Comments on, Slavery and the British Industrial Revolution

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- Understanding why the industrial revolution occurred in Britain in 1850, rather than, e.g., Rome BCE 100 is the most important question for the discipline of economics ... but, we have many more hypotheses than data points.
- This paper proposes to make progress on this by exploiting cross sectional variation in the rate of development early in the industrial revolution, in the region where it began.
- Basic story of the paper: Random variation in success of slave voyages during 1526-1810 $\Longrightarrow$ wealthier descendants in 1833 $\Longrightarrow$ more rapid industrialization around 1830. Establishing this chain of causation is the basis for saying ‘slavery contributed to industrialization’.

Four main comments:

- Boring questions about instrument validity.
- Compared to what? What is the counterfactual to slaving? In the model it is loss of access to all plantation investments.
- Is the industrial revolution a structural break in the returns to investment in domestic manufacturing?
- Questions about time series evidence

Boring questions about instrument validity

- Instrument is driven by slave mortality rate on local ancestors' slave voyages. The claim is that this was random, due to weather. `theoceanrace.com` says the doldrums are hard to predict.
- ... but, table 1 shows that in 1690 places where unsuccessful slavers settled were wealthier than places with no slavers.
- ... and 'We observe a decline in middle-passage mortality over time in the slave voyages data, in part because of improvements in ship technology'(p26). Maybe ancestors were early adopters?
- Maybe successful slavers were better sailors, navigators, businessmen ... and they passed on human capital.
- If middle passage mortality is random, then the probability of a bad trip is independent of the number of previous trips. This is testable.
- should I be worried about partnerships and diversification?

Compared to what?

The claim is that slavery wealth contributed to industrialization.

- It is pretty clear that slavery wealth was concentrated in places where the industrial revolution developed most rapidly.
- What is the counterfactual case? In the model, it is 'no access to plantation technology'. What about China, India and the rest of New World? What about free-labor sugar plantations? Fogel and Engerman tell us that (1) area of US cotton crops doubled during reconstruction, and (2) there were no excess returns to investments in slaves.
- I think you should be *really* careful mapping what is known about slave prices and productivity, and plantation returns to capital into plantation TFP (10). Engerman and Fogel seem to have relevant data for the US.

Is the industrial revolution a structural break?

Is the industrial revolution as a structural break (probably around 1830) in the return to domestic investment in manufacturing?

- If so, should we see a positive effect on local investment in 1690 (after 120 years of slaving voyages)? But districts populated by successful and unsuccessful slavers have the same high levels of wealth in 1690 (table 1).
- If not, then I think the model requires less wealth in slaving areas after the end of slave owning.

What is the relevant comparative static: (1) higher return to manufacturing investment and loss of access to slaving, or, (2) constant return to manufacturing and loss of access to slaving? Is the model better for 1690 than 1830?

Time series

- Slavery occurs throughout recorded history. In particular, it was common in other places/times when the industrial revolution might have started.
- British slave voyages ended in 1830. This is when the Industrial revolution started.
- The Abolition of Slavery Act of 1833 looks like a transfer from non-slaveholding regions of Britain to slaves. Slaveholding regions were even by constructions. Post 1833 outcomes will be contaminated by this place-based policy (there are not many of them). How big is 20m pounds compared to the 1843/1881 bump in wealth in slave holding areas?

Conclusion

- The paper uses cross-sectional variation to study the take-off of the industrial revolution. This is neat.
- The paper establishes that the industrial revolution occurred more quickly in places where there was more slave holding wealth.
- I think that in the model the counterfactual for ‘absence of slavery’ is ‘absence of all international investments’. I need more convincing that this is what we should be thinking about.