

THE THREE SLAVERIES

AMERICA BEFORE THE CIVIL WAR

An intelligent approach to the problems of poverty and racism will cause us to see that the words of the Psalmist, "The earth is the Lord's and the fullness thereof", are still a judgment upon our use and abuse of the wealth and resources with which we have been endowed.

- Martin Luther King Jr.

London, 1842. America's most famous abolitionist, William Lloyd Garrison, joined with Irish abolitionist Daniel O'Connell to call for the northern United States to secede from their union with slave states, and for Ireland to secede from union with England. Garrison charged that England's posture towards Ireland epitomized the "slaveholding style," and he supported Ireland's "effort to secure her emancipation." Garrison declared that his call for secession would end if the South took steps to abolish chattel slavery, and O'Connell that his call for repeal of Anglo-Irish union would be withdrawn if his own demands for justice were met. To both of them, English-imposed landlordism was just a different form of slavery. Garrison published his own letter in *The Liberator* in which he called "for the repeal of the union between England and Ireland, because it is not founded in equity, because it is not a blessing, but a visible curse... *on the same ground, and for the same reason, I am for the repeal of the union between the North and the South.*" [emphasis added].

This echoed Jefferson's view that even the chattel slaves of America fared better than the poor of Europe, noting that "our only blot is becoming less offensive by the great improvement in the condition and civilization of that race,

who can now more advantageously compare their situation with that of the labourers of Europe. Still, it is a hideous blot..."

The economic essence of slavery is that some are forced to work for the benefit of others. In chattel slavery, a particular slave must work for a particular master, or for others as directed by that master. However, Garrison and O'Connell agreed that any system forcing some to work for the benefit of others enslaves them. Because there are three factors necessary for modern production, land, labour and capital, there are three categories of slavery: Tenantry, chattel, and indenture.

In US chattel slavery, an owner would hire out his more skilled slaves when he did not need them on his own plantation. The owner would get paid for the slave's work, and the slaves themselves would hope to get tips. The only Americans who worked for tips were slaves, as free Americans viewed tipping as a remnant of the European class system that they thought themselves to have escaped. Today, tipping is more prevalent in America than in Europe, but many American blacks still consider it degrading to work for tips.

Where land was monopolized by a landlord class, not only in Ireland but in Europe generally, direct ownership of persons was unnecessary. Landlords could charge enough rent to command more from tenants than could be commanded from chattel, without making the lords responsible for those they exploited. England sent slaves to the American colonies because land was so plentiful and cheap that tenantry was insufficient. Even though American land was quickly grabbed up by a colonial aristocracy, most aristocrats held more land than they could patrol, and the landless people's option of "squatting" prevented the landed from rack-renting them.

When the American Revolution began, chattel slavery existed in practically all the States; and Southern leaders claimed that its subsequent disappearance from the Northern States was due to climatic conditions and industrial exigencies rather than to the existence or absence of great moral ideas.

That is, chattel slavery fell out of favour in the North, where cold weather made squatting hazardous in winter. Solid cabins were necessary to protect against the harsh winters, and landlords had every right to evict squatters in the cold and burn their cabins to the ground. Burned out squatters had no choice but to return to northern cities, where rents were rising and wages were falling, and save up to purchase land. In the South, and particularly in the deep South, squatters only needed enough of a shack to keep rain off of them, and could easily build another to replace one that a landlord's agents had destroyed. Wages in the South were low because free labour had to compete with slave labour, but rents were even lower.

The third form - monopolizing capital - is indirect, and there have been two ways of achieving it. First, many of those who had already controlled land came to control capital indirectly, for the production of genuine capital is impossible without access to land and natural resources. In the initial stages of capitalism, however, landlords were no match for capitalists. Just as land monopoly had failed to enslave American tenants when there were too few of them, so did it fail to dominate capital, even in Europe, when there were few industries and plenty of competing landlords with whom to bargain.

However, a modern capitalistic economy requires a great deal of specialization and exchange, which is impossible without money. Bankers found that they could monopolize capital by monopolizing money and making people dependent on bank credit for trade. No matter how much wealth capitalists produced, they could not produce money, and could only get money by borrowing it or by selling goods to others who had borrowed it. This gave bankers the same leverage over capitalists that landlords had long enjoyed over tenants.

Americans caught on to this. The platform of the Free Soil Party, the largest of the minor parties to later coalesce into the Republican Party, reflected an understanding of the three distinct forms of slavery, and opposed privileges underlying all three.

Thus, although the majority of the Free Soil Party's platform planks focused on opposing chattel slavery in various ways, planks 11 and 12 stated:

That all men have a natural right to a portion of the soil; and that as the use of the soil is indispensable to life, the right of all men to the soil is as sacred as their right to life itself.

That the public lands of the United States belong to the people, and should not be sold to individuals, nor granted to corporations, but should be held as a sacred trust for the benefit of the people, and should be granted in limited quantities, free of cost, to landless settlers.

Plank 13 opposed both the monetary basis of monopoly capitalism and big government:

That a due regard for the Federal Constitution and a sound administrative policy demand that the funds of the general government be kept separate from banking institutions; that inland and ocean postage should be reduced to the lowest possible point; that no more revenue should be raised than is required to defray the strictly necessary expenses of the public service and to pay off the public debt; and that the power and patronage of the government should be diminished by the abolition of all unnecessary offices, salaries, and privileges, and by the election by the people of all civil officers in the service of the United States, so far as may be consistent with the prompt and efficient transaction of the public business.

All this was captured in their official motto, "Free Soil, Free Speech, Free Labour, and Free Men." All of the minor parties had either merged into the Free Soil Party or would soon join with it to form the Republican Party. They had all opposed slavery, but for different reasons and to different degrees. The tiny Liberty Party was the only one that had stridently championed the rights and personhood of the slaves themselves. It had broken away from Garrison's American Anti-Slavery Society because Garrison did not believe in the strategy of forming political parties. He believed that a focus on political gain would lead to compromising the message for political advantage. He was proven right.

The new Republican Party grandstanded against the chattel form of slavery while advancing the other two forms. It was an old ploy for this new country, stemming from former loyalists and rebel monarchists pretending to be Federalists, discredited Federalists first pretending to be Democrats and then pretending to be Whigs, and former Whigs pretending to be Republicans.

The Republican Party continued to oppose chattel slavery, but replaced the planks regarding land with the following:

"That a railroad to the Pacific Ocean by the most central and practicable route is imperatively demanded by the interests of the whole country, and that the Federal Government ought to render immediate and efficient aid in its construction, and as an auxiliary thereto, to the immediate construction of an emigrant road on the line of the railroad."

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This pro-railroad plank was sold on the grounds that railroads would deliver the West to land-hungry people, but railroad land grants would actually deliver much of the West to the owners of the railroads themselves. Meanwhile, all references to money and banking had disappeared. Understanding how this happened takes us back to a look at how earlier US political parties had developed.

Three factions had dominated colonial America - loyalists or “tories”, who wanted to remain under British rule, revolutionaries, who wanted to establish an egalitarian, democratic society, and a third group that wanted to establish a new monarchical nation with centralized powers, independent from Britain but modelled on the British system. The revolutionaries opposed all three enslaving privileges - land monopoly, banking monopoly, and chattel slavery. However, loyalists and rebel monarchists in effect derived their incomes from these privileges.

Support from the people was absolutely necessary before the revolution, and promise of a decentralized, egalitarian federation of democracies was the surest way to win that support. As a result, the Articles of Confederation created a weak central government, to be funded by taxes on each state according to the value of privately held land in that state, and by a currency directly issued by the general government. The president of the Continental Congress was chosen by that Congress to serve for one year, and could not succeed himself for at least two years. It avoided the chattel slavery question as best it could. Drafters saw slaves as unable to support the revolution, and saw opposing slavery as antagonizing to powerful slave owners and unnecessary to win the support of common whites. In all other respects, the Articles of Confederation was a radical governing document.

However, war expenses and post-war debts required heavy financial support from monarchists and former loyalists, who were among the wealthiest of the colonial population.

Monarchists had already set out to tax poor farmers and to make them dependent on bank notes and scarce currency, the only acceptable tender for paying taxes. Massachusetts taxed land on its acreage rather than its value. Isolated western Massachusetts farmers had been earning little more than a subsistence and mostly traded with barter - the most common barter product was whiskey - and just before the Constitutional Convention, farmers, led by Daniel Shays, eventually revolted against the tax.

Land-grabbing fever dominated all of the rebel factions, but the monarchist faction brought together the largest and most aggressive speculators of all. Washington himself was the biggest landowner in the nation, holding more land than any European king.

To collect rent from monopolized land, aristocrats had to discourage people from pioneering other land. Other intrigues would enslave common people more quickly than land-grabbing itself, making them carry the cost of government and to keep them in debt to New York. This would also shelter the landed aristocracy from taxation. While many revolutionary rebels had offered up their “lives, liberty and sacred honor,” rebel monarchists and turncoat loyalists had loaned money to the revolution, or - worse yet - bought up heavily discounted bonds after the war’s end. Bonds that had been issued by states that were unable to repay them any time soon. Hamilton, the leader of the monarchist faction, would succeed in getting the national government to assume these debts and to guarantee to pay them back at par - something the states had never asked for. Buyers of discounted bonds became the vanguard of a permanent lending class.

The Constitutional Convention assembled with little fanfare, representing a coalition of aristocratic interests, dominated by landed, money-lending, slave-holding and mercantile interests. In “An Economic Interpretation of the Constitution of the United States” historian Charles Beard wrote:

“A majority... were lawyers by profession. Most... came from towns, on or near the coast... Not one... represented... the small farming or mechanic classes. The overwhelming majority... at least five sixths, were immediately, directly, and personally interested in the outcome..., and were to a greater or less[er] extent economic beneficiaries from the adoption of the Constitution Public security interests were extensively represented... Of the fifty-five members who attended no less than forty appear on the Records of the Treasury Department. [Twenty-four were listed herein as holding more than \$5,000]. [L]ands held for speculation was represented by at least fourteen members... [M]oney loaned at interest was represented by at least twenty-four members... [M]ercantile, manufacturing, and shipping lines [were] represented by at least eleven members... [Ownership of] slaves was represented by at least fifteen members...”

In the end, slave-holding interests opposed the Constitution, money-lending, manufacturing and mercantile interests supported it, and landholding interests were divided. Hereditary monarchy had been good to these supporting interests in England, and it was expected that an elected monarch would be better to them in the United States than a parliamentary democracy would be.

Of course, monarchists did not call themselves such, for the public was overwhelmingly opposed to monarchy and aristocracy. Instead, they called themselves Federalists, feigning support for the idea of a confederation of sovereign democratic republics, but working for a strong, centralized government with a kingly executive - elected if necessary, but kingly none the less. Their appropriation of the name was so effective that those who wanted a true confederacy, and who argued against the Constitution on those grounds, are known to this day as "anti-federalists."

The Constitution begins with, "We the People," which is true only in the sense of the "royal we," as when the Queen says, "We are not amused." The convention had not been called for by the people; the Continental Congress had not authorized it to write up a new Constitution, but only to propose individual amendments to the Articles of Confederation or to propose a methodology by which an actual Constitutional Convention could be convened; nor was it ever ratified by the people. In several cases, delegates campaigned as opponents of ratification and then cast their votes to ratify.



The monarchist coup was complete. Washington was appointed President. Hamilton, his secretary of state, quickly moved to levy a tax on whiskey. The tax was supported by all of the northern states and opposed by all the southern states, except that congressmen in Pennsylvania and Virginia were evenly split, with those from eastern parts supporting the tax and those from western parts opposing it. According to historian Leland Baldwin:

"John Buckskin... became ever more convinced that the excise was one more move, and probably the decisive one, in the government's campaign to reduce him to the economic, political and legal status of the European peasant."

For years the West had urged a land tax as the most equitable method of taxation. The purpose of this was twofold: First, the East would bear the greatest burden, since land there was more valuable on account of superior improvements and proximity to markets; and second, it was hoped that the taxing of the western land held by speculators would force them to sell it at reasonable rates and thus hasten the development of the West.

Farmers revolted all across the country and refused to pay, but farmers in southwestern Pennsylvania resorted to violence. They were responding to frustrations that went well beyond the tax itself, stemming from prior injustices.

The charters of Pennsylvania and Virginia had overlapped geographically. That is, the southern border of Pennsylvania had been defined as 39° 42' of latitude, and the northern border of Virginia had been defined by the Potomac,

Youghiogheny, Monongahela and Ohio rivers, the latter three running well north of that border. As a result, land south of Pittsburgh had been settled under Virginia's charter. Philadelphia speculators bought land titles under Pennsylvania's charter, sued for jurisdiction, and won. They then demanded that settlers repurchase the land from them at much higher prices than what they had originally paid. (After all, the land was more valuable now that it had been when settled.) The new mortgages had to be paid in either bank notes or specie, both of which were scarce. Again, whiskey was the farmers' currency, and the new whiskey tax also had to be paid in bank notes or specie.

The original tax law required violators to be tried in federal courts, all of which were in coastal cities. Congress amended the law to allow trying violators in state courts if there were no federal courts within 50 miles, arguing that making farmers travel long distances to trials was too harsh. However, Hamilton issued warrants under the old law against western Pennsylvania farmers just before the new law went into effect.

It is not clear whether Hamilton feared that no jury in Pittsburgh's state court would convict, but it is clear that he wanted to make an example of these farmers, and in mid July of 1794, Washington personally led a regiment of New Jersey and Virginia militia to overwhelm any resistance and haul these farmers to trial in Philadelphia - the only time a sitting President left his office to lead a military expedition. Twenty farmers were force-marched to Philadelphia, paraded through jeering crowds and held for up to six months, but not one of them was convicted. Two others, one considered insane and the other a simpleton, were convicted and later pardoned.

After the rebellion was quashed, many farmers moved to the mountainous Greene County, in the southwest corner of Pennsylvania, and defiantly made "moonshine" whiskey.

Meanwhile, those in western Virginia were generally too poor to own slaves, and their land was too rugged for growing cotton. They also hated the whiskey tax, but blamed eastern Virginia Congressmen for supporting it, for awarding vast tracts of Virginia land to speculators, and for generally selling them out to aristocratic interests. After Virginia joined the states seceding from the Union, western Virginia seceded from Virginia, creating what is today West Virginia. All this occurred almost 70 years after the Whiskey Rebellion. While many more proximate factors played a role, the Whiskey Rebellion set a tone of animosity between eastern and western Virginia that never healed.



Federalist policies had left most of the public indebted to New York money lenders, particularly in the South. As early as in 1792 Thomas Jefferson noted in a letter to the President (George Washington) under the headline "A Stepping Stone to Monarchy" that such stresses would make a civil war almost inevitable:

"True wisdom would direct that they should be temperate and peaceable, but the division of sentiment and interest happens unfortunately to be so geographical, that no mortal can say that what is most wise and temperate would prevail against what is most easy and obvious, can scarcely contemplate a more incalculable evil than the breaking of the union into two or more parts. Yet... when we consider... that the owners of the debt are in the Southern and the holders of it in the Northern division..."

In his tenure as President, Jefferson abolished the whiskey tax and paid off the national debt, to the displeasure of Northern money-lenders who wanted to collect interest in perpetuity. However, state debts, commercial debts and personal debts remained, and much of the land was irrevocably in the hands of Federalist aristocrats. Needless to say, monetary policy was the key.

The Continental Congress had issued a fiat currency called the "Continental", which had lost most of its value. The Federalists argued that the Continental Congress had behaved irresponsibly, an argument that is still put forward today against fiat currencies. However, Congress's issue of Continentals had been remarkably reserved, and there would have been no inflation if the only Continentals had been those issued by Congress. Unfortunately, each state issued its own state Continentals, with little regard to the overall effect. Worse, Britain hired teams of engravers to make counterfeit Continentals as quickly as they could print them, and distributed them to loyalists who flooded the market with them.

Using the demise of the Continental as an excuse, framers of the Constitution made it impossible for states to create money from anything but gold and silver (which were already accepted as money anyhow), and the new banker-dominated Congress made it difficult for the federal government to create money. The shortage of domestic currency opened the door for privately owned central banks to create money out of nothing and lend it into circulation.

Constitutional framer, war profiteer and merchant, Robert Morris had attempted to issue his own private money in 1766, but was foiled when 200 Pennsylvania merchants announced that they would not accept "Morris Notes" under any circumstances. In 1780, Morris founded the public-sounding Pennsylvania Bank which extended credit to the revolutionary army for food supplies. A year later, after Hamilton helped Morris secure the post of Secretary of Finance, he folded the Bank of Pennsylvania into the Bank of North America. Most of the bank's deposits were public money given to the revolutionary government by France, but the bank remained privately owned and controlled. Morris also engaged in grandiose land speculation schemes, and the panic of 1797 bankrupted him.

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 purchasing slaves and granting them freedom.*
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When the Bank of North America faltered, Hamilton won himself a charter for the First Bank of the United States. Hamilton's manoeuvres at the Constitutional Convention had blocked the government from creating money out of nothing, but Hamilton's bank did just that, and then loaned the money to the government. Hamilton wrote to Robert Morris that "A national debt, if it is not excessive, will be to us a national blessing." If, by "us" Hamilton meant the country, then the same can be said of a cocaine habit. On the other hand, if "us" meant Hamilton and Morris, the claim makes perfect sense.

Jefferson referred to these debts as "a stepping stone to monarchy," and denounced them as "more dangerous than standing armies." As President, he persuaded Congress to revoke Hamilton's charter in 1811. On liquidation, it was discovered that the bank was 72% owned by foreign investors, mostly British and Dutch. The largest single investor was US slave trader Stephen Girard, who turned the remnants of the bank into the Girard Bank.

However, over 100 state-chartered private banks were in business, all of them issuing bank notes that passed as money. By 1814, there were 208 of these banks, each issuing money that was accepted by the federal government and by the state chartering it. This led to severe inflation, but Federalist opposition stymied President Madison's attempt to pre-empt these with a government-owned national bank.

In desperation, Madison allowed the privately owned Second Bank of the US to be chartered in 1816, just as many of these state banks were going bankrupt. The Second Bank occupied the same Philadelphia building as the First Bank, and its largest stockholder was, again, Stephen Girard.

These actions caused the public to see the Federalists as the party of a money-lending aristocracy. The Federalists responded by attacking chattel slavery and backing the Democrats into defending it. Slavery was being abolished around the world by governments purchasing slaves and granting them freedom. Jefferson noted that the Federalists never proposed measures that could actually result in freeing the slaves, but used the issue to polarize the country and distract attention from their own abuses.

Meanwhile, aristocratic interests invaded the new Whig Party. The new Whigs gave lip-service to the democratic teachings of Jefferson, and particularly cited his opposition to a centralized government with a strong executive, lambasting the high-handedness of Jackson's war with the banks. (Never mind that strong executives created the banks in the first place.) However, the Whigs were much more paternalistic and aristocratic than their Jeffersonian rhetoric would lead one to believe, and the same banking, mercantile and industrial interests that had dominated the Federalists dominated the Whigs. Like the Federalists, Whigs grandstanded against chattel slavery without actually doing much to end it, and quietly embraced the underpinnings of debt slavery and tenantry. The Free Soil Party opposed the hypocritical Whigs as much as the slavery-apologist Democrats, and nominated former Democratic President Martin Van Buren as its first candidate in 1848.

As the Free Soil Party and other minor parties merged into the new Republican Party, the Whig Party collapsed. Former Whigs rushed into the ranks of the Republican Party, bringing with it their loyalties to banking, to high tariffs that favoured northern industries at the expense of the South, to mercantile interests that profited from government favouritism, and to railroads. This accounts for the conspicuous absence of the planks on land and banking from the Republican Party Platform.

The Civil War eliminated chattel slavery, but war profiteering entrenched bankers, licensed monopolies, tariff-protected industries, land-grabbing and the Republican Party. It particularly entrenched railroad monopolists, who became the linchpin of privilege for half a century. The early progressives had mostly been Republicans, but found that the Republican Party had become, and would remain, the party of the privileged aristocracy. It used its plunder to put the South even more hopelessly in debt to Northern banks by invalidating all debts incurred by the southern Confederacy and by making the South share in the debts to the Union. It used this leverage to steal southern lands, and continued to polarize the geographical divide as a bulwark against democratic sentiments.

As the Democratic party clung to supporting the southern plantation system, reformers increasingly found themselves turning to minor parties once again. The progressive movement grew out of the abolitionist movement and would once again turn against both parties. ■