, March 12, 1611, [http://avalon.law.yale.edu/17th\\_century/va03.asp](http://avalon.law.yale.edu/17th_century/va03.asp); Stuart, "The Second Charter of Virginia."

<sup>42</sup> Morton, *Colonial Virginia*, 5.

England's and Spain's colonies became very different from each other politically and philosophically because of the divergent conditions under which each developed. Spain's colonization method to the south was a far more thorough conquest and subjugation of current inhabitants than was England's. This was in large part because of the political environment the Aztecs had created in the region prior to European arrival. The Aztecs had established an empire by means of aggressive military warfare against their neighbors, bringing numerous peoples under their control by means of force.<sup>43</sup> When Spanish forces led by Fernando Cortés began the conquest of the Aztec empire in 1518, they were supported by many natives who saw them as liberators.<sup>44</sup> When Cortés arrived at the Aztec capital of Tenochtitlan in 1519 to lay siege to it, his few hundred soldiers were reinforced by native forces that numbered in the thousands.<sup>45</sup> From the view of the natives, in many ways, the Spanish were simply replacing one empire with another. Because the Catholic nations' claim to America was backed by the Church of Rome and their colonization efforts were supported by the resources of the Pope, they had the obligation to spread the faith to newly conquered peoples.<sup>46</sup> After the several-hundred-year *Reconquista*, in which the Catholic Spanish conquered the lands of the Muslim Moors, the people of Spain were prepared to repeat another religious conquest. Many of the same practices used on the Moors, such as *encomiendas* and *repartimientos* (lordship, collection of tribute, and exploitation of labor), were enthusiastically adapted in the Americas.<sup>47</sup> Adapting the system of tribute was likely made even easier by the

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<sup>43</sup> Gibson, *Spain in America*, 26.

<sup>44</sup> Gibson, *Spain in America*, 26.

<sup>45</sup> Gibson, *Spain in America*, 27.

<sup>46</sup> Gibson, *Spain in America*, 15; Horn, *The Conquest of Eden*, 25.

<sup>47</sup> John Jay TePaske, *Integral to Empire: The Vital Peripheries of Colonial Spanish America*, in *Negotiated Empires: Centers and Peripheries in the America, 1500-1820*, ed. Christine Daniels and Michael V. Kennedy (New York: Routledge, 2002), 33.

discovery of precious metals in the new territories.<sup>48</sup> This allowed a hierarchical structure to develop very similarly to the one that existed in its European counterpart.

England, on the other hand, had a completely different set of circumstances. Those early English pioneers who attempted to brave the New World looked to the examples of Spanish colonization and attempted to mimic them. Unfortunately, this resulted in one failure after another. There are several important reasons why English colonization could not work in the same manner that Spanish colonization had. First, it did not encounter an Aztec-like empire that it could replace. The English tried but were unable to find any groups willing to rebel against the Powhatan “chief of chiefs” whose control over the native groups in Virginia seemed quite firm.<sup>49</sup> This would later lead to conflicts that paved the way for genocide rather than servitude, the latter being the case in Spanish possessions. Furthermore, because it was a Protestant nation with a history of warfare with Catholics, England’s claims to the new world lacked papal support and had to be backed even more forcefully by other means.<sup>50</sup> This meant it needed to build forts and settlements on the continent before it was squeezed out of the Americas altogether. Because the natives could not be fashioned into a labor force, as had been hoped, getting people to migrate there became even more crucial. It was then particularly disappointing that the top priority of early pioneers of seeking out sources of gold, silver, and other precious metals was unsuccessful.<sup>51</sup> Such discoveries would have paved the way for a flood of prospectors. Instead economic realities required the colonists to switch from dreams of discovering valuable minerals to becoming farmers, paving the way for an

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<sup>48</sup> TePaske, *Integral to Empire*, 34.

<sup>49</sup> Sweet, *Introduction: Sea Changes*, 9; Horn *The Conquest of Eden*, 43.

<sup>50</sup> Horn, *The Conquest of Eden*, 15; Sweet *Introduction: Sea Changes*, 23.

<sup>51</sup> Horn, *The Conquest of Eden*, 31.

agrarian society. By 1616, the growth of the cash crop tobacco became so popular that Sir Thomas Dale had to require those who grew it to also grow two acres of corn so that they would not starve.<sup>52</sup> By comparing the two different American experiences, that of Spain and England, it is very clear why the latter was forced to change to a more meritocratic format. It was a consequence of an environment that would not support the status quo of the medieval European hierarchy that preceded it. Instead of granting control of conquered lands and peoples to military leaders, it gave land and rights to companies and colonists just to get them to immigrate.

These grants weren't made completely without reassurances that they would be used as intended. The crown ensured that there was in these charters the means "to expulse, disfranchise, and put out of and from their said Company and Society for ever, all and every such Person and Persons, as having either promised or subscribed their Names to become Adventurers to the said Plantation...[but] have nevertheless either not put in any adventure at all for and towards the said Plantation, or else have refused or neglected" their responsibilities under the agreement.<sup>53</sup> By this legal mechanism, those who were not contributing to the success of the venture could have their right to participate revoked. Here we have members of this company being distributed virtually free land along with protections under English law in exchange for them doing everything they can to be successful in the new territory.

At all levels of this system, opportunity to succeed or to fail is of key importance. It is true that in many cases, land was divided at least in part according to money

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<sup>52</sup> Morton, *Colonial Virginia*, 41.

<sup>53</sup> Stuart, "The Third Charter of Virginia."

invested.<sup>54</sup> Charters for new towns were typically granted at the request of men in the lower echelons of society, wealthy investors or otherwise educated individuals, which could be taken away if they did not result in a stable community within a reasonable time.<sup>55</sup> This gave incentive for these entrepreneurs, who invested a great deal of time and effort getting a charter and promoting a town, to move quickly to ensure the success of their investment.

The threat of having a charter revoked made those who invested money eager enough to ensure that at least some land was guaranteed to most men who were willing to move into the new township in order to get the settlement established in the required time. By the late seventeenth century, the median acreage owned by men of Connecticut at death was 88 acres.<sup>56</sup> Around the same time in Massachusetts, the average landholdings of the men of the communities of Rowley, Hingham, Newbury, and Deerfield were 25.9, 22.5, 13.8, 66 acres respectively.<sup>57</sup> This was a level of wealth in terms of land in the general population that was unparalleled in the Old World. Meanwhile, those who promoted the establishment and success of such settlements averaged 2,910 acres.<sup>58</sup> This meant that if the community was successful, the rise in the value of the land that these entrepreneurs received would make them quite wealthy by comparison with the average man. This was not a system, like that of Europe, where land and wealth were bequeathed according to rules of succession. This system awarded

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<sup>54</sup> John Frederick Martin, *Profits in the Wilderness* (Chapel Hill: University of North Carolina Press, 1991), 152.

<sup>55</sup> John Frederick Martin, *Profits in the Wilderness*, 10, 26-29.

<sup>56</sup> Martin, *Profits in the Wilderness*, 30.

<sup>57</sup> Martin, *Profits in the Wilderness*, 30.

<sup>58</sup> Martin, *Profits in the Wilderness*, 30.

wealth to individuals in a way that was commensurate to their contribution in the formation and success of a township.

Such a system can only be maintained as long as land remains freely available for dispersion. Unfortunately, the incentive the monarch had for redistributing land was not shared by farmers and plantation owners. The developing aristocracy in Virginia desired nothing more than to imitate the ruling elite of England. Though the vast majority did not come from noble lineage, their desire to appear like they did led them to mimic the English nobility in dress, leisure activities, and daily life.<sup>59</sup> Just like the ruling elite of Europe, they wanted to ensure the longstanding influence of their house and family name by accumulating then passing on land to their heirs.

Land soon became a status indicator. Men considered “wealthy” claimed 4,000 to 6,000 acres on average, though some, such as William Byrd II, could find themselves inheriting acreage in excess of 20,000.<sup>60</sup> Besides growing their own holdings, it could even be seen as in their best interests to limit the availability of new land to others, thus making their land more valuable.

When viewed from this economic standpoint, the rebellions of early America reveal themselves to be conflicts about accumulation of wealth—that is the conflict between the old tradition of inherited wealth and status with the new American practice of wealth redistribution and equal opportunity. It pitted those with great wealth, believing it theirs by birthright, against those who were fighting for what they believed was their right to opportunity.

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<sup>59</sup> Wertebaker, *Patrician and Plebeian in Virginia*, i-v, 2-4, 28.

<sup>60</sup> Wertebaker, *Patrician and Plebeian in Virginia*, 34-35.

Bacon's Rebellion occurring in the late seventeenth century is a case in point of this class conflict. Although Nathaniel Bacon, Jr., the leader of the rebellion, was cousins by marriage with Virginian Governor William Berkeley, his chief adversary in the conflict, it was clear that each represented a different socioeconomic group.<sup>61</sup> Berkeley described the economic inequalities that led to the social unrest, along with the group that supported his rival, quite aptly when lamenting his dangerous position in which he "governs a people wher six parts of seven at least are poore endedbted discontented and armed."<sup>62</sup> The reason that the gap between the haves and have-nots had grown to a boiling point was in no small part due to the inequities that had grown in land acquisition.

Those whose industrious ancestors had already built them large estates had the economic means and connections to shape policies to ensure they remained on top of society without the need to prove their merit. While the first half of the seventeenth century saw numerous men of humble origins elected to office, the second half found government becoming overly dominated by cronyism and nepotism.<sup>63</sup> Indeed, one of the chief complaints made during the rebellion against Governor Berkeley, who had been installed by Royal appointment, was that he used his powers of appointment and rule to benefit himself and a very close circle of acquaintances. By the time of Bacon's rebellion, the people had been denied, for the most part, from picking their own representatives for the past fourteen years.<sup>64</sup>

Although Native American attacks are often historically considered the major catalyst or dispute that sparked Bacon's Rebellion, this is misleading. It is true that

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<sup>61</sup> Morton, *Colonial Virginia*, 241.

<sup>62</sup> Morton, *Colonial Virginia*, 261.

<sup>63</sup> Wertenbaker, *Patrician and Plebeian in Virginia*, 11.

<sup>64</sup> Morton, *Colonial Virginia*, 249.



Bacon sought a commission to fight “hostile Indians” but it’s also clear that attacking hostiles quickly turned into wiping out all native tribes regardless of their loyalty to the colonists.<sup>65</sup> Given the long history of negotiating, working with, and forging alliances with the various tribes, it cannot just be accepted at face value that it was difficult to distinguish between one group of natives and another, as historians such as Richard L. Morton suggest. However, if the rebellion was really about wealth polarization and distribution, seizing land from natives would be seen as a social mechanism of redistribution. This would also explain the resistance that Governor Berkeley and his followers had to Bacon’s demands. The leading elite would work to stop any devaluation of their land by a sudden influx from annexation through warfare on Indians. Indeed when reviewing the social circumstances leading to the rebellion as well as the actual accomplishments of the insurrection, economic disparity seems far more the underlying cause.

When reviewing the policies before the rebellion, their purpose seems to be to ensure the polarization of wealth, with those already at the echelons of society maintaining or growing their position. The policy of giving state land to those who brought new colonists to Virginia was a boon to the established elite. They received land for bringing people who then had to work as their servants to repay the cost of their transport.<sup>66</sup> Those with wealth, that is the few who could afford to bring a large number of people overseas, in essence had created a policy so that they could get paid in land for something they were already getting paid for in indentured servitude. As the class struggle played out, Bacon’s men, comprised overwhelmingly of the lower classes,

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<sup>65</sup> Morton, *Colonial Virginia*, 243, 247.

<sup>66</sup> Wertenbaker, *Patrician and Plebeian in Virginia*, 36.

plundered and pillaged homes and plantations of Berkeley's supporters with Bacon making formal plans to seize the properties of those who supported the other side once victory was achieved.<sup>67</sup> No such behavior was witnessed by Berkeley's troops, who were paid militia. Another tool that had been used to protect those in power from competition was a taxing system that was levied according to the poll rather than wealth or ability to pay and was operated by a closed corporation of justices of the peace that met in secret sessions.<sup>68</sup> This taxing method had the impact of stifling attempts to climb the socioeconomic ranks while not being financially burdensome to those already at the top. Although Bacon's rebellion was eventually suppressed, it was successful in changing taxing policies, curtailing excessive government fees, improving representation, and eliminating or pushing several tribes off their lands.<sup>69</sup>

A similar tax was a chief complaint of those participating in Shays' Rebellion, beginning over a century late in August of 1786 but stemming from similar economic causes.<sup>70</sup> Unlike the south, however, the elite of the New England region had built their family wealth on the transatlantic slave trade.<sup>71</sup> Though the merchant elite was far less pervasive when compared to the plantation owners of the South, it was evident from the tax laws that they also held far more sway in government policies. After the American Revolution, the governments were in great need of revenue with Massachusetts owing approximately \$14 million.<sup>72</sup> This resulted in new taxation. The difference between the methods of taxations that Shays and Bacon faced is important to fully understanding how

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<sup>67</sup> Morton, *Colonial Virginia*, 261-262.

<sup>68</sup> Morton, *Colonial Virginia*, 257.

<sup>69</sup> Morton, *Colonial Virginia*, 244-245, 248-249, 256-257.

<sup>70</sup> Rachel R. Parker, "Shay's Rebellion: An Episode in American State-Making," *Sociological Perspectives* 34, no. 1 (1991): 95-113. *JSTOR*, [www.jstor.org](http://www.jstor.org).

<sup>71</sup> Walter Licht, *Industrializing America: The Nineteenth Century* (Baltimore and London: The Johns Hopkins University Press, 1995), 5.

<sup>72</sup> Parker, "Shay's Rebellion," 99.

these taxes were custom fit to encourage polarization. Both were designed to squeeze the lower and middle classes out of their wealth while leaving the more affluent relatively unscathed. The Baconites faced it by poll alone while the Shaysites faced it by poll and property. This is because the wealthy adversaries of Bacon had large plantations, a tax by property would have reached them harder (perhaps more proportionately) than one strictly by head count. On the other hand, the wealthy adversaries of the Shaysites were merchants with little land and smaller families than farmers. A tax by both poll and property proved most advantageous to them, being disproportionately high on poor farmers.<sup>73</sup>

This again had the result of preserving the wealth of the elite, while forcing those with fewer assets to give up what meager wealth they had. Further evidence of the class conflict of the taxation policies was the composition of the rebels and militia. The rebellion was led by farmer Daniel Shays and consisted of fellow farmers, many of them being militia men themselves called upon to put down the revolt. Attempts to call upon the state militia to put down the revolt initially failed. Wealthy men from Boston, a major merchant port, paid for an army of 4,400 “militia” (though mercenaries might be more accurate a term) to put an end to the rebellion early the next year. Along with being afraid of the rebels’ wrath turning towards those who they were indebted to, the merchants also likely feared tax policy turning against them as well if the rebels couldn’t be made to pay. The public at large seemed very sympathetic, if not empathetic, to the un-meritocratic plight that befell the Shaysites. Consequently, though the rebellion was crushed, few were put to death. Not even Shays himself faced the gallows.

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<sup>73</sup> Parker, “Shay’s Rebellion,” 99.

The colonization and eventual rebellions of early America mirrored a later conundrum that would force an overall policy evolution. In the beginning, there was opportunity for success or failure based on performance due to an abundance of land and a willingness to distribute it. In the larger sense, the monarch of England could increase his power through exploitation of American resources but would lose control over his holdings in the new world if he couldn't get a firm grip by way of settlements. As such, charters and companies were utilized to give those of the lower echelons incentive to lead the settling process. If their inventiveness and pragmatism was of a level worthy of success, they would reap profit from their investments. If their abilities were lacking and they failed, they would lose their charters and the initial investment they made in the endeavor. Indeed, many lowly nobles who set out to succeed in America but proved meritless had their status vanish, marrying beneath them with their family line disappearing in obscurity.<sup>74</sup> In turn, those men of the lower echelons had incentive to give average men opportunity to succeed or fail by their own merit. This was represented in the charters they acquired which guaranteed land and rights to any male member of the community.

However, the storm on the horizon lay in a couple of serious questions. What would happen when the land ran out? What would happen if and when wealth moved from being agrarian based to some other form? This model, in which opportunity is offered to individuals whose success or failure depends on their own ability, would have to be adapted to the challenges of a new and ever-changing environment. When America was not living up to its reputation of opportunity and merit-based success, social unrest flourished—driven by the spurned masses whose feelings that the United States had a

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<sup>74</sup> Wertebaker, *Patrician and Plebeian in Virginia*, 4.

promise it was not keeping caused them to take up resistance whatever way they knew how.

Chapter 3  
Industrialization, Unionization, Education, and the North

The industrialization of the United States, taking place primarily over the course of the nineteenth century, marked major changes in the composition of the US economy, including the major components of wealth. At the beginning of the century, only 10 percent of the country's inhabitants lived in urban areas, no doubt reflecting the domination of agriculture in every region from north to south.<sup>75</sup> Through to that time, wealth for the nation was found in land and agricultural output. As the country expanded west by means of the Louisiana Purchase, Mexican-American War, and the slow genocide of the native peoples, acquired land was distributed to citizens usually without any more cost than the willingness to brave the elements and overcome the challenges of farming and forestry. However, during this period another major change was occurring besides the fulfillment of the Manifest Destiny.

America's economic foundation shifted almost entirely from agriculture to manufacturing, making it the world's greatest industrial powerhouse.<sup>76</sup> This is not to say that agriculture declined; it in fact expanded substantially over the course of the century.<sup>77</sup> Despite its growth in volume, the percentage of the workforce participating in farming still dramatically declined. By the end of nineteenth century, one out of every two Americans owed their livelihood to industrial production with half of those working directly in industry.<sup>78</sup> Factories, unlike farming, were not dependent on huge tracts of lands for production. Many required rivers and streams to function and benefitted from

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<sup>75</sup> Walter Licht, *Industrializing America: The Nineteenth Century* (Baltimore and London: The Johns Hopkins University Press, 1995), xiii.

<sup>76</sup> Licht, *Industrializing America*, xiv.

<sup>77</sup> Licht, *Industrializing America*, 20.

<sup>78</sup> Licht, *Industrializing America*, xiv.

economies of scale, making it more cost effective, in many if not most cases, to build larger factories rather than several smaller ones. This led to physical concentration resulting in a huge increase in urbanization. By the end of the century, such was the concentrating nature of industrialization that approximately 40 percent of Americans came to live in cities, and manufacturing managed to be contained mainly in the northeast region of the country.<sup>79</sup> Besides changing livelihoods, a change in the components of wealth was also another consequence of industrialization. In the north, waterways were not sufficient to allow merchant ships easy access to plantations, lands were not as favorable to cultivation, and a huge portion of those settling came more to establish ordered communities than seek large profits.<sup>80</sup> Consequently, the north, particularly the New England area, was filled with farm families who managed to live well by producing more than enough to prosper but who lacked a large enough surplus to compete with southern plantations.<sup>81</sup> They consumed at least three-fourths of what they created, often being left with only enough for barter with neighbors.<sup>82</sup> This region did have its merchant elite that made its wealth from prosperous ports, but it couldn't compare to the class structure of the south, where a plantation was often comparable to a feudal manner.<sup>83</sup> Also, trading centers in New England declined by the early nineteenth century, coupled with a stagnation that prevailed in both commerce and farming.<sup>84</sup> As a result of this system, wealth in the north was far more diffused at the start of the nineteenth century than in the south. Where southern plantations could be visibly seen as the source of wealth in the

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<sup>79</sup> Licht, *Industrializing America*, xiv-xv.

<sup>80</sup> Licht, *Industrializing America*, 3.

<sup>81</sup> Licht, *Industrializing America*, 3-4.

<sup>82</sup> Licht, *Industrializing America*, 3.

<sup>83</sup> Thomas J. Wertenbaker, *Patrician and Plebeian in Virginia or The Origin and Development of the Social Classes of the Old Dominion* (New York: Russell and Russell, 1959), 39.

<sup>84</sup> Licht, *Industrializing America*, 5.

lower half of the United States, nothing comparable existed in the upper half before the period of industrialization.

Before the advent of industrial modes of production, manufactured goods required hours of careful effort learned from years of apprenticeship in a craft. For instance, in weaving the average duration of apprenticeships had been carefully regulated in England by powerful guilds, requiring a minimum of seven years training.<sup>85</sup> Although there were no such guilds in the United States, titles such as apprentice, journeyman, and master continued to hold meaning and training still averaged a considerable three years.<sup>86</sup> As a result of the skilled-labor requirement for textiles and the massive amount of work required to produce them, those who worked in the trade earned enough income from the sale of their product to be considered part of the middle class of their day. Owners of these businesses, as with most crafts, were more often than not those who worked to produce the goods in question.

The ability to mass produce manufactured goods by unskilled labor changed this dynamic. Because the workforce needed very little formal training, they were easily replaceable and required minimal pay. Benjamin Franklin perhaps best described this change by pointing out, “it is the multitude of poor without land in a country, and who must work for others at low wages or starve, that enables undertakers to carry on a manufacture, and afford it cheap enough to prevent the importation of the same kind from abroad, and to bear the expense of its own exportation.”<sup>87</sup> Start-up costs for mass

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<sup>85</sup> Gail Fowley Mohanty, “Experimentation in Textile Technology, 1788-1790, and Its Impact on Handloom Weaving and Weavers in Rhode Island,” *Technology and Culture* 29, no. 1 (1988): 1-31. *JSTOR*, [www.jstor.org](http://www.jstor.org).

<sup>86</sup> Mohanty, “Experimentation in Textile Technology,” 14.

<sup>87</sup> Benjamin Franklin, *The Interest of Great Britain Considered, With Regard to Her Colonies and the Acquisition of Canada and Guadaloupe*, in *The Works of Benjamin Franklin*, vol. 4, ed. Jared Sparks (Boston: Hilliard, Gray, 1840), 19.



production manufacturing were relatively high because of the mechanisms involved. Owners and financial beneficiaries of the business thus tended to be the individuals who had the capital to finance the endeavor or the entrepreneurial skills to establish a business, rather than skilled laborers working in the particular field. This caused a direct assault on the practice of apprenticeships. In weaving, the practice of taking on apprentices was no longer commonplace by the turn of the nineteenth century.<sup>88</sup> The factors of cheap labor coupled with high start-up costs led to a system of entrepreneurs and wealthy investors reaping the majority of the monetary benefits.

It is important not to assume that an investor is automatically an entrepreneur. Investors were men of wealth, but because many were born to it, they were not necessarily men of the intelligence and fortitude it takes to start and run a profitable business. The American industrial revolution depended on men with ingenuity and foresight at least as much as depending on men with investment capital. Perhaps one of the greatest examples of men in the former group is Samuel Slater. Britain's policy of disallowing skilled laborers to emigrate made it so that only the most clandestine of skilled mechanics could find a way of making it to the United States.<sup>89</sup> Slater, perhaps the most well known of these figures, was able to barter with his rare knowledge of textile mills for an extremely lucrative deal with the self-made wealthy merchant Moses Brown.<sup>90</sup> As it was, the Slater and Brown partnership gained a near monopoly on technological innovation and was able quickly to expand the first successful textile mill created in 1793 into an operation of dozens of such mills throughout the small area of

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<sup>88</sup> Mohanty, "Experimentation in Textile Technology," 14.

<sup>89</sup> Licht, *Industrializing America*, 22.

<sup>90</sup> Stephan Thernstrom, *Poverty and Progress: Social Mobility in a Nineteenth Century City* (Cambridge: Harvard University Press, 1964), 70; Licht, *Industrializing America*, 23.

Rhode Island.<sup>91</sup> Their monopoly didn't continue past several years, however. Former employees began working with their own investors to make competing mills.<sup>92</sup>

The farm families of the northeast were contracted to work these types of mills thanks to the lack of any other available labor.<sup>93</sup> This might seem like only a minor transition. Indeed, it had been the hopes of men such as Thomas Jefferson and James Madison that manufacturing would take such a family-oriented direction, with small to medium sized workshops.<sup>94</sup> By 1820, over 400 mill communities had formed and would have undoubtedly looked much as the two former presidents might have hoped.<sup>95</sup>

There were major consequences to this change in family livelihoods. The first was that families no longer produced the means to survive. Consumption of the goods of others was now a requirement for survival. This led to the wide-scale demand of a broad range of goods and services. This was something the north had that the south lacked and a major reason why the innovation of the former dwarfed that of the latter.

However, perhaps the most important difference of the textile industry from agriculture in the northern US—and a difference that was counter to the hopes of Jefferson and Madison—was that families worked in mills they did not own. For the first time the owner was not typically the worker. This led to conflicts, typically centering on distribution of profits. It would be false to assume that the owner always had the upper hand in these disputes. Families in effect had built-in labor unions. When they were unhappy with their share, the entire workforce would often stop working or

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<sup>91</sup> Licht, *Industrializing America*, 24.

<sup>92</sup> Licht, *Industrializing America*, 24.

<sup>93</sup> Licht, *Industrializing America*, 23.

<sup>94</sup> Licht, *Industrializing America*, 16.

<sup>95</sup> Licht, *Industrializing America*, 24.

leave altogether—production then ceased.<sup>96</sup> This was naturally a major problem for the mill owner.

It is the nature of capitalism for employers to minimize their expenses in order to maximize profits. This cutting of costs includes limiting wages as much as possible, even if that means cutting pay down to subsistence or below it, forcing workers to rely on supplemental forms of income outside of their primary work. This naturally conflicts with the interests of the wage earners, especially if they feel they aren't receiving their fair share. Consequently, an adversarial relationship forms between the two groups. This is why Slater first tried to hire orphans and poor children before turning to families; they were much easier opponents with whom to contend.<sup>97</sup> It is also why, by the 1840s, owners of textile mills were happy to take advantage of the immigration into Rhode Island as well as a growing young population rather than continue with family contracting.<sup>98</sup> This new workforce was not automatically united in the same way as a family, and unlike the head of a household, the supervisor of a mill no longer felt obligated to represent the workers' interests over those of the owner.

This system, similar to the original land giveaways of colonization, allowed for a great deal of merit-based social mobility. Slater and those like him managed to use their ingenuity, knowledge, and business savvy to make themselves extremely wealthy. This is not to say that this system was by any means a perfect example of meritocracy. Those who invested in factories tended to be from wealthy merchant families rather than always being self-made men. This may have been why Slater resisted efforts from his investors

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<sup>96</sup> Licht, *Industrializing America*, 24.

<sup>97</sup> Licht, *Industrializing America*, 23.

<sup>98</sup> Licht, *Industrializing America*, 24.

to pursue profits over the health of the mill communities he administered.<sup>99</sup> He started low relative to the financial status he attained, perhaps giving him a more sympathetic, if not empathetic attitude toward those under him than his “silver spooner” business partners displayed.

The involvement of inheritance in the investor class gives credence to the argument for a more even distribution of profits. If wealthy investors and mill workers are in their respective roles as a consequence of circumstances out of their control, such as being born to one family over another, why should the investor reap greater benefits from the relationship than the worker? The investor has chosen to invest wisely, with money he would not have under different circumstances of birth, just as the worker has chosen employment according to the limited options available in great part due to class. In such a circumstance, where inheritance is an accepted factor, meritocratic practices would demand more equal distribution of revenues than large profits for one group and subsistence for the other.

Regardless of the different circumstances of early industrialization, the struggle over distribution of revenues between worker and owner was ongoing. Even earlier than the mid-nineteenth century, successful attempts had been made to start industries without family contracting. What was perhaps the first successful large scale factory (\$400,000 in cost or ten times the scale of the typical Slater mill) in the US appeared in Waltham, Massachusetts, in 1814.<sup>100</sup> Built by Francis Cabot Lowell, a man who had made his

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<sup>99</sup> Licht, *Industrializing America*, 24.

<sup>100</sup> Holly Hanson, “‘Mill Girls’ and ‘Mine Boys’: The Cultural Meanings of Migrant Labour,” *Social History* 21, no. 2 (1996): 160-179. *JSTOR*, [www.jstor.org](http://www.jstor.org); Licht, 26-27.

wealth in textile production, it employed young women from New England farm families.<sup>101</sup>

The Waltham mill and its employment system were so successful that a much larger mill community was built a short time later at a new settlement in Massachusetts named Lowell.<sup>102</sup> Because of the large-scale nature of this project and those like it, only men of enormous wealth were sought as contributors. Approximately eighty men provided in excess of \$8 million over fifteen years to construct the largest and most successful industrial city in the US at the time.<sup>103</sup> The bigger the mills, the more profitable they became. The more profitable they were, the more they were worth. By 1850, the textile firm's assets in the city were worth \$12 million.<sup>104</sup> In this way, the north's defining feature of wealth became industry just as the south's was the plantation. One of the major reasons for the ever-increasing profit and concentration of wealth was the inclination of investors to look constantly for ways to minimize the cost of labor; thereby keeping more of the revenues as profit rather than paying them out as wages. At this time, that meant hiring young, unskilled adults, usually women.

Unmarried and considered second class citizens, young women were the perfect employees for maximizing profits. They had no representation to effect change, were far from anyone who might care enough about them to make serious demands on their behalf, and were expected to be supported by their families if pay dropped to below subsistence levels. They also only worked in the mill temporarily, making them much less likely to become discontent with conditions. The company-owned boardinghouses, in

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<sup>101</sup> Licht, *Industrializing America*, 27.

<sup>102</sup> Hanson, 163; Licht, *Industrializing America*, 27.

<sup>103</sup> Licht, *Industrializing America*, 27

<sup>104</sup> Hanson, "'Mill Girls' and 'Mine Boys,'" 163.

which the “mill girls” were required to live, acted as another level of control—matrons acted as overseers there making sure the employees lived in a way that was moral and in the best interests of the companies that employed them.<sup>105</sup>

Even with employment favorable to employers, the diametrically opposed positions of the relationship would cause conflict. When the boom in supply finally caused a cut in demand price, owners sought to cut operating costs by reducing wages, increasing work hours, and raising the price of boarding. The mill girls were central to their families' incomes by this time and were not as easily undercut as their employers no doubt wanted. This gave them considerable cause and support in fighting for their interests. The boardinghouses ironically gave them the means to combat unfavorable work changes. Living under one roof had worked to unite the women so much that peer pressure allowed them to carry out effective resistance when faced with treatment that they felt was unfair or unacceptable.<sup>106</sup> Although not family by blood, their shared experiences working and living together made them undoubtedly feel a close sisterhood. In response to wage cuts, they first began striking in the in the 1830s, followed by advocating vocally for a ten-hour workday in the 1840s.<sup>107</sup> Despite avoiding the family contracting that had been prevalent in the late eighteenth century through early nineteenth century in Rhode Island, owners in Lowell still found themselves facing the same problem. Work often stopped due to striking, with large numbers of women collectively deciding to pick up and go home.<sup>108</sup> Just as in Rhode Island, the industries of Massachusetts decided the best way to move forward was to switch to another labor force

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<sup>105</sup> Licht, *Industrializing America*, 27.

<sup>106</sup> Thomas Dublin, “Women, Work, and the Family: Female Operatives in the Lowell Mills, 1830-1860,” *Feminist Studies* 3, no. 1/2 (1975): 30-39. *JSTOR*, [www.jstor.org](http://www.jstor.org)

<sup>107</sup> Dublin, “Women, Work, and the Family,” 32.

<sup>108</sup> Dublin, “Women, Work, and the Family,” 33.

that was more exploitable. In this case they turned to Irish immigrant labor, which began increasing in earnest from 1845.<sup>109</sup>

Although the Rhode Island and Massachusetts mills had many differences, the way that they started and evolved over time shared certain fundamentals. These fundamentals were repeated over and over again throughout the north wherever factories appeared. Those who started the factories were typically men of ingenuity coupled with experience in the field, like Slater or former mill employees. These men were often not from the upper class, but their start-up capital did usually come from investors who were from established wealthy families. In this way the boom of industrialization helped many men make substantial gains in status while also supporting many established families, which maintained their social position.

The factory laborers themselves were also able to gain a degree of mobility. Some were able to climb substantially in their own lifetimes while others worked to afford their children a chance at achieving a higher status. The city of Newburyport nearly doubled its population during its decade of major industrialization, boasting around thirteen thousand by 1851.<sup>110</sup> Of the 287 laboring families who resided in Newburyport for at least a decade between 1850 and 1880, one sixth gained a very high degree of mobility in that at least one family member was able to move into a middle-class occupation.<sup>111</sup> Of these forty-seven families, in twenty-two cases the male laborer was able to acquire a higher occupation while in twenty-five cases it was the son of the original laborer who managed to climb out of the working class.<sup>112</sup>

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<sup>109</sup> Dublin, "Women, Work, and the Family," 34.

<sup>110</sup> Thernstrom, *Poverty and Progress*, 13-15.

<sup>111</sup> Thernstrom, *Poverty and Progress*, 139.

<sup>112</sup> Thernstrom, *Poverty and Progress*, 139.

For the earlier generations, climbing in status was made possible primarily by the reasonably large supply of arable land outside of the city.<sup>113</sup> Sixteen of the twenty-two families gained status by saving money from working in the factory and purchasing local farmland.<sup>114</sup> Most likely they would work both at the factory and on their own farm for quite some time before abandoning their mill occupations permanently. Although it might seem surprising that mill workers would turn to farming to gain in status, it should be taken into account that two-thirds were immigrants from rural Ireland while most of the remainder were migrants from the farming communities of New England.<sup>115</sup> Although farming might seem just another type of manual labor, those who purchased farms moved up in class thanks to their acquisition of wealth, not their specific daily duties. Of the total labor families, most remained fairly static in their wealth never acquiring even \$300 in property (a little more than the approximate wealth that might be expected of a homeowner.)<sup>116</sup> Those who managed to be farm owners, on the other hand, had typical wealth of around \$1300.<sup>117</sup> The remaining six families from this older generation became small business owners achieving wealth usually higher than \$300 but lower than \$1000.<sup>118</sup> Although the business group had less wealth initially, owning a tavern or working as a “provisioner” offered their offspring a greater probability to attain high status positions than that of the farm owners.<sup>119</sup>

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<sup>113</sup> Thernstrom, *Poverty and Progress*, 139.

<sup>114</sup> Thernstrom, *Poverty and Progress*, 139.

<sup>115</sup> Thernstrom, *Poverty and Progress*, 140.

<sup>116</sup> Thernstrom, *Poverty and Progress*, 139.

<sup>117</sup> Thernstrom, *Poverty and Progress*, 140.

<sup>118</sup> Thernstrom, *Poverty and Progress*, 142.

<sup>119</sup> Thernstrom, *Poverty and Progress*, 142.



Of the twenty-five families who made up the later generation that advanced in status, not a single one of them did so through agriculture.<sup>120</sup> Instead, approximately half of them rose through acquisition of a small business, while the remainder did so by becoming employed in white collar jobs—a feat not accomplished by any of the previous generation of class climbers.<sup>121</sup> Although many of these youths had at least some experience as factory workers, all of them climbed into the middle class by pursuing opportunities outside of the corporate ladder of the mills.<sup>122</sup> Although those who entered business ventures did not necessarily need education, those who were employed in white-collar jobs did.<sup>123</sup> Consequently, those from the latter group usually came from families who were better off than those from the former group. White-collar workers typically came from households with more assets, such as owning a home.<sup>124</sup> A greater amount of income, or wealth, was likely needed because of the lost income suffered by families whose sons were in school instead of working. Young women were often able to help compensate for this loss. Their earnings often paved the way for their brothers to attend school longer, leading the family as a whole to gain upward social mobility.<sup>125</sup>

Those families who were not able to move out of a labor occupation were still usually able to improve their overall economic position. Of the 240 laboring families that did not move into a non-manual occupation, 145 still gained some degree of positive mobility either by having a family member move into a skilled labor position or by

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<sup>120</sup> Thernstrom, *Poverty and Progress*, 143.

<sup>121</sup> Thernstrom, *Poverty and Progress*, 143.

<sup>122</sup> Thernstrom, *Poverty and Progress*, 144.

<sup>123</sup> Thernstrom, *Poverty and Progress*, 145.

<sup>124</sup> Thernstrom, *Poverty and Progress*, 145.

<sup>125</sup> Thomas Dublin, “Women Workers and the Study of Social Mobility,” *Journal of Interdisciplinary History* 9, no. 4 (1979): 647-665. *JSTOR*, [www.jstor.org](http://www.jstor.org)

accumulating significant property.<sup>126</sup> The sons of skilled laborers, however, were far more likely slip back into unskilled occupations than the sons of white-collar workers.<sup>127</sup> The case of the 287 Newburyport labor families gives a good glimpse into the social mobility available in the time period for factory workers. It should not be considered a perfectly accurate representation of the overall population because most labor families were frequently transient, making data unavailable. It is quite likely that the families who remained in place for at least a decade were offered somewhat better opportunities for advancement. However, the data available does highlight how industrialization encouraged concentrations of population, increased opportunities for income (relative to other available means of employment), and the specialization of labor that led to a vibrant middle class. However, the non-meritocratic elements of the process did cause constant struggle between those born with wealth and those born without it.

Because of increased costs of living, wage cuts, increased hours, declining working conditions, or some other occurrence that changed the distribution of wealth emanating from the place of employment, workers frequently resisted through work stoppages and other means. The Federal Society of Journeymen Cordwainers began in 1794 and developed into the first trade union, performing the first organized strike of American workingmen in 1799.<sup>128</sup> This organization tried to fight the consequences of industrialization, attempting to keep certain professions as skilled labor that were being infringed upon by the unskilled labor of the mill workers. Several other unions also arose over these first few decades of industrialization, but few survived the fluctuations in the

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<sup>126</sup> Thernstrom, *Poverty and Progress*, 146-147.

<sup>127</sup> Thernstrom, *Poverty and Progress*, 147.

<sup>128</sup> Licht, *Industrializing America*, 51.

economy, legal trials, and the major business collapse of 1819.<sup>129</sup> In the end, unions that came in direct conflict with industrialization failed. The passage of time could not be stopped, and the consumer could not be forced to pay more for a product manufactured by skilled labor than a cheaper, mass-produced alternative. If such had been the case, the ideal of meritocracy would have been disproven. Work effort is far less a centralized tenant of meritocracy than is productivity. If an individual works harder than another but is less productive, he can hardly be considered to have the greater ability of the two.

This is not to say that all unionization was a doomed endeavor. Those unions that did not directly stand in the way of technological progress, instead trying to negotiate the distribution of the fruits of productivity, fared far better. Shoemaker William Heighton formed the nation's first federated union body, the Mechanics Union of Trade Associations, in Philadelphia in 1827. Heighton and his organization published the *Mechanics' Free Press*, the nation's first labor newspaper, advocating equal access to education and land.<sup>130</sup> Access to land had been a historical means of social mobility by meritocratic means, while education was becoming the new standard form for doing so. Heighton's organization also attacked powerful men who made their profits with the aid of preferential treatment by the state rather than actual productivity.<sup>131</sup> The efforts of workers in organized labor movements were often successful to varying degrees.

The Working Men's Party, established by men such as Heighton, proved very successful in winning elections. It ran on a platform of universal school education, the abolition of imprisonment for debt, restrictions on monopolies, socioeconomic equality in

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<sup>129</sup> Licht, *Industrializing America*, 51.

<sup>130</sup> Licht, *Industrializing America*, 52

<sup>131</sup> Licht, *Industrializing America*, 52.

conscription, legal protections for unions, and other working-class causes.<sup>132</sup> Although not all of these goals were met immediately, significant progress was made in each of these areas during the time of the Working Men's Party and on the period after, all the way to modern times. The fact that these issues have continued to resurface shows that they are not just matters of a specific era but speak rather to the nature of industrialization and meritocratic principle. Often, in response to labor demands, employers then sought to hire less expensive sources of labor. Despite this, progress in labor rights and improvements in education continued to come to fruition over time.

The north developed a robust educational system to satisfy industries and the demands of city life. At a Lyceum lecture in Newburyport in 1845, Horace Mann, a vocal advocate for education, attributed the lack of greater social mobility to “the systematic denial of the means of knowledge to the common people.”<sup>133</sup> Major industrialization had brought with it broad recognition that education was needed for meritocratic processes to continue. The concentration of population allowed vocal advocates like Mann to argue before a wide audience that “the distance between the two extremes of society is lengthening instead of being abridged” and that the only reasonable course of action was to “open the doors of knowledge to all, and those who have the capacity and ambition will do the rest for themselves.”<sup>134</sup> This argument was finally an admission that those who did not have an education had an extreme disadvantage to those who had been well schooled. Because most individuals who received education did so in their youth while being supported by their families, education or lack thereof was attributable to circumstances of birth. In Newburyport, the response to this argument was

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<sup>132</sup> Licht, *Industrializing America*, 52.

<sup>133</sup> Thernstrom, *Poverty and Progress*, 76.

<sup>134</sup> Thernstrom, *Poverty and Progress*, 77.

the construction of a community center, reading room, and public school system. The funds to pay for these endeavors came disproportionately from the rich, but the owners of industries benefitted by receiving competent white collar workers. When opportunity is given to the masses the whole of society benefits.

Educational institutions were created at the behest of and benefit to both the wealthy and the poor. Major cities contained schools tailored according to age, gender, ability, and socioeconomic factors including race. For instance, mid-nineteenth-century Philadelphia had general grammar schools as well as institutes for higher learning for white males, such as the Central High School, and white females, such as the Girls' Normal School (teaching women to be schoolteachers).<sup>135</sup> Meanwhile, those who found themselves in the minority had access to such places of learning as the Girard College for Orphans, the Institute for Colored Youth, and the Pennsylvania School for the Deaf.<sup>136</sup> There were technical schools based on gender, such as the Baldwin Locomotive Works and Pennsylvania School of Design for Women.<sup>137</sup> Philadelphia, like many northern cities, had a very diverse manufacturing center that included proprietary as well as corporate entities. With 4,542 businesses worth approximately \$32 million according to an 1850 census, the city had varied labor-force demands and the economic means to educate workers as it needed.<sup>138</sup> An important detail of the varying places of education is that even the non-technical schools taught specific work skills such as furniture-making, tailoring, and shoemaking to boys and cleaning, sewing, cooking, and laundry to girls.<sup>139</sup>

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<sup>135</sup> Nina E. Lerman, "Preparing for the Duties and Practical Business of Life," *Technology and Culture* 38, no. 1 (1997): 31-59. *JSTOR*, www.jstor.org

<sup>136</sup> Lerman, "Preparing for the Duties and Practical Business of Life," 33.

<sup>137</sup> Lerman, "Preparing for the Duties and Practical Business of Life," 34.

<sup>138</sup> Lerman, "Preparing for the Duties and Practical Business of Life," 33.

<sup>139</sup> Lerman, "Preparing for the Duties and Practical Business of Life," 37-38.

The purpose of schools for the lower classes was usually to prepare pupils directly for work rather than higher education.

Industrialization for the north was a social process as much as it was a process involving developing technology. As wealth shifted from agriculture, the challenges of establishing meritocracy in a capitalistic society changed. The previous theory, that the frontier acted as a “safety valve” by allowing people to seek “Illinois wheat or California gold,” has been shown to be flawed.<sup>140</sup> The Newburyport newspaper of the 1850-1880 reported only a single instance of a local laborer who successfully settled West, doing so by being treasurer at a volunteer fire company and then stealing the treasury funds.<sup>141</sup> Those who successfully settled west were typically “artisans, schoolteachers, farmers, and unsuccessful businessmen.”<sup>142</sup> The social mobility that the Northern laborer received had to come from the north. This was only possible by leveling the playing field to some degree, allowing the working class access to education. Through free public education, meritocratic principles had the chance to continue to benefit the north and further engrain themselves into the fibers of the American psyche.

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<sup>140</sup> Thernstrom, *Poverty and Progress*, 88.

<sup>141</sup> Thernstrom, *Poverty and Progress*, 88.

<sup>142</sup> Thernstrom, *Poverty and Progress*, 88.

Chapter 4  
Slavery, Civil War, and the South

For over a century, historians have argued over the primary causes of the Civil War. Some name one specific cause, which ranges from the common choice of slavery to the more obscure, such as the popularization of the beard.<sup>143</sup> Others look at it from a more sociological perspective. For instance, historian David Williams argues that it was a “Rich Man’s War,” taking place because of the interests of the wealthy—the North using the war as an excuse to suppress progress in labor reform and the South fighting to prevent the white poor from demanding emancipation for their own economic benefits.<sup>144</sup> Many of these causes undoubtedly did affect the war, but was there a primary cause?

The meritocratic viewpoint would argue that slavery and class struggle were important components of an overall theme. The Civil War was a referendum on societal structures. The North was a region where social mobility had been continuously supported by a vibrant middle class when compared to the South, which was much more polarized. Slavery itself was the mechanism that Southerners used as the foundation for a system whose meritocratic principles were subordinated or eliminated in favor of a system of inherited status. However, if another mechanism had been used to the same effect, the Civil War would have still likely occurred. The American industrial revolution not only showed how deep was the chasm between the two societies, but it made it even greater.

Wealth had been deeply concentrated in the plantation system, with the owners reaping the huge majority of the benefits of agricultural output. In this system, the

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<sup>143</sup> Ari Hoogenboom, “What Really Caused the Civil War,” *The Wisconsin Magazine of History* 44, no. 1 (1960): 3-5. JSTOR, [www.jstor.org](http://www.jstor.org).

<sup>144</sup> David Williams, *A People’s History of the Civil War* (New York: The New Press, 2005), 3-4.

middle class had been virtually absent with slaves and indentured servants carrying the majority of the burden of labor.<sup>145</sup> Plantations were largely centered in the South because of the larger availability of arable lands and waterways needed to transport goods.<sup>146</sup>

Whereas the North had a system that encouraged conflict between worker and owner, each making gains and concessions (arguably to the benefit of both), such a cycle was not as prominent in the antebellum South. Crops had consistently been the primary export of the region, and the fields were worked by slaves instead of paid laborers. Even in the few industries that the area had, slaves carried out the majority of the work.<sup>147</sup> Work stoppages and sabotage did take place, but slaves could be brutalized by their owners in ways that workers could not.<sup>148</sup> Consequently, slaves were unlike their paid counterparts in the North in that they could not strike or petition.

The master-slave dynamic was by definition non-meritocratic. Slaves were hindered or precluded by law from rising in status and wealth, making it impossible for them to achieve according to merit. Those who argue that slaves and Northern laborers had a shared experience, at least from an economic standpoint, are oversimplifying. The product of slave labor, unlike that of the Northern factory workers, was not split between themselves and their owners. Rather than receiving wages and deciding on an individual basis which goods to purchase, their needs were provided for.<sup>149</sup> This had the effect of making small businessmen who acted as middle men, such as local grocers, less common in the South. The nature of slavery also meant that non-bonded labor was at a serious

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<sup>145</sup> Thomas J. Wertenbaker, *Patrician and Plebeian in Virginia or The Origin and Development of the Social Classes of the Old Dominion* (New York: Russell and Russell, 1959), 1.

<sup>146</sup> Wertenbaker, *Patrician and Plebeian in Virginia*, 37-39;

<sup>147</sup> Walter Licht, *Industrializing America: The Nineteenth Century* (Baltimore and London: The Johns Hopkins University Press, 1995), 36.

<sup>148</sup> Williams, *A People's History of the Civil War*, 18; Licht, *Industrializing America*, 37.

<sup>149</sup> Licht, *Industrializing America*, 36.



disadvantage. The wages of free men had to compete with the price of a slave which, once paid for, only cost the owner maintenance rather than regular pay. Slaves were an investment and source of wealth. Beyond being just “a bonded labor force that generated wealth from agricultural and other labor” they also generated wealth through their “production (breeding) of slaves for market.”<sup>150</sup> Meanwhile, the hiring of a laborer only amounted to paying a cost of production, not an investment that would generate future profits and wealth. In endeavors like farming, this led free men to be employed in sharecropping or tenant farming arrangements but not for the direct planting and harvesting of a plantation.<sup>151</sup>

The gap between the haves and have-nots, fed by barriers in meritocratic means of improving the position of the latter, had led to Bacon’s Rebellion. Before the rebellion, steps had been taken to divide the poor across racial lines in order to keep them separate and more easily controlled. This was done first by declaring any non-free blacks “servants for life” in 1661.<sup>152</sup> This measure proved insufficient, however, as Bacon’s Rebellion saw both blacks and whites take up arms together against their wealthy oppressors.<sup>153</sup> That conflict, instead of teaching those in the Southern upper class always to make social mobility reasonably attainable, taught them to divide the poor class even further according to race. As a consequence, blacks become officially slaves rather than indentured servants, slave labor became preferred over indentured servitude, laws were codified to make penalties harsher for blacks than whites, interracial marriage was

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<sup>150</sup> Susan C. Andrews and James P. Fenton, “Archaeology and the Invisible Man: The Role of Slavery in the Production of Wealth and Social Class in the Bluegrass Region of Kentucky, 1820 to 1870,” *World Archaeology* 33, no. 1 (2001): 115-136. JSTOR, [www.jstor.org](http://www.jstor.org).

<sup>151</sup> Williams, *A People’s History of the Civil War*, 16-17.

<sup>152</sup> Williams, *A People’s History of the Civil War*, 23.

<sup>153</sup> Williams, *A People’s History of the Civil War*, 24.

banned, and certain professions were restricted to whites only.<sup>154</sup> These changes allowed a clear social division to be made, with poor whites attaining higher status than all blacks. By eliminating competition from blacks for middle-class positions, this most likely unified the position of the middle class with that of the upper class. While it may have hurt poor whites financially, it gave them a psychological boost in self-esteem.

The uncomfortable reality of armed indentured servants, black and white, then led to the uncomfortable reality of over four million blacks (almost all of them slaves) making up over a third of the slave-state population by 1860.<sup>155</sup> The lack of the ability to rise in status according to merit led to well over 250 slave rebellions in the South.<sup>156</sup> In the years leading up to the Civil War, slave rebellions were on the rise.<sup>157</sup> In order to decrease the likeliness of revolts, laws were passed throughout the South barring blacks from doing a wide variety of activities. Certain laws curtailed activities closely linked to direct violence, such as a prohibition on possessing arms or striking Christian Whites.<sup>158</sup> Some laws, however, were a direct attempt to make slaves ignorant of even the possibility of improving their position. For instance, emancipated slaves were eventually required to leave the region so that they might not stand as an example for those still held in bondage.<sup>159</sup> All blacks were also eventually prohibited from reading or writing—an attempt to block off knowledge of the outside world that might make them aware that it

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<sup>154</sup> Williams, *A People's History of the Civil War*, 24.

<sup>155</sup> Louis A. Rose, "Capital Losses of Southern Slaveholders Due to Emancipation," *Economic Inquiry* 3, no. 1 (2007): 39-51. *Wiley InterScience*, [www3.interscience.wiley.com](http://www3.interscience.wiley.com); Williams, 17.

<sup>156</sup> Joyce Tang, "Enslaved African Rebellions in Virginia," *Journal of Black Studies* 27, no. 5 (1997): 598-614. JSTOR, [www.jstor.org](http://www.jstor.org).

<sup>157</sup> Williams, *A People's History of the Civil War*, 52-53.

<sup>158</sup> Tang, "Enslaved African Rebellions in Virginia," 599.

<sup>159</sup> Tang, "Enslaved African Rebellions in Virginia," 602.

was not their lack of ability that impeded them from succeeding but their lack of opportunity to do so.<sup>160</sup>

If unrest was the only result of the South's extreme polarization, that might be an acceptable consequence in exchange for the massive production by plantations resulting from increasing returns to scale. Rising according to merit allows the most productive individuals control of social resources according to their ability. Thus, the belief in meritocracy encompasses the theory that self-interest coupled with equality of opportunity results in the most productive society. What were the losses in production?

It is no leap of faith to tie innovation to increased production. Technological discoveries create faster and more efficient ways of producing. In the South, however, there was a severe lack of technological innovation when compared to the North. Without a strong middle class, the two basic classes of a plantation system had very different consumption patterns. In this type of society those at the top tend to spend the bulk of their income on imported luxury goods while those at the bottom spend their available resources on necessities.<sup>161</sup> This overall consumption pattern does not lead to the wide-scale demand of a broad range of goods and services that would support a vibrant middle class. Consequently, few urban areas develop. Those that do, center their purpose solely on the exportation of the staple commodity and distribution of imports. This gives those with wealth little incentive to invest in educating the lower classes in anything unrelated to farming.<sup>162</sup>

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<sup>160</sup> Tang, "Enslaved African Rebellions in Virginia," 599.

<sup>161</sup> Douglas C. North, *The Economic Growth of the United States 1790-1860* (Englewood Cliffs, N.J.: Prentice-Hall, 1961), 4; Licht, *Industrializing America*, 37.

<sup>162</sup> North, *The Economic Growth of the United States*, 4-5.

This is not to say that the South did not have institutions of higher learning; they were simply out of reach for the lower classes and likely reflected an interest in agriculture over other endeavors. The upper classes desired education for their offspring so that they could maintain their position of power. This leads to an interesting conundrum. Institutions of higher learning are often places of open discourse where logic and knowledge are typically encouraged to produce the most intelligent, capable graduates. How does an institution do this in a society where about a third of its members are slaves? Open discourse would undoubtedly lead these future leaders of Southern society to be faced constantly with facts that support that slavery wholly destroys any chances of meritocratic practices by suppressing the growth of a middle class, stifling innovation, and violating the most basic concepts of fairness. Slavery had been generally viewed as a necessary evil until the 1830s, when planters launched a massive campaign to spread the concept that slavery was a benefit to both the slave and the rest of society.<sup>163</sup> As a consequence, even if a great amount of dissent remained in some corners of the South, beliefs in official channels and institutions of Southern society began to conform more to the wishes of the wealthy.

This left post-secondary education in a troubling position. It can be expected that discourse in places of higher learning do not fully coincide with what is popular in high society, but to allow such a condemning conclusion of a practice that is so central to the Southern hierarchy could have catastrophic effects. As such, men who held positions in the academy were required to adhere strictly to proslavery positions. Those who did not were regularly stripped of their positions in the two to three decades preceding the civil

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<sup>163</sup> Williams, *A People's History of the Civil War*, 27.

war.<sup>164</sup> This was easily accomplished because those in positions of political power got there by spending money on campaigns generated by slave wealth.<sup>165</sup> The precedent was set. Post-secondary schools and places of learning in the North could freely discuss and debate issues affecting socioeconomic advancement, thereby influencing policies including those that led to compulsory education. In the South, education was twisted in a way that limited dissent on important societal institutions.

When knowledge in places of higher learning is curtailed to wholly support an agenda, it limits the thinking of minds that need the most broadening, those of the future leaders of society. A merit-based system is dynamic, not allowing for a permanent upper class that becomes stagnant. It is supported by having a multitude of diverse ideas, not rigid ideology. This lack of creativity was a possible contributing cause to the slow development of manufacturing in the region. Because Southern industries were returning profits two to three times greater than investments in agriculture, industrialization should have had tremendous growth in the region.<sup>166</sup> Unfortunately, because of the lack of meritocratic social structure, capital was not invested in factories in the South relative to their profit generating power during the country's period of industrialization. Although the institution of slavery undoubtedly made manufacture more profitable, it also served to slow its growth. While industrialization benefits from concentration, whites feared having too many blacks concentrated in an area, especially urban settings.<sup>167</sup> When such a large part of a population is enslaved and prone to revolt if given the opportunity, this fear would seem extremely reasonable. Furthermore, status had been linked in the minds

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<sup>164</sup> Williams, *A People's History of the Civil War*, 36.

<sup>165</sup> Williams, *A People's History of the Civil War*, 31.

<sup>166</sup> Licht, *Industrializing America*, 37.

<sup>167</sup> Licht, *Industrializing America*, 37.

of the Southern gentry to mean large plantations.<sup>168</sup> Those in power felt no pressure to diversify because there was virtually no competition from a nearly non-existent middle class.

Likewise, because slavery made up such a large portion of the labor in the South, there was also no pressure from the labor force. For instance, the mills in the North had employed the cheapest form of labor they could find, offering those laborers more money than they could make in any other facet.<sup>169</sup> This was an economic benefit to both the worker and the employer. If workers find a better wage in another field, they can leave their current field of employment, causing a smaller labor pool. This would lead to possible labor shortages in many less profitable fields that cannot afford to match the going rate of labor. Although it is true that slaves were often hired out, the majority were utilized by their owners directly, even in manufacturing.<sup>170</sup> Because of this, the same economic forces that might cause Northern laborers to switch work did not apply to slaves who had neither the choice nor the incentive. Consequently, the availability of a work force for a particular endeavor, especially if it required unskilled labor, was likely less correlated to its profitability in the South than it was in the North.

The actual reasons the South seceded appears to hinge on fears of change in the social structure of their society. By the outset of the Civil War, the bottom half of society held less than five percent of the agricultural wealth and about half of the South's personal income went to just over a thousand families.<sup>171</sup> Just a few decades prior, land had been readily available to the poor. It had been reasonably inexpensive and loans had

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<sup>168</sup> Wertenbaker, *Patrician and Plebeian in Virginia*, 36.

<sup>169</sup> Holly Hanson, "Mill Girls' and 'Mine Boys': The Cultural Meanings of Migrant Labour," *Social History* 21, no. 2 (1996): 160-179. JSTOR, www.jstor.org.

<sup>170</sup> Licht, *Industrializing America*, 36.

<sup>171</sup> Williams, *A People's History of the Civil War*, 15.

been available to poor farmers through government assistance.<sup>172</sup> In 1836, at the urging of Andrew Jackson, Congress passed the Specie Circular Act making it extremely difficult for small farmers to acquire loans for farming.<sup>173</sup> The revolution in textile production, coupled with Eli Whitney's invention of the cotton gin, made cotton the major cash crop.<sup>174</sup> It also had the impact of making slavery more central to profitable farming.<sup>175</sup> Unfortunately, cotton's success led to overproduction. This in turn led cotton income to be cut nearly in half.<sup>176</sup> With less income to pay their existing loans and now virtually no means of securing new loans, poor farmers were required to sell their land or lose it through auction.

Meanwhile, rich plantation owners expanded their growing agricultural empires by buying up available land, eventually causing substantial price increases, making it impossible for non-land owners, or those with small farms, to increase their holdings.<sup>177</sup> Even in the plantation system, had slave labor not existed, tenant farmers may have had greater means with which to negotiate the distribution of their productivity. As it was, the wages of non-bonded labor would always have to compete with the costs of bonded labor. Slaves were the basis of their socioeconomically polarized system, making abolition a threat to the system as a whole. Because slavery benefitted the very small segment of society that made up the wealthy to the detriment of everyone else, slaveholder interests were most politically threatened by non-slaveholding whites. In the period leading up to the South's secession, many upper-class secessionists were afraid of

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<sup>172</sup> Williams, *A People's History of the Civil War*, 15.

<sup>173</sup> Williams, *A People's History of the Civil War*, 15-16.

<sup>174</sup> Licht, *Industrializing America*, 35.

<sup>175</sup> Williams, *A People's History of the Civil War*, 16.

<sup>176</sup> Williams, *A People's History of the Civil War*, 15

<sup>177</sup> Williams, *A People's History of the Civil War*, 16.

“an Abolition party in the South, of Southern men.”<sup>178</sup> The election of Lincoln may have been the official catalyst of Southern secessionists, but those in power in the South likely feared the combined efforts of Northern abolitionist groups and growing anti-slavery sentiment amongst the poor and middle class in their own region. Their only hope of preserving their social structure as it existed was by forming their own nation, thereby keeping the two abolitionist threats separate. Meanwhile, Northern business interests could not risk losing access to the resources of the South as well as its markets.<sup>179</sup> These were the economic foundations that gave financial backing to the voice of the many moral and religious arguments for abolition.

It is clear that by the outset of the American Civil War the South had already lost the industrial revolution. It contained only 15 percent of the nation’s manufacturing by 1860.<sup>180</sup> It could be argued that this was a primary cause in it losing the Civil War, never being able to compete in fielding military war machines at the rate of its northern adversary. Another factor emphasizing how poorly prepared the infrastructure of the South was for the war was that the North produced much more food.<sup>181</sup> Without access to Northern goods, starvation became a problem exasperated by Confederate taxation and impressments that came down heavier on food production than cotton production.<sup>182</sup> The non-meritocratic institution of slavery both hurt industrial expansion and the growing of badly needed edible crops. This was coupled with the unenthusiastic nature of the lower classes in supporting the war. On the outset, most Southerners wanted to remain in the

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<sup>178</sup> Williams, *A People’s History of the Civil War*, 3.

<sup>179</sup> Williams, *A People’s History of the Civil War*, 4.

<sup>180</sup> Licht, *Industrializing America*, 35-36.

<sup>181</sup> Williams, *A People’s History of the Civil War*, 36.

<sup>182</sup> Williams, *A People’s History of the Civil War*, 90-93.



Union.<sup>183</sup> Before the war was over, many Southern counties seceded from the Confederation back to Union hands.<sup>184</sup> At the same time the Southern elite was fighting the North, they were also fighting against their own people's inclinations for a fairer social structure. The same system lacking in meritocratic practice that gave the elites of the South cause to leave the Union, also prevented it from being able to do so successfully.

The emancipation of slaves resulted in arguably the greatest incidence of wealth redistribution, when adjusted for inflation, in the history of the United States. With a mean value of \$933, the freeing of slaves amounted to redistributing approximately \$3.7 billion in wealth.<sup>185</sup> Slaves accounted for the largest source of wealth in the South at roughly 43 percent, making this act one of social transformation.<sup>186</sup> Up until that time, there had been 383,635 slaveholders in the 15 slave states, or less than five percent of the free population of those states.<sup>187</sup> They held this wealth for the benefit of their families, who made up twenty-five percent of the free families in the region.<sup>188</sup> Therefore, this wealth was taken directly from what is roughly the wealthiest 3 percent of the society and redistributed to the poorest third, those freed from bondage.

When examining the concentration of slave wealth among slaveholders, the depolarizing effects of this act are even more evident. While the mean number of slaves owned by slaveholders was 10.3, the median number was five.<sup>189</sup> This shows how lopsided slave ownership was among those who had them. Although it is impossible to

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<sup>183</sup> Williams, *A People's History of the Civil War*, 14.

<sup>184</sup> Williams, *A People's History of the Civil War*, 453.

<sup>185</sup> Rose, "Capital Losses of Southern Slaveholders Due to Emancipation," 40-41.

<sup>186</sup> Peter Passell and Gavin Wright, "The Effects of Pre-Civil War Territorial Expansion on the Price of Slaves," *The Journal of Political Economy* 80, no. 6 (1972): 1188-1202. JSTOR, [www.jstor.org](http://www.jstor.org).

<sup>187</sup> Rose, "Capital Losses of Southern Slaveholders Due to Emancipation," 41.

<sup>188</sup> Rose, "Capital Losses of Southern Slaveholders Due to Emancipation," 41.

<sup>189</sup> Rose, "Capital Losses of Southern Slaveholders Due to Emancipation," 41.

calculate the exact effects of emancipation on wealth distribution in the South due to the destruction caused by the Civil War, it is possible to theorize with reasonable assurance at least a couple of important results. If the value of other assets were closer together than the value of slaves, this would cause emancipation to bring the overall worth of former slaveholders closer together. What is less theoretical among the many effects of emancipation is its impact on the wealth of non-slaveholders, especially farmers. It is extremely likely that the abolition of bonded labor caused a revaluing of labor's cooperating factors in production. This is supported by the fact that overall cotton production declined, in part, thanks to freed people withdrawing from the work force or reducing the number of hours worked.<sup>190</sup> Such a reevaluation would almost certainly have caused an appreciation or depreciation in other assets, such as land. It is highly likely, however, that the change in value of other assets would have more positively affected the wealth of non-slaveholders than that of slaveholders. Consequently, emancipation likely increased the wealth of non-slaveholders as a percent, if not in finite numbers.

The argument that the Civil War could have been avoided often cites evidence that slaveholders would have accepted financial compensation in exchange for the freeing of slaves. Although the net worth of slaves amounted to half of the nation's GNP in 1860, there are examples in which far less than market value was paid.<sup>191</sup> In the District of Columbia, for instance, compensation was paid by the government in the amount of \$300 per slave, which by any means of calculation amounts to only a fraction of actual

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<sup>190</sup> Peter Temin, "The Post-Bellum Recovery of the South and the Cost of the Civil War," *The Journal of Economic History* 36, no. 4 (1972): 898-907. JSTOR, [www.jstor.org](http://www.jstor.org).

<sup>191</sup> Rose, "Capital Losses of Southern Slaveholders Due to Emancipation," 43.

value.<sup>192</sup> Slaves were not, however, central to the Washington, D.C. economy in the same way that they were to slaveholding states—especially the ones where large plantations dominated the economy. The destruction of slavery as an institution had a cost to society in lost production. The effects of the decrease in consumption due to increased “leisure” in the South by freed persons can be calculated to be the cost of emancipation.<sup>193</sup> This figure comes to approximately \$2 billion.<sup>194</sup> Slave states may have required some form of compensation to account for this loss in overall production.

Additional evidence in support of the argument that compensating slaveholders could have avoided the war takes into account the cost of the Civil War itself. By using the figures of government expenditures, draft costs, losses in human capital, and risk premium in soldiers' wage bills, and decreases in the value of physical capital the direct cost of the Civil war can be calculated.<sup>195</sup> These figures come to approximately \$3.4 billion for the North and \$3.3 billion for the South.<sup>196</sup> In the North, the decrease in consumption caused by the war could be said to represent the indirect costs. This comes out to approximately \$4.5 billion.<sup>197</sup> Repairs to Southern economic infrastructure were completed by the end of the 1870s.<sup>198</sup> Consequently, the losses in income and consumption felt through 1879 as a result of damaged infrastructure as well as the war

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<sup>192</sup> Rose, “Capital Losses of Southern Slaveholders Due to Emancipation,” 43.

<sup>193</sup> Claudia D. Goldin and Frank D. Lewis, “The Economic Cost of the American Civil War: Estimates and Implications,” *The Journal of Economic History* 35, no. 2 (1975): 299-326. JSTOR, www.jstor.org.

<sup>194</sup> Goldin and Lewis, “The Economic Cost of the American Civil War,” 315.

<sup>195</sup> Goldin and Lewis, “The Economic Cost of the American Civil War,” 304-308.

<sup>196</sup> Goldin and Lewis, “The Economic Cost of the American Civil War,” 304, 308.

<sup>197</sup> Goldin and Lewis, “The Economic Cost of the American Civil War,” 312.

<sup>198</sup> Tenim, “The Post-Bellum Recovery of the South and the Cost of the Civil War,” 905.

could be said to amount to the indirect costs of the Civil War for the South.<sup>199</sup> These figures come to a total of just under \$250 per person or approximately \$3 billion.<sup>200</sup>

In the end, if just compensation were to be paid for the value of the slaves as well as the losses in production caused by the demise of the institution, the figure would still come out to be \$8.5 billion less than the cost of having a Civil War. This would seem to support the argument that a war was the least cost effective method of solving the issue of slavery. The theory of meritocracy argues, however, that the Civil War wasn't just about getting rid of the institution of slavery. By this theory, the Civil War was not only about making the South offer more equality of opportunity but also about redistributing wealth in a society that had become polarized because of its non-meritocratic foundations. The need to redistribute wealth would seem to preclude compensation for lost slaves. Because those in power are almost certain to have refused to give up their slaves without being paid for them, the Civil War was unavoidable. The only other alternative might have been the creation of large-scale programs to increase the wealth of those who did not have it. The costs and scopes of such programs were likely beyond the political capital of any major US entity at the time and probably past the sociological theories of the age. Furthermore, even if they were possible, no study to date has estimated the costs of such an undertaking. Without such knowledge, assuming the Civil War was really about redistributing wealth, it is impossible to tell whether or not there was a plausible alternative.

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<sup>199</sup> Temin, "The Post-Bellum Recovery of the South and the Cost of the Civil War," 906.

<sup>200</sup> Temin, "The Post-Bellum Recovery of the South and the Cost of the Civil War," 907.

### Conclusions

What kind of system does the United States have? What are that system's goals?

Our country developed its unique form of government as a consequence of historical circumstance. It began as an experiment of venture capitalists. Its early colonists were granted the freedoms of representative democracy because the crown had no means of governing from across the sea. Industrialization brought the social problems of urbanization. These social problems were solved by socialized solutions including compulsory education and unionization. This country shed the last vestiges of its feudalistic past in a costly and bloody Civil War. The system we have has been described as a capitalistic representative democracy with socialized institutions. This may describe the "what" and our historical circumstances may describe the "how" but why? What is our purpose? Our goal of "forming a more perfect union" is not one without direction. Our direction is meritocracy.

Capitalism has been used as a tool of efficiency and production. In the end, however, its arguments of an unfettered market must stay within the boundaries of what is considered fair. When the machines of industry treat the worker as nothing more than a component, those machines have been brought to a halt time and time again. While the powers of manufacture must depend on laborers, laborers should always be able to depend on modes of production to act as a key ingredient in meritocratic processes. When our GNP depended most heavily on agriculture, land was made available for those with the ability and desire to work it. When our country depended on mills and factories, education, unionization, and the means to support a vibrant middle class were created to ensure a dynamic system where merit still resulted in social mobility. Those social institutions that have survived are the ones who learned that progress cannot be stopped,

even if the fruits of progress can be more fairly distributed. Throughout American history the argument for capitalism has been made not only as a system that results in the most material goods and services, but as a system that promotes fairness by allowing individuals and institutions to rise and fall according to ability. If at some point in our future it fails to do this, it will have outlived its purpose.

Representative democracy is meant as a form of government that indirectly carries out the will of the people. Unlike direct democracy, it is not as dependent on the whims of a populace not fully educated upon the matters of governing. It relies on representatives whose primary job is to research the issues at hand and act within the best interests of the people it governs. When it doesn't do this, when the desires for personal gain create the diseases of cronyism, favoritism, and nepotism on the body politic, the result is revolt, rebellion, and Civil War. Self-interest cannot extend to those who govern. Their ambitions must be secondary to the desire to create policies that encourage an equal playing field, not one that favors their friends, family, and personal wealth.

Central to all these issues is the issue of wealth. Older than our economic system and system of government, is the concept of ownership. No economic or political system can exist without weighing in on the issue of property. Individuals should be allowed to amass wealth, invest it, use it in pursuit of their desires. Our system depends on it. However, our system's survival also depends on maintaining a meritocratic means of amassing wealth, of using it fairly and in a way that does not infringe upon others' fair chances at a "pursuit of happiness." In the end, that's what it is all about. From the beginning of our history, that is what it has been about. Going forward, in our economic and social policies, that is what it should be about.

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