

The Slave Order in American Political Development: Evidence from the New Deal Era^{*}

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How and to what degree did slavery shape the reach of the American state? Though extant accounts of the legacy of slavery demonstrate a pernicious impact on social capital and race relations, we know less about the impact of slavery on how citizens experienced the state especially with respect to public policy. I advance the slave order thesis, which suggests that the institution of slavery generated both the culture and context for racial discrimination in the geographic distribution of the state. Using the New Deal period—one of the defining progressive eras of US politics—as a case study, I argue that slavery left an indelible imprint on the nature of the redistributive state more than 50 years after the formal abolition of the institution in the US South. To test my argument, I use county-level data on the distribution of New Deal spending across the South. Estimates using an instrumental variables identification strategy suggest that counties that had a historically high prevalence of slavery received less spending for the Works Progress Administration—the hallmark public employment program of the New Deal. My argument and results suggest that the slave order left a tangible impact on the lives of African Americans long after it was abolished by shaping the ways in which the state continued to perpetuate racial stratification.

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You must always remember that the sociology, the history,
the economics, the graphs, the charts, the regressions all land,
with great violence, upon the body.

Ta-Nehisi Coates, *Between the World and Me*

We know that slavery matters. This institution involved the alliance between the state and Southern planters to enforce the mass subjugation of millions of African Americans up until the Civil War. Historians, political scientists, economists, and sociologists have all spent much ink explicating how slavery fueled the American economy (Fogel and Engerman 1995; Beckert 2014), influenced the founding of the early American Republic (Morgan 1975) led to the U.S. Civil War (Ransom 1989), increased racial stratification (O’Connell 2012), and shaped whites’ racial attitudes even until today (Acharya, Blackwell, and Sen 2016). Despite this considerable work across a wide array of disciplines, we know less about how exactly slavery still continues to matter; in particular, it remains unclear how the legacy of slavery shaped the ways in which citizens experienced the reach of the state.

In this article, I build upon King and Smith (2005) and develop the *slave order* thesis to trace how the “peculiar institution” of slavery in the South can help to explain the nature of the redistributive state. Particularly, I theorize how slavery shaped the uneven way in which different citizens experienced the redistributive state.¹ Synthesizing rich insights from the literatures on racial threat, cultural economics, and policy feedback, I show how the local intensity of slavery in the South generated incentives for Southern politicians to limit the amount of assistance that African Americans received so as to preserve the “white supremacist” racial order (Key 1949; King and Smith 2005). This theory can help to explain why areas that perhaps needed the most help following the Great Depression ended up receiving the least assistance from the U.S. State.

To unpack the ways in which slavery shaped the way in which citizens experienced the state, I hone in on an important critical juncture in American history: the New Deal era. Conventional wisdom hails the New Deal as a hallmark achievement of the Progressive movement in the United States. In a time where the working class expressed widespread dissatisfaction with the status quo, President Roosevelt’s New Deal ushered in a markedly left-leaning phase in American politics. While many point to the New Deal as a defining moment for economic liberalism in the United States, other scholars note how Southern intransigence underpinned by the Jim Crow political order created a situation where many African Americans were left out of the New Deal recovery (Katznelson 2013). What motivated this profound tension between using the state to help the average White American and to perpetuate mass discrimination against

¹My conceptualization of statebuilding, which I further elaborate on when developing the theory, contrasts redistributive statebuilding with coercive statebuilding.

African Americans? The slave order thesis developed in this article can help to resolve puzzles such as this.

To test my argument, I bring together historical census data combined with county-level data on New Deal spending. I demonstrate empirically that areas in the South that had a relatively high prevalence of slavery in 1860 received less Works Progress Administration (WPA) spending—the program that arguably benefited African Americans the most (Sitkoff 2008; Katznelson 2013; Wright 2013). Furthermore, programs that devolved control to local authorities saw a much smaller negative effect indicating support for the notion that Southerners were particularly attuned to the threat of the federal government in interfering with Jim Crow. Using an instrumental variables strategy motivated by plausibly exogenous variation in cotton suitability, I provide evidence that these results can be interpreted as causal effects. Results from a placebo test also indicate the plausibility of the exclusion restriction. Mediation analyses provide support for the idea that both the cultural and contextual legacies of slavery matter for understanding the trajectory of the U.S. state. Finally, the results also hold against a battery of geographic, economic, and political control variables, state fixed effects, and estimation strategies.

This article provides key contributions to several overarching literatures. First, the theory and findings add to a growing literature in historical political economy regarding the legacy of slavery on a nation's political and economic structures (Nunn 2008; Nunn and Wantchekon 2011; Acharya, Blackwell, and Sen 2016). While Acharya, Blackwell, and Sen (2016) demonstrate that the institution of slavery still has an effect on political attitudes in the United States despite the formal abolition of slavery more than a 100 years ago, I show that slavery also has a persistent impact on the ways in which Whites and Blacks differentially experience the state. That is, the political legacies of slavery were both ideological and tangible. Second, this paper contributes to the political economy of racial and ethnic diversity by providing historically-oriented mechanisms through which diversity can shape public spending by highlighting the cultural and contextual legacies of slavery (Alesina, Baqir, and Easterly 1999; Habyarimana et al. 2007; Hopkins 2009; Trounstein 2016). Third, this paper further refines and expands existing work at the intersection of race, American political development, and Southern politics by highlighting the fundamental role that slavery has played in shaping the uneven distribution of the American state (King and Smith 2005; Einhorn 2006; Frymer 2007; Weaver 2007; Frymer 2010; Katznelson 2013; Mickey 2015; Shickler 2016). Not only did slavery shape the behavior of elites (Mickey 2015), but it also shaped what issues would make it on the national agenda (Shickler 2016). Finally, this paper also suggests a different perspective on the nature of distributive politics during the New Deal period. While Presidential co-partisans seem to receive increased federal spending today (Berry, Burden, and Howell 2010), Southerners, who were uniformly Democrats during the New Deal, rejected substantial amounts of money from the federal govern-

ment since it threatened the stability of Jim Crow. This suggests that simply having positions of formal or informal power are not enough explain why some areas receive more federal aid than others: preferences also matter.

In sum, I demonstrate that the pernicious legacy of slavery undermined one of the great democratic moments in American political history. The legacy of slavery was not only local inasmuch as Jim Crow was local, but its legacy was also pervasive at the national stage. Thus, my results are the first of my knowledge to quantify the ways in which slavery built the “white supremacist” racial order, which in turn generated differential experiences in the ways in which African Americans and whites experienced the American state (King and Smith 2005).

THEORY

In this section, I synthesize the diverse literatures on cultural economics, intergroup relations, and policy feedback to provide a theory of how slavery can continue to have a persistent effect on public policy even after its abolition. There are two fundamental steps in the logic of my argument. First, slavery must cause preferences—either cultural or contextual—that generate an incentive to uphold racial apartheid. Second, the expansion of the federal government must have been at least perceived as a threat to the existing political-economic equilibrium in the South. Together, these two building blocks provide the fundamental basis for what I call the *slave order* thesis.

Redistributive and Coercive State-Citizen Interactions

Before tracing the relationship between slavery and state-citizen interactions, I offer a brief conceptualization of the nature of state-citizen interactions in the American context. Of course, much has been said about the nature of the state both in the American and comparative contexts.² In this study, I hone in on one of the fundamental functions of the state: redistribution. Engaging in effective redistribution clearly relies on some sufficient level of state administrative capacity. While the early American state had comparatively low capacity, the Progressive Era saw a rapid increase in administrative capacity (Skowronek 1982). Thus for this paper, I take it as given that the U.S. state has sufficient capacity to engage in redistribution.

Redistribution is fundamental way in which individuals might experience the state. Levi (1988, pg. 2) notes that, “They [those who control the state] may use the funds to line their own pockets... they may use the funds to support social or personal ends...they may have ideological ends... they may be altruistic...whatever the rulers ends, revenue

²For perspectives on statebuilding in the American context, see Skowronek (1982), Bense (1990), and Carpenter (2001). For some of the main perspectives in the comparative literature, see Weber (1918), Levi (1988), Tilly (1990), and Herbst (2000) among many other works.

is necessary to attain them.” Though we generally think of progressive redistribution from rich to poor, states can also engage regressive redistribution by extracting from the poor to give to the rich. The idea that states fundamentally engage in redistribution (either progressive or extractive) is pervasive throughout the literature (Acemoglu and Robinson 2012; Boix and Rosenbluth 2014).³

Given that the nature of redistribution in democracies tends to be progressive in nature (though there are certainly exceptions to this), I focus on actions by the state to redistribute resources from rich to poor. With this in mind, it is important to understand the preferences of a state’s citizens with regard to this type of redistribution. In the following sections, I highlight how two legacies of slavery—cultural and contextual—lead to particular patterns of preferences for the presence of the redistributive state in the lives of Whites and African Americans.

Culture: Slavery Generated Anti-Black Affect

Slavery was undoubtedly a violent institution predicated on the supremacy of Whites over African Americans. Work by Acharya, Blackwell, and Sen (2016) shows that the historical presence of slavery is related to modern day attitudes toward race: whites from counties with a high concentration of slaves in 1860 are now more likely to oppose affirmative action, to harbor racial resentment toward African Americans, and to identify as Republicans (conservative) today. To explain this finding, Acharya, Blackwell, and Sen (2016, 2015) offer a theory of behavioral path dependence whereby a history of racialized violence by whites against blacks led whites to develop anti-black affect, which persisted through a process of intergenerational socialization. In essence, the evidence demonstrates that the institution of slavery—at least in the United States—seemed to have an independent effect on the *political preferences* of individuals.

The transmission of anti-black affect across generations is consistent with the broader literature on the persistence of historical phenomenon (Pierson 2000; Nunn 2009). With regards to slavery, Nunn and Wantchekon (2011) provide evidence that individuals from areas in Africa that had more ancestors taken by the slave trade tend to have higher levels of mistrust. Whatley and Gillezeau 2011 show that Atlantic slave trade also led to high degree of ethnic fragmentation that we see in Africa today. In addition to shaping social capital and ethnic identity, several scholars find that slavery negatively impacted economic development across a variety of contexts using both cross-national

³The foil to redistribution is coercion—a notion central to Weberian conceptions of the state. Though I do not focus on this aspect of state action, it is perhaps more clear how coercion and slavery are intimately tied together. State-sanctioned slavery, the norm in the Antebellum South, relied on coercive concepts of labor—the right to own other humans as property—and the use of violence to deter runaway slaves and slave rebellions. As such, I do not focus on this dimension of the state; though, future work on the relationship between slavery and the presence/growth of the coercive state would surely be fruitful.

and subnational data sources (Nunn 2008; Dell 2010; Acemoglu, Garcia-Jimeno, and Robinson 2011).⁴

The historical persistence of institutions and culture is prevalent across a wide-range of phenomenon as well. For example, Voigtlander and Voth (2012) show that the prevalence of anti-Jewish programs in the Medieval time period is associated with higher support for the Nazi Party in early 20th century Germany. Jha (2013) shows that areas in India with pre-colonial trading ports now have much higher levels of Hindu-Muslim cooperation than areas without pre-colonial trading ports. Alesina, Giuliano, and Nunn (2013) provide evidence that introduction of the plough led to a persistent divergence in gender norms across the globe. Given the wide swath of evidence of the persistence of political attitudes and behavior, it seems plausible that the historical prevalence of slavery could influence political preferences to reinforce white supremacy in the US South especially with respect to state intervention.

Context: Slavery Generated the Circumstances for Racialized Politics

Slavery also left an indelible demographic legacy on the United States. Indeed, it is no surprise that areas with a high prevalence of slavery historically now tend to have relatively high black populations even until today. A long tradition of scholarship started by the foundational work of Key (1949) suggests that whites' political preferences and activity is largely in response to the *racial threat* of blacks politically outnumbering whites.

Beginning with Key (1949)'s original work, several scholars have found evidence consistent with Key (1949)'s original hypothesis and variants of the racial threat hypothesis.⁵ Decades after Key wrote *Southern Politics in State and Nation*, Wright Jr. (1977) found evidence that whites who lived in areas with a high concentration of African Americans voted at much higher rates for the segregationist candidate for President—George Wallace—in the 1968 election. Studies since then have found similar results for opposition to integrated school busing (Bobo 1983), voting for David Duke—the ex-Klansmen and Nazi Party member for the US Senate in 1990 (Giles and Buckner 1993), and on racial attitudes (Glaser 1994). Kuklinski, Cobb, and Gilens (1997) demonstrate regional variations in the racial threat hypothesis as well when they find that anti-black prejudice is highest amongst white Southern men relative to the average individual. Recent work using new datasets and more sophisticated empirical strategies provide evidence in favor of the racial threat theory as well. Using precinct-level election returns

⁴O'Connell 2012 also shows that the local prevalence of slavery seems to have exacerbated black-white income inequality in the US South.

⁵Scholars have also extended this basic argument to issues of immigration as well. Hopkins (2010) argues that large influxes of immigrants tend to produce anti-immigrant affect. Furthermore, Newman (2012) shows that large influxes of Hispanic immigration tends to increase anti-hispanic prejudice amongst individuals in communities that did not previously have large initial hispanic populations.

and micro-level data on voting behavior, Enos (2016) provides evidence showing that a negative exogenous shock to the proportion of African Americans in a community led to a decrease in voter turnout among whites consistent with the predictions of the racial threat literature. Moreover, Oliver and Wong (2003) show that individuals who reside in more racially and ethnically segregated communities tend to display greater levels of out-group prejudice. Finally, several studies document an inverse relationship between racial diversity and local public goods provision (Alesina, Baqir, and Easterly 1999; Alesina, Baqir, and Hoxby 2004; Hopkins 2009; Trounstein 2016).⁶

Aside from the political or psychological logics of how context might matter, having more African Americans in one's locality also had labor market implications. Given that the Southern planter elite relied on African American labor, these elites had a great incentive to ensure that they maintained control over this labor pool especially with respect to cotton production (Feigenbaum, Mazumder, and Smith 2017). Alston and Ferrie (1985, 1993) recount how prior to the mechanization of cotton production in the U.S. South, which reduced the incentive to engage in labor coercion, Southern legislators were opposed to expanding the welfare state for fear that such actions would lead African Americans to move into different occupations or move away altogether. Using the natural experiment generated by the Mississippi Flood in 1927, Hornbeck and Naidu (2014) show how the exogenous shock to black out-migration in flooded areas led Southern planters to move out of more coercive forms of production such as sharecropping and adopt more capital-intensive technologies such as tractors. This suggests that simply having a greater pool of Black labor to draw from can also shape the incentives of local elites to control the ways in which the state interacts with local communities.

The upshot of this discussion is that the demographic legacy of slavery, by increasing the black population shares locally, racialized the nature of political conflict that existed in the South. While the dynamics of racial threat are indeed complex and highly contextualized, the preconditions for racial threat cannot exist if there exists no racial diversity in the first place. As Key (1949) points out, much of the rhetoric, campaigning, and policy that pitted blacks against whites occurred in the "black belt"—the area historically most reliant on slavery. In short, it is difficult to imagine the ways in which politics could have been racialized without the demographic legacy of slavery.

The Interaction between Race and State: The Slave Order Thesis

Thus far, I have provided the basis for two interwoven mechanisms behind the development of a "slave order" entailing both culture and contextual variables. To link variations in the intensity of the "slave order" to policy outcomes, I leverage existing work

⁶More broadly speaking, racial threat hypothesis has similar parallels to the literatures on ethnic diversity and intergroup cooperation in comparative politics (Easterly and Levine 1997; Habyarimana et al. 2007; Sambanis and Shayo 2013; Michalopoulos and Papaioannou 2016).

on the policy feedback and American political development to show how the slave order thesis might help to explain the ebb and flow of American state-building. Before delineating the ways in which this theoretical framework might provide some explanatory power, it is important to note the works of King and Smith (2005) and Einhorn (2000) who provide a rich discussion on the interplay among race, slavery, and political development.

The slave order thesis developed so far directly builds on King and Smith (2005)'s racial orders framework for understanding American political development. Unlike much of the previous work in American political development, King and Smith privilege the way in which race has defined the building of the American state. Particularly, King and Smith (2005) identify two countervailing forces that organize and structure American politics: the "white supremacist" and the "egalitarian transformative" orders. Indeed, King and Smith (2005, pg. 79) acknowledge that slavery served as the fundamental backbone of the "white supremacist" order:

Both evidence and parsimony lead us to posit two potent, evolving racial systems at work: first, the set of "white supremacist orders" created to defend slavery and also the displacement of the tribes. Even the Declaration of Independence sought to justify tribal subjugation (by denouncing "merciless Indian Savages") and to avoid criticism of chattel slavery (by excising Jefferson's language attacking the slave trade) (Ellis 2000, 81–119). From then on, fueled by the spread of slavery, by desires to justify westward expansion into tribal and Mexican lands as racial "manifest destiny," and, at times, by anxieties about immigrants, political leaders extended the nation's white supremacist order into spheres that eventually went well beyond master/ slave relationships (Horsman 1981).

Yet where this analysis falls short is that it fails to fully specify the channels through which slavery can prop up the "white supremacist" racial order even after it has been abolished. One cannot understand why the "white supremacist" order persisted without reference to the legacy of slavery. At least with respect to black-white race relations, slavery and "white supremacy" are intimately connected and as the previous discussion demonstrates, the political culture and context driven by variations in slavery can go far in explaining variations in the incentive to support this "white supremacist" racial order long after the abolition of the "peculiar" institution itself (Acharya, Blackwell, and Sen 2016).

On a similar note, Einhorn (2000, 2006) demonstrates how slavery drove the politics of taxation from the early American republic to the eve of the Civil War. Einhorn deftly points out that these political battles in which slaveholders successfully helped enervate the United States' taxation apparatus and structure led to institutional path

dependence wherein there were few incentives to deviate from this low tax equilibrium even after the abolition of slavery (Pierson 2000). Given the economic nature of taxation, however, it is no surprise that Einhorn's thesis under-emphasizes the racial aspects and legacies of slavery. When viewing slavery in a racial orders framework as suggested by King and Smith (2005), the slave order thesis that I advance in this paper also shows that slavery need not only have a persistent effect through national, economic institutions; rather, the culture and context created by slavery might also help to explain political battles over the proper role of state in the lives of its citizens.

Building on these historical analyses, I offer the slave order hypothesis which situates the historical roots of state intervention as being driven, at least partially, by the prevalence of slavery during the antebellum period of the United States' history. Thus far, I have established two pathways through which the local prevalence of slavery can generate persistent incentives to reinforce racially discriminatory policies. But we also know that public policy does not operate in a vacuum. As the vast literature on policy feedback demonstrates, state intervention itself can have an independent effect on political, social, and economic life. I now combine the insights from this set of theories to demonstrate how the state itself can shape the political battleground by threatening the balance of power between the in and out-group. In short, my theory suggests that slavery created incentives for whites (the in-group) to maintain a system a racial apartheid against African Americans (the out-group). Given that public policy can empower some interest groups—sometimes at the expense of other groups, whites from areas with higher historical exposure to slavery should mobilize to minimize state intervention in these areas anticipating these feedback effects. Thus, areas with a legacy of slavery should see less state intervention in programs that can undermine the Jim Crow racial order.

Though many studies tend to treat institutions—and thereby the state—as a system of preference aggregation converting actors, their preferences, and their power into policy outcomes, a rich line of research urges us to “bring the state back in” to our analysis; that is, the state itself can have an independent feedback effect on a nation's political economy (Schattschneider 1935; Pierson 1993). Pierson (1993) highlights two broad mechanisms through which “the state” can affect politics: institutions/elites and mass politics.

A number of scholars have highlighted the variety of institutional and elite-centric channels through which public policy can shape the political landscape. In one of the seminal works of economic history, North (1990) highlights the incredibly path dependent nature of political development where initial political conditions reify and “lock-in” particular paths of development. Pierson (2000) further shows that the process of state-building in relation to other forms of social phenomenon is actually quite susceptible to positive feedbacks. Feedback effects can also occur through elites as well. Using the development of the US Post Office and the Federal Drug Administration,

Carpenter (2000) and Carpenter (2010) respectively show how the reputations that bureaucrats cultivate can either help or hinder further developments in bureaucratic capacity. Finally, Murakawa (2014) shows how initial investments in punitive capacity in the US during the Truman Administration to combat racial violence ended up laying the ground for the rise of mass incarceration starting in the late 1960s and early 1970s.

State policy also affects mass political behavior. As Vogel (1989) shows in his study of corporate political activism in the United States, public policy can also shape mass politics through the social construction of interest group identities.⁷ State intervention can mobilize certain interest groups as well. For instance, Skocpol (1993) argues how the creation of the Union Army pension system after the US Civil War mobilized veterans and their wives to push for greater benefits from the program. Scholars have found evidence for this general pattern across a variety of policies such as the G.I. Bill (Metzler 2002) and Social Security (Campbell 2003).⁸ While the state can facilitate interest group mobilization, it can simultaneously depress engagement for other groups. Most notably, Weaver and Lerman (2010) show how interactions with the criminal justice system can decrease political engagement with the distributional effects mainly falling on minorities and the poor.⁹ The upshot of this discussion is that the state can and often times does play a prodigious role in drawing out the contours of the political, economic, and social landscape.

As the extensive literature on policy feedback demonstrates, state intervention can mobilize (or demobilize) certain interest groups by creating focal points, providing resources, setting precedents, and by enhancing efficacy. Particularly, public policy can reshape the balance of power between an in-group and out-group. If the policy sufficiently mobilizes the out-group in such a way to provide a credible threat to the in-group's hold on political power, then the in-group may "democratize" to stave off a complete revolution (Acemoglu and Robinson 2005). Anticipating these distributional effects of state intervention, interest groups who might stand to lose out from a certain policy should then have an incentive to lobby to retain whatever stream of rents that they receive from the status quo (Grossman and Helpman 1994).

This suggests that the in-group should expend effort at reducing the amount of transfers (state intervention) that the out-group receives. Ideally, the in-group would be able to completely reap the benefits of state intervention, block the out-group from

⁷Schneider and Ingram 1993 discuss how policies can reshape the identities of various interest groups. Boushey (2016) goes onto test their argument and finds support for the interaction between policy and social identity.

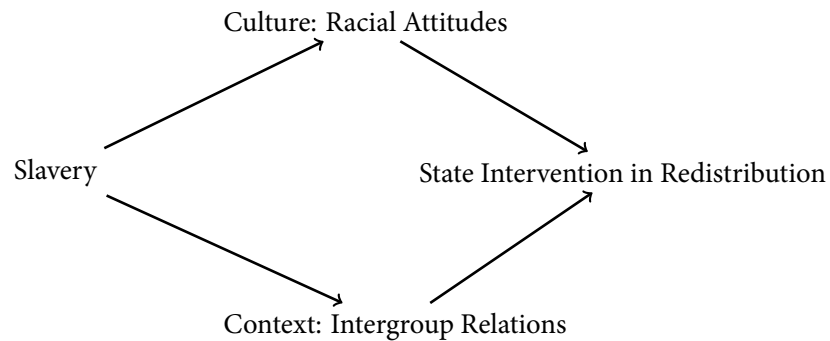
⁸Though, recent work by Mazumder (2017) using a regression discontinuity design provides evidence that programs such as Medicare can actually depress political participation.

⁹Using random judge assignment, White (2016) shows that even small interactions with the US criminal justice system can cause significantly lower levels of electoral participation especially among African Americans.

receiving these benefits, and pass on the costs to the out-group. Given the public good nature of state involvement (non-rival, non-excludable), the in-group must tradeoff the benefits that state intervention can produce for itself against the cost of potentially raising the threat of revolution. For the out-group, the tradeoff is to balance the benefits of being able to hold political power and set the tax rate against the costs of potentially a failed insurrection.

As the discussion on the legacies of slavery in the United States demonstrates, the in-group (whites) receive their incentive to reduce state intervention from two sources: culture and context. On culture, slavery induces discriminatory preferences within the in-group moving them to support less state intervention out of taste-based disutility for having the out-group involved in the political process. On context, slavery creates a higher fraction of the out-group relative to the in-group. With more members of the out-group in these areas, the marginal value of state intervention is high relative to low proportion out-group areas since the out-group is much more likely to succeed in revolution the more members there are. Thus by varying these two parameters, slavery can generate variation in state presence even though it is no longer a “living” institution. Figure 1 visually depicts the core of this slave order hypothesis.

Figure 1: A Visual Diagram of the Slave Order Thesis



To test the theory, I rely on the New Deal period as the core case. The New Deal is an attractive setting to test the implications of the argument for several reasons. First, the New Deal represented a massive expansion of the state into the lives of ordinary Americans. Second, this particular type of state expansion can be measured systematically by tracking the geographic distribution of New Deal spending. Third, the New Deal presents a clear case where the slave order came into stark contrast with President Roosevelt’s broad progressive agenda (Katznelson 2013; Shickler 2016).

NEW DEAL, OLD SOUTH

New Deal

The New Deal era (1933-1943) was perhaps one of the defining moments of state-building in 20th century American history. During this time period, many of the programs that we now associate with the reach of the American state—Social Security, the National Labor Relations Board, and banking regulations for example—came to fruition (Skocpol and Finegold 1982; Skocpol 1992). Aside from some these major programs, the New Deal brought with it a potpourri of “Alphabet agencies” such as the Civilian Conservation Corps (CCC), Federal Housing Administration (FHA), the Home Owners Loan Corporation (HOLC), the Agricultural Adjustment Administration (AAA), and the Works Progress Administration (WPA). As Skocpol and Finegold (1982, pg. 255) note, “...the New Deal—along with the national mobilizations for World Wars I and II—was a major watershed in the establishment of an economically interventionist national state.”

Perhaps one of the most visible manifestations of this marked increase in state presence was the WPA. Federally administered and operating in nearly every community across the United States, the WPA employed over eight million people over the course of its ten-year lifespan (Federal Works Agency 1946).¹⁰ Unlike many of the New Deal social insurance programs and banking regulations, the public works component of the New Deal was remarkably visible in the lives of ordinary Americans. WPA employees erected new schools, government buildings, airports, roads, bridges, hospitals, community centers, parks, museums, and libraries—all, of course, stamped with the WPA seal-of-approval (Leighninger, Jr. 1996). There are few instances outside of major wars where ordinary citizens of the United States felt so acutely the presence of the federal government was felt so acutely.¹¹ In the wake of the Great Depression, the sheer ability of the federal government under President Roosevelt’s stewardship was indeed a spectacular feat.

But as Katznelson (2013, pg. 17) notes, the New Deal era also had a dark underbelly: “The New Deal permitted, or at least turned a blind eye toward, an organized system of racial cruelty.” In this time where the state ostensibly worked for millions of Americans, there were also millions more—namely, African Americans—who were left out of this critical juncture. Why was this the case? Farhang and Katznelson (2005) and Katznelson (2013) point out how the Southern bloc in Congress was staunchly opposed to allowing the federal government to do anything that would undermine the

¹⁰Details on the extent of the WPA can be found in the *Final Report of the WPA Program, 1935-1943*, which can be accessed at <https://lccn.loc.gov/47032199>.

¹¹Perhaps one of the closest features of the federal government to reach this level of prominence in the lives of ordinary Americans was the Postal Office, though the development of the Post Office spanned a much longer time period than the lifespan of the WPA (Carpenter 2000).

Jim Crow racial order, which left African Americans effectively disenfranchised and unable to participate in mainstream political and economic life in the South. Southern legislators had a variety of tools at their disposal to ensure that the New Deal would not disturb Southern apartheid. For example, Southerners chaired 29 committees ($\approx 62\%$) including the major committees in the House of Representatives such as the Appropriations and Ways and Means committees. Similarly, Southerners also chaired ($\approx 40\%$) of the committees in the Senate including Appropriations and Agriculture committees (Katznelson 2013, pp. 149-150). Essentially, the South was the major veto player in any legislation that President Roosevelt wanted to pass and as Katznelson (2013) cogently shows, Southern legislators deftly used their power to keep any program that threatened Jim Crow off the agenda (Tsebelis 2002; Bacrach and Baratz 1962). To better understand the source of Southern intransigence over the New Deal, it is important to reflect on the legacy of slavery in the United States.

Old South

From having its own discipline of history to being a “standard” control variable in regression analyses of US political data, the South has long-held a unique position in the study of American politics. A long line of scholarly work argues that the distinguishing feature of the US South was the prevalence of chattel slavery. This institution, which rested on the Southern planter elites’ willingness to violently coerce blacks into economic, political, and social subjugation, was crucial to American economic development especially in the South (Wright 2006).

But slavery was not only an economic institution, it was also a profoundly political one. Slavery was the animating issue during the antebellum period with the Missouri Compromise, Compromise of 1850, and the Kansas-Nebraska Act of 1854 all dealing with the legality of slavery in newly admitted states. Even after the federal government abolished slavery following the civil war, the sudden and dramatic loss of this institution that was the bedrock of the Southern economy motivated Southern resistance to Reconstruction (Foner 2011). After Reconstruction, the South experienced a virtual backslide back to enslaving African Americans through developing a penal system that allowed private companies to lease convicts, whose charges were often of dubious nature, from state and county prisons and work under deplorable labor conditions in mines and plantations around South (Blackmon 2008). Moreover, previous patterns of black subjugation recreated themselves in more subtle forms through the sharecropping system that put blacks in unequal contractual relations with white planter elites (Wright 1997; Hornbeck and Naidu 2014). Cotton production and the coercive, racialized labor systems that came with it subjected African Americans to brutal patterns of repression (Feigenbaum, Mazumder, and Smith 2017).

The recreation of exploitative labor arrangements between whites and blacks rested

on the existence of “authoritarian enclaves” in the South that were effectively one-party states (Mickey 2015). Key (1949) argues that the potential for competition over economic resources between whites and blacks reified this political economy equilibrium through Jim Crow. In their near obsession with maintaining the Jim Crow racial order, Southerners insisted that any policy created by the federal government must not disturb the underlying political economic structures in the South (Katznelson 2013). As this brief history of the US South demonstrates, the region is unique precisely because of the lingering imprint of slavery.

The Slave Order Thesis and the Politics of New Deal Spending

To test this theory, I focus on the New Deal Period (1933-1938) in American History. As discussed before, the New Deal period is perhaps one of the most iconic moments of redistributive statebuilding in recent US history. In addition to the importance of this critical juncture in US history, the New Deal period is also an empirically attractive setting to test this theory since a large component of the New Deal involved federal spending—something which can be easily measured.¹² Moreover, the New Deal was perhaps one of the most radical experiments in redistributive statebuilding. Not only did the federal government hand out cash relief, but it also employed millions of citizens across the territorial United States through public works programs such as the WPA.

Southerners recognized that many parts of the New Deal represented a threat to the Jim Crow racial order. My theory suggests that this motivation is likely driven by the historical prevalence of slavery within the South. That is, the foundation of the Southern commitment to “white supremacy” was fundamentally a product of the ways in which slavery continued to influence the politics of the South. Motivated both by racist attitudes and racial threat, Katznelson (2013) describes how Southern elites in Congress made sure that every component of the New Deal was consistent with the “white supremacist” racial order:

No members of Congress at any time during the full New Deal era would have thought that the South did not comprise a discrete and coherent entity. Like that of other Democrats, the patronage, influence, and seniority of southern members depended on these members securing their party’s majority status. But as guardians of their region’s racial order, they assessed New Deal policies for compatibility with organized white supremacy. (pg. 127)

But simply having incentives to enforce the “white supremacist” racial order are not sufficient for state intervention to reflect these social realities. Southerners also

¹²Another respect in which this period is useful to study is the high degree of racialization of public policy, which Gilens (1995, 1996) and Tesler (2012) show meaningfully impacts voter preferences.

needed to have the power to be able to imprint local practices onto the national level. Particularly, Southern congressmen seemed to be well positioned to control the levers of national policy during the New Deal whereby they controlled nearly every major committee in the House and the Senate (Katznelson 2013). Though President Roosevelt himself was wary of the systematic exclusion of African Americans from the major New Deal programs, he eventually capitulated to Southern demands precisely because Southerners could eliminate the entire New Deal agenda altogether—a path certainly undesirable for President Roosevelt. Thus not only did Southerners from these formerly slave-holding areas have an incentive to propagate local attitudes and practices onto the national stage, but they also had the capacity to do so through Congress.

Clearly, Southerners played a prodigious role in crafting the New Deal. What exactly about these New Deal programs activated such deep resistance to some of the major pillars of the New Deal such as the WPA, labor reform, and welfare benefits? As Katznelson (2013) notes, Southerners worried that programs such as the WPA and legislation related to the National Labor Relations Act (NLRA) would disturb the supply of black labor that they could draw upon in addition to setting blacks and whites on equal foot in the workplace. One of the most notable examples of the discriminatory design of the redistributive state is the case of Social Security. Katznelson (2005) points out how Southern legislators effectively excluded all African Americans in the South by exempting those in agricultural and domestic occupations from receiving benefits. Southerners feared that receiving federal benefits would help assist African Americans to transition out of sharecropping and domestic work. Theoretically, one can conceive of these types of redistributionary programs as reducing the ability of Southern elites to engage in labor coercion by increasing the value of labor's outside options (Acemoglu and Wolitzky 2011). With Jim Crow institutions shaping black occupational patterns, it is then unsurprising that African Americans were essentially left behind by this cornerstone welfare program in the United States.

Anticipating these consequences, Southerners lobbied to decentralize control of most of these New Deal programs as much as possible so that bureaucrats who did not express such a marked commitment to “white supremacy” would not interfere with the racial ordering of the South. Though Southerners were able to decentralize control for most of these “alphabet agencies”, President Roosevelt refused to delegate control of the WPA—the crown-jewel of the “alphabet agencies”—to state and local officials. Instead, the WPA's administrator, Harry Hopkins, actively worked to employ a disproportionate share of African Americans relative to Whites (Sitkoff 2008; Wright 2013; Shickler 2016). As a result, Southerners had an incentive to ensure that the WPA received as little funding as possible in the places with the greatest incentive to enforce the slave order. Thus, the slave order thesis that I develop leads to the following core empirical prediction: those areas with a higher historical prevalence of slavery should receive less spending on the WPA in the South.

It should be noted, however, that the literature on distributive politics provides an alternate set of explanations rooted in the structure of Congress and co-partisanship with the President. For instance, the literature on log-rolling in Congress suggests that those members who hold influential positions on committees should receive more New Deal funds (Ferejohn 1974; Weingast and Marshall 1988). As Katznelson (2013) notes, however, it was actually the Southern legislators who controlled important committees that kept many components of the New Deal off of the agenda (Bacrach and Baratz 1962). Another explanation which would explain why Southern legislators should receive more and not less spending is the logic of majority party control. Since Democrats controlled both the House and Senate during the time and all Southern legislators were Democrats, we might expect these legislators to actually receive more New Deal spending (Albouy 2013). Similarly, Berry, Burden, and Howell (2010) and Rogowski (2016) argue that Presidential co-partisans should also receive more funds. While these explanations might explain differences between Southern legislators and all other legislators, they cannot explain the geographic variation in spending *within* the South since majority and Presidential co-partisanship were held constant. While I do not discount the importance of these various theories of distributive politics, they do not seem to be sufficient explanations as to why places that needed funds the most and had legislators that seemed to have the institutional sources of power in place to get more federal assistance ended up rejecting the redistributive state; instead, the slave order theory advanced in this article provides an important answer to this puzzle by theorizing about the origins of preferences over federal spending.¹³

RESEARCH DESIGN

Data

Historical Data on Slavery Thus far, I have argued that the local intensity of slavery in the South generated an incentive for Southern elites to prevent the New Deal from undermining the Jim Crow racial order. To test this argument, I combine historical census data from 1860—the last Census prior to emancipation—with data on New Deal spending across a variety of programs including the WPA. The main unit of analysis is the county. This is the most appropriate unit of analysis since the historical data are only available at the county-level and since county governments were key decision-makers in the South.¹⁴

¹³I also directly test the committee explanation in Table 10 in the Online Appendix and find that counties with legislators on the Appropriations and Ways and Means committees received less spending and that these effects cannot explain the slavery effect.

¹⁴Moreover, nearly all congressional districts at the time were constructed by combining county units.

The main independent variable comes from the county-level prevalence of slavery in 1860 taken from the 1860 US Census (Haines, Fishback, and Rhode 2015). To measure the intensity of slavery, I use the proportion of the population in each county that was enslaved in 1860.¹⁵ Figure 2 plots the geographic distribution of slavery in South.¹⁶ On average, about 31% of the population in South was enslaved on the eve of the Civil War in 1860.

New Deal Spending The main outcome variables of interest are the spending per capita that a county receives from the WPA program.¹⁷ The data on WPA and New Deal spending more generally come from Fishback, Kantor, and Wallis 2003 who collected data on the major New Deal programs at the county-level. As argued above, the WPA program is perhaps most emblematic of the quite visible hand of the state during the New Deal period; thus, the core empirical analyses focus on this New Deal program though the results indicate a similar pattern across other relief programs as well. On average, counties in the South received about 24 dollars per person in WPA spending with substantial variation both across and within states. Table 2 in the Online Appendix presents more detailed summary statistics for all of the variables used in the analysis. Figure 3 plots the bivariate correlation between the historical prevalence of slavery and WPA spending in the South. While there seems to be a negative correlation between slavery and WPA spending in the South, it is hard to make any causal statements about this correlation without an identification strategy. The next section details an empirical strategy to ascertain whether this correlation can be interpreted as a causal relationship between slavery and state intervention.

Empirical Strategy

The main inferential challenge in isolating the causal effect of the historical prevalence of slavery on WPA spending in the 1930s and 40s is that there might be unobserved factors that are associated with both slavery and New Deal spending. For example, areas with high amounts of slavery could have fundamentally different economic and political organizations that predict both the prevalence of slavery as well as that county's underlying demand for New Deal spending. Thus, to identify the causal effect of slavery on WPA spending, we need a "natural experiment" that produces exogenous shifts in the local prevalence of slavery.

¹⁵The results are identical using just the log of the slave population in 1860 and when using a dichotomous indicator for counties that had a slave proportion above the median.

¹⁶Empirically, I categorize the former Confederate States—Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia—and Kentucky, West Virginia, and Missouri as the South. The results are robust to just focusing on the former Confederacy.

¹⁷The results are qualitatively similar when using total spending instead of per capita spending.

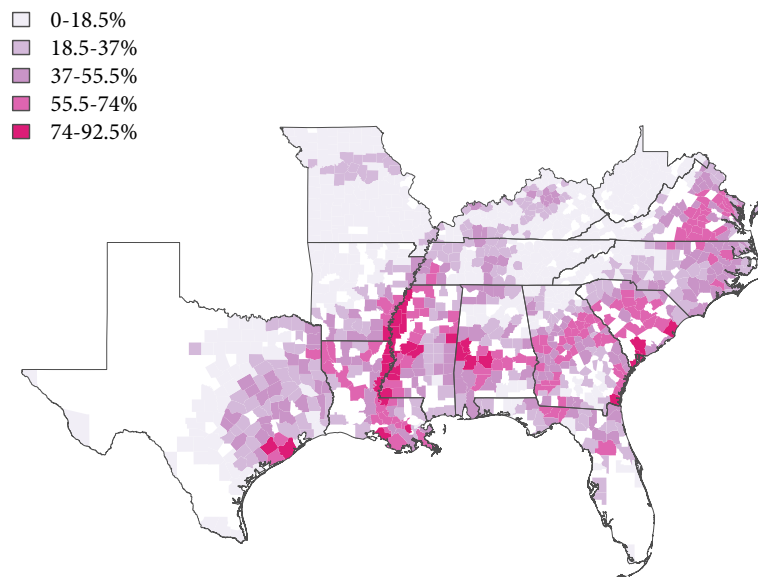


Figure 2: Distribution of Slavery in 1860 in the South

Following Acharya, Blackwell, and Sen (2016), I instrument for the intensity of slavery using cotton suitability.¹⁸ The logic for using this as a source of exogenous variation in slavery is as follows. First, *conditional on underlying geographic fundamentals*, an area's suitability for cotton growing is “as-if” random and causally prior to the prevalence of slavery. Second, cotton suitability should encourage localities to develop

¹⁸To construct the measure of cotton suitability, I rely on data from the FAO. I take the average level of suitability within each county across both medium and high rain-level cotton suitabilities. Further details on constructing the suitability measures can be found in the replication materials.

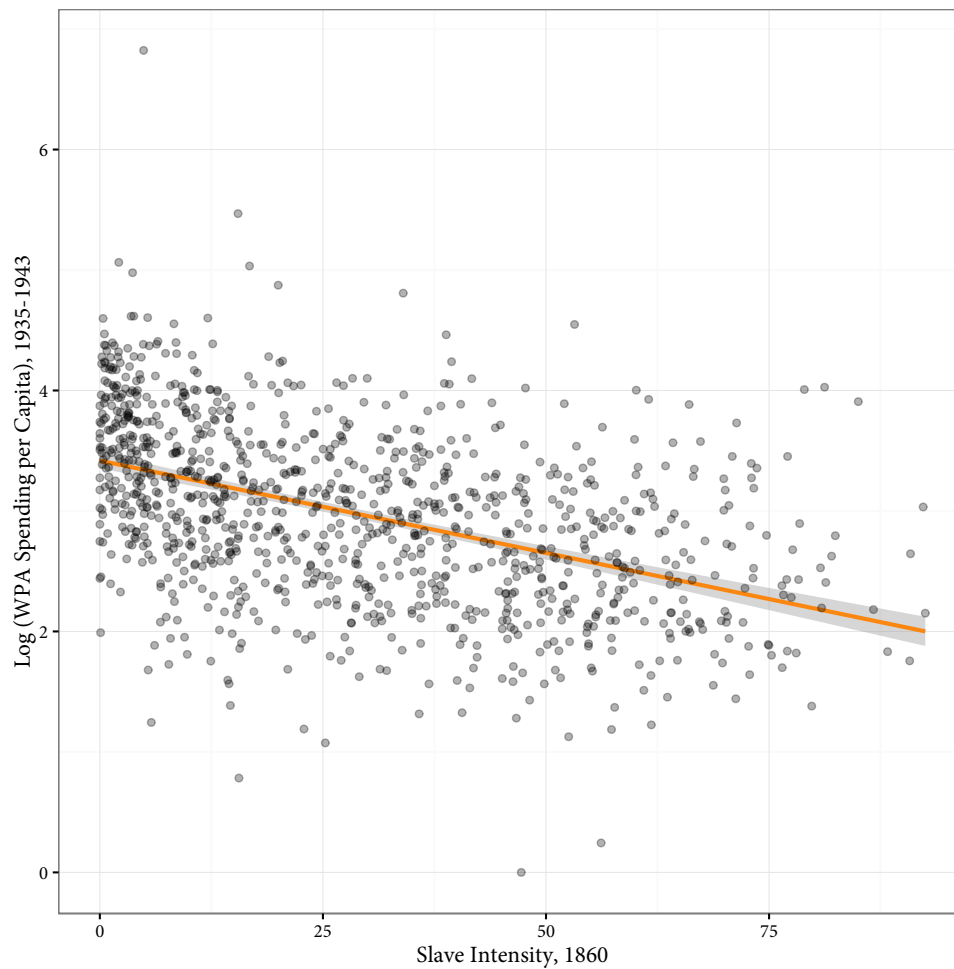


Figure 3: Bivariate Correlations between Historical Prevalence of Slavery and WPA Spending per Capita

slavery—an assumption directly testable in the data. Results from the first-stage relationship between cotton suitability and slavery intensity indicate strong support for this assumption with all resulting F-test values well above the suggested values from (Stock and Yogo 2005). Third, cotton suitability satisfies a monotonicity requirement in which suitability should not lead some units to decrease the amount of slavery that they have. Fourth, both cotton suitability and slave intensity should satisfy a Stable Unit Treatment Value Assumption (SUTVA). While it is plausible that cotton suitability in one county i

does not shape the potential outcomes of WPA spending in another county $j \neq i$, this might be less supported for the prevalence of slavery (and Jim Crow).¹⁹ Fifth and finally, cotton suitability is arguably excludable from the second-stage regression in that the effect of cotton suitability should only affect WPA spending through its effect on the slave economy in the South conditional on a given set of pre-treatment covariates. As a plausibility check, I run a similar placebo exercise as Acharya, Blackwell, and Sen (2016) and demonstrate that there is little evidence of a direct effect of cotton suitability on WPA spending.²⁰

Given that cotton suitability reasonably satisfies the requirements for an instrumental variables design, I proceed to estimate equations of the following form:

$$Slavery_i = \alpha + \lambda CottonSuitability_i + \gamma X_i + \zeta S_i + \eta_i \quad (1)$$

$$Log(WPA)_i = \alpha + \beta \widehat{Slavery}_i + \gamma X_i + \zeta S_i + \epsilon_i \quad (2)$$

Equation 1 estimates the first-stage relationship between cotton suitability and percentage slave population in 1860 with the bivariate first-stage relationship plotting on Figure 4. X_i represents a vector of pre-treatment geographic and 1860 demographic covariates. For the geographic covariates, I adjust for the presence of waterways in a given county i and flexible cubic functions of latitude and longitude. The 1860 demographic covariates are taken from the 1860 Census and include the total population, free colored population, urban population, improved acres on farmland, and the value of farmland. The coefficient on S_i represents a vector of state-fixed effects, which is especially important since state legislatures had a large role in implementing Jim Crow. The coefficient β in Equation 2 represents the Local Average Treatment Effect (LATE) of slave intensity on the log amount of New Deal spending per capita that a given county i receives among those units who comply with the instrument. Finally, η_i and ϵ_i represent uncorrelated Gaussian error terms.

The empirical analysis focuses on the South for several reasons. First since slavery was outlawed outside of the South, including units from outside of the South in the analysis would violate the common support assumption needed to identify causal effects because the “treatment” was not available to units outside of the South. Second, limiting the analysis to just the South holds constant many of the cultural and institutional features that make the U.S. South so distinctive from the rest of the United States. Despite this focus on the South, it is certainly not the case that racism and “white supremacy” were limited only to the South; rather, the argument and results presented

¹⁹SUTVA also requires that both the instrument (cotton suitability) and treatment (slavery) are comparable across counties.

²⁰The results from this exercise suggest either no direct effect of cotton suitability or a positive effect, which would lead me to *underestimate* the true effect.

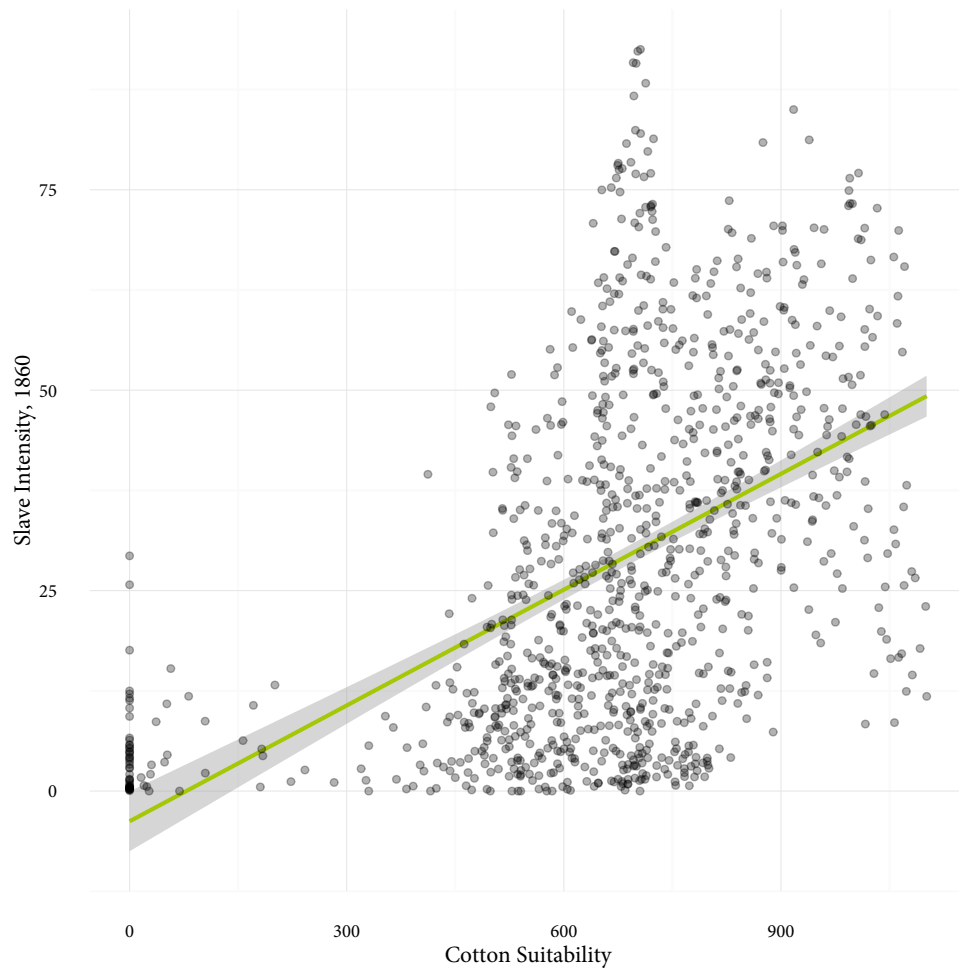


Figure 4: Bivariate First-Stage Relationship between Cotton Suitability and Historical Prevalence of Slavery

in this paper suggest that the historical prevalence of slavery played a unique role in the trajectory of state-building in the U.S. South.

Results

Did the intensity of the slave order shape spending patterns during the New Deal in the South? Consistent with the theory, the results from both a basic OLS model and

Table 1: Effect of Historical Prevalence of Slavery on WPA Spending

	Pct. Slave, 1860		Log(WPA Spending per Capita)		
	OLS	OLS	instrumental variable	OLS	instrumental variable
	(1)	(2)	(3)	(4)	(5)
Cotton Suitability	0.023** (0.003)				
Pct. Slave, 1860		-0.016** (0.001)	-0.038** (0.004)	-0.010** (0.002)	-0.050** (0.008)
State Fixed Effects	✓	✓	✓	✓	✓
Geographic Controls	✓	✓	✓	✓	✓
1860 Controls				✓	✓
First Stage F-Stat			115.69		61.4
N	1,035	1,058	1,049	1,044	1,035

[†]p < .1; *p < .05; **p < .01

the instrumental variable design presented in Table 1 suggest that greater levels of slave intensity caused counties to receive *less* WPA spending in the South. Models 2 and 4 from Table 1 indicate that the effect of slavery on WPA spending is negative and robust to adjusting for either geographic or demographic confounders. Models 3 and 5 from Table 1 suggest that the LATE of historical slavery is nearly three times larger.²¹ Moreover, the magnitude of these effects are quite large. Using the estimates from Model 5 of Table 1, moving from the 25th percentile to the 75th percentile causes nearly a one and a half standard deviation decrease in WPA spending per capita in the South. These effects are statistically significant at the $p < 0.01$ level. Thus, the results from this empirical test supports my argument that the incentive to preserve the Jim Crow racial order as proxied by slave intensity in 1860 led to meaningful changes in the geographic distribution spending.²²

A valid criticism that one might levy against the empirical strategy is that cotton suitability might have a direct effect on WPA spending through channels unrelated to slavery. While there is no direct test for the exclusion restriction, I follow a similar exercise to Nunn and Wantchekon (2011) and Acharya, Blackwell, and Sen (2016)

²¹This could be either from improper adjustment for confounding, certain characteristics of the complier population, or from exclusion violations. Results from a set of falsification tests suggest that exclusion restriction violations are likely unable to explain these results.

²²These results are consistent whether I use the total amount of WPA spending in a given county and whether I use a dichotomous indicator for high and low slave intensity.

and estimate the effect cotton suitability a set of units that do not have access to the “treatment”—slavery—at all. The logic of this exercise is as follows. Suppose there were units for which treatment was not available. Then for those units, any estimated effect from the instrument could be reasonably attributed to the *direct* effect of the instrument on the outcome of interest through channels unrelated to the treatment. Given that slavery was outlawed for a significant period of time throughout much of the United States excluding the South, these counties outside of the South can serve as a “placebo” set of units to analyze any potential direct effects of the instrument assuming the primary difference between Southern and non-Southern counties is the legality of slavery before the Civil War. The results presented in Table 6 in the Online Appendix demonstrate the plausibility of the exclusion restriction; if anything, the direct effect of cotton suitability seems to be *positive* outside of the South.

Having established empirical support for the core hypothesis that the local intensity of slavery should be negatively related to the reach of the redistributive state as measured by WPA spending per capita, I now move onto examine the heterogeneity of this effect across types of programs. Particularly, the theory implies that the effect on the WPA should be of the highest magnitude since this program devolved the least amount of authority to local elites. To test this intuition, I re-run the 2SLS model with geographic and demographic controls on the aggregate log amount of relief spending that a county received as well as its constituent components—the Civil Works Administration (*CWA*), Works Progress Administration (*WPA*), and general public assistance (*PUBASS*). The point estimates with heteroskedastic consistent standard errors presented in Figure 5 paint the same general picture. Areas with greater levels of slavery received less New Deal spending with the effects being strongest for the WPA. That the effects are strongest for the WPA suggest further evidence in support of the hypothesized theory. Since the more centralized control of the WPA compared to other New Deal programs led to a relatively high level black employment by the program, Southerners especially from former slave-holding areas had the most to lose from WPA. As a result, the incentives to reduce the presence of the WPA is strongest in areas with high exposure to slavery. These much larger point estimates on the model using WPA spending as the outcome, then, provide some evidence consistent with the historical literature that the national nature of WPA created greater incentives for Southern resistance (Sitkoff 2008; Wright 2013; Shickler 2016).

These results might just be picking up a general decline in New Deal spending even in programs that clearly benefited the Southern planter elite. This phenomenon would clearly be at odds with the theory advanced in this article. To assuage this concern, I re-estimate the models and use Agricultural Adjustment Assistance (*AAA*) spending as the outcome. The logic for this exercise is that cash assistance from *AAA* spending directly benefited the Southern planter elite who controlled much of the cotton economy in the U.S. South rather than African Americans. Table 5 in the Online Appendix tests this

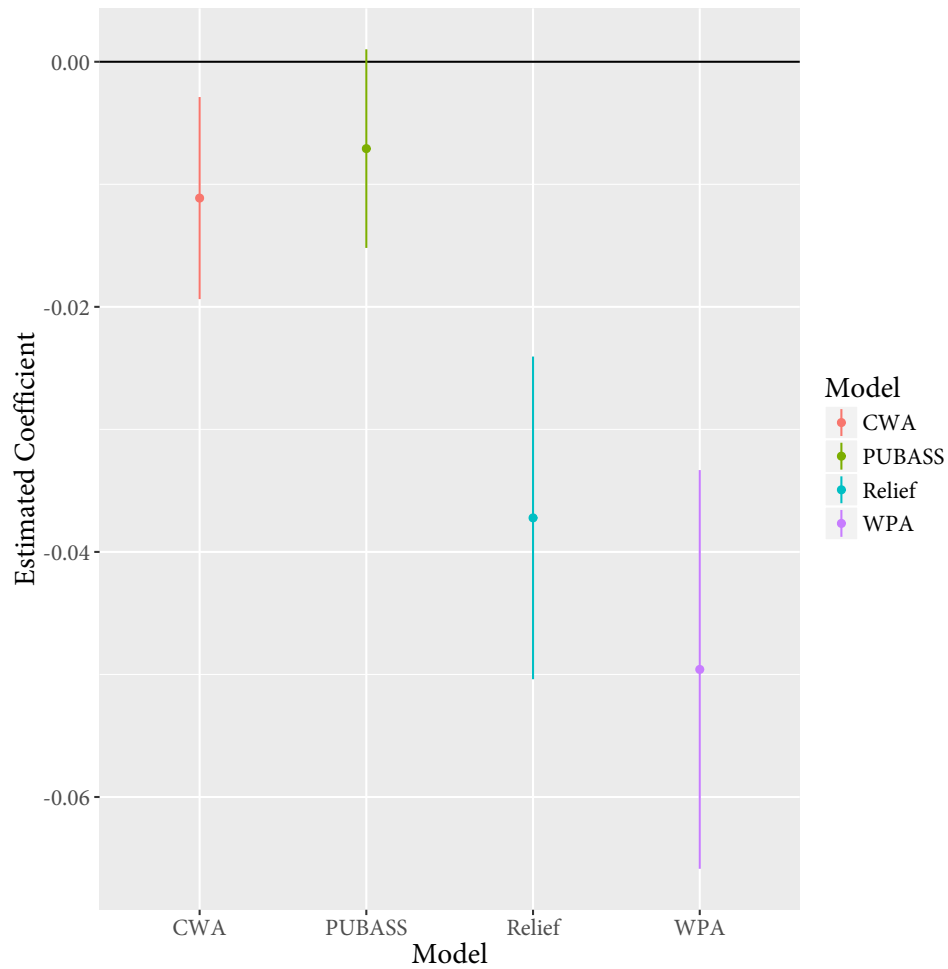


Figure 5: Effect of Historical Prevalence of Slavery on New Deal Relief Spending, 2SLS

observable implication. Results from the OLS and IV estimates indicate support for this intuition—areas that had a high prevalence of slavery in 1860 received more AAA spending even after accounting for factors such as population, urbanization, and farm value. While it is likely that the IV estimates suffer from exclusion restriction bias, these results are at least suggestive that the Southern planter elite's preferences vis-à-vis the historical legacy of slavery shaped state intervention during this time period in ways that maintained the slave order.

The Empirical Role of Culture and Context

To what degree are these results a product of the impact of slavery on racial attitudes or its effect on the demographic context? While I cannot directly measure political preferences at a sufficiently disaggregated level during the New Deal era, I can provide a test of the way relative strength of the role of context versus the direct effect of slavery itself, which I conceptualize as its cultural legacy. To measure the contextual legacy of slavery, I re-run a similar analysis as above and instead use percent black in a given county in 1930 as the outcome. Results from this analysis presented in Table 8 indicate clear support for the way in which slavery shaped the local racial context in a county. Counties with higher levels of slavery in 1860 had much higher proportions of African Americans.

Simply having a greater proportion of African Americans in a county does not necessarily mean that the county will receive less New Deal spending. Instead, it must also be the case that percent African Americans is also correlated with WPA spending. To investigate this, I run a set of mediation analyses that compare the degree to which the overall effect of slavery on WPA spending is mediated through percent African American in a county in 1930 (Imai et al. 2011). If we interpret the residual direct effect as culture (see Figure 1), then this allows us to test the relative role of context and culture for understanding the geography of state expansion during the New Deal. For mediation analysis to be informative, I rely on a sequential exogeneity assumption, which states that both treatment (conditional on covariates) should be as good as random and that the mediator (conditional on the treatment and covariates) should be plausibly exogenous. While this is certainly a strong assumption, results from the IV analysis in Table 8 indicates support for exogeneity of the treatment. Unfortunately, we cannot directly test the exogeneity of the mediator assumption. Because the historical prevalence of slavery explains a sizable amount of variation in percent black in 1930, it is unlikely that other confounders could explain away the entirety of the mediation results. Nonetheless, results from this exercise are still informative in telling us whether racial context is a plausible candidate mechanism through which slavery continues to shape the geography of the redistributive state.

Figure 6 shows the results of this exercise. The Average Controlled Mediated Effect (ACME)—the effect of slavery through percent African American—explains about half of the total effect of slavery on WPA spending. This suggests that the contextual legacy of slavery plays a significant role in shaping the geography of the redistributive state during the New Deal. If we interpret the Average Direct Effect (ADE) as being the cultural channel through which slavery matters, then this analysis suggests that *both* context and culture matter for understanding how slavery shapes the racialized ways in which individuals experience the state. To ensure that these results are actually picking up the ways in which the demographic context mattered especially in the Jim Crow

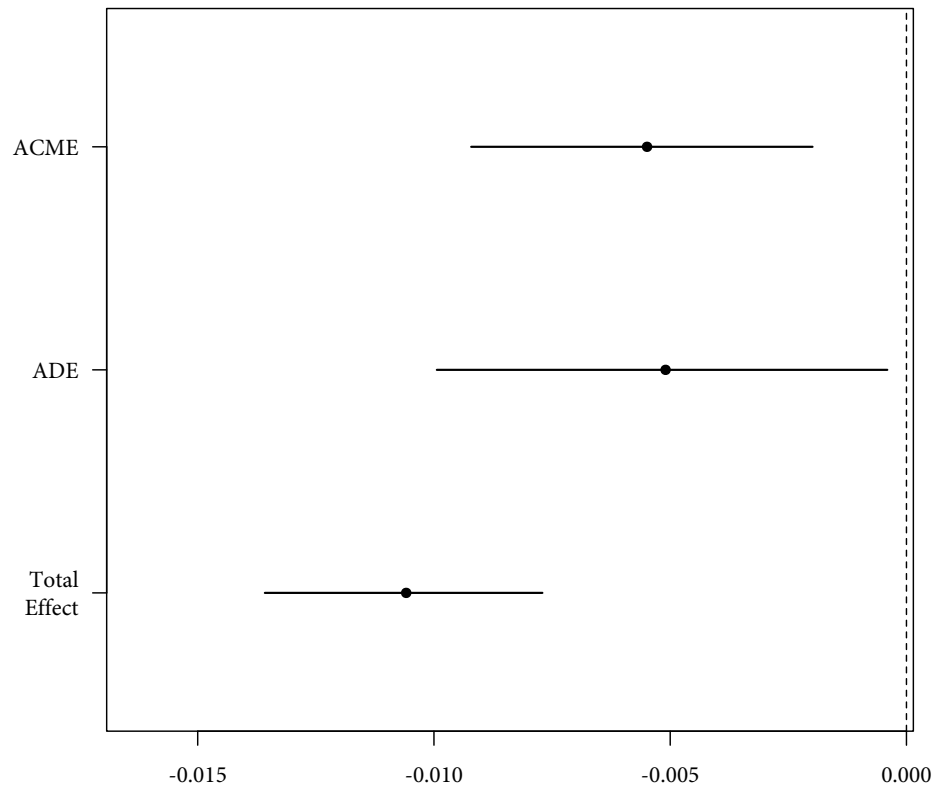


Figure 6: Mediation Analysis of the Impact of Slavery on WPA Spending through Pct. Black in 1930

South, I also estimated a series of equations looking at the effect of percent black in 1930 on WPA spending outside of the South. The results, shown in Table 9 in the Online Appendix, provide evidence that the proportion of black residents in a county does not predict WPA spending. This suggests that the political legacies of slavery are key to understanding both the cultural and demographic channels that shaped Southern incentives to reject the redistributive state.

CONCLUSION

What are the historical forces that have shaped the trajectory of the American state? In this paper, I develop and test a theory of political development that is rooted in the long-term impacts of the institution of chattel slavery in the United States. The slave order thesis suggests that the United States' experience with slavery left an impact on the culture and context of society in the American South both of which generated incentives to enervate the redistributive state. Using the WPA—the largest public works program in American history—during the New Deal period as a case study, I demonstrate that areas in the South with greater prevalence of slavery in the antebellum period received less funding for the WPA. An instrumental variables design exploiting exogenous variation in the conditions suitable for slavery indicate that the relationship is causal. Moreover, evidence from mediation analyses indicates support for the hypothesized causal channels. In sum, the core contribution of this paper is to show the deep legacies of slavery on the ways in which different racial groups experienced the American state.

There are important caveats to note. The theory developed in this paper cannot account for the entirety of how Americans experience the state. For example, it may be the case that state-citizen interactions followed a completely different logic in the North where slavery did not take hold. This theory also cannot explain other aspects of how Americans experienced the state in the West. Given that westward expansion brought mainly the poor and immigrants into contact with the U.S. state through programs such as Homesteading, it is unclear to what degree the slave orders framework provides analytical power in understanding this crucial expansion of the American state. While the theory and results developed here largely pertain to the U.S. South, understanding how citizens experienced the reach of the U.S. state across other areas and periods of history suggest important lines of future work.

My theory and results speak to several literatures in political science. First, the slave order thesis that I develop refines King and Smith (2005)'s racial orders theoretical lens by tracing the root of the “white supremacist” order to the institution of slavery and by developing a theoretical frame using the language of the cultural economics, intergroup relations, and policy feedback literatures. Like King and Smith (2005), I argue and demonstrate that the way in which individuals experience the redistributive state is intimately tied to race.

Second, this paper extends the growing literature on the persistent effects of a variety of historical events to highlight the quite tangible effect of slavery on the welfare of millions of primarily African American citizens. While recent work by Acharya, Blackwell, and Sen (2016) demonstrates a remarkable cultural legacy of slavery, there is little work to show the *policy* effects of slavery in the United States. This paper, by honing in on one of the most prodigious cases of government expansion in US history, demonstrates that slavery can lead to adverse policy consequences through both cultural and

demographic channels.

The larger argument that I make in this paper suggests several promising avenues for future inquiry. For example with the recent events in Ferguson, Missouri, scholars and policy makers have shown a renewed interest in the causes and effects of mass incarceration in the United States. My argument suggests that by deterring the political involvement of African Americans, the carceral state might also be a product of the slave order hypothesized herein (Weaver and Lerman 2010). Furthermore, the slave order hypothesis might also be a useful theoretical lens through which to view the nature of social capital in the United States. Recent work in the German context by Satyanath, Voigtlander, and Voth shows the Nazi Party had faster rates of entry in areas with higher social capital suggesting a link between social capital and inequality in highly racialized contexts. Since associational life is conducive to generating homophily in one's social network, the incentives generated by the local prevalence of slavery could push white's of similar mindsets to create and use civic, social, and economic associations as a technology to enforce the "white supremacist" racial order.²³ Applying this framework suggests a number of promising avenues for future research.

Though the accumulation of evidence demonstrating the deleterious impact of historical, extractive institutions on a nation's political economy suggests a grim picture for the state of contemporary intergroup relations, recent research shows that a vibrant civil society can help to reverse some of these pathologies. Ming Francis (2014) shows how the National Association for the Advancement of Colored People, through its prolonged litigation strategy, set the stage for major institutional developments at the national level regarding civil rights. Wasow (2015) provides evidence that non-violent protests during the Civil Rights Movement of the 1960s moved voters to support the integrationist candidate. Furthermore, Mazumder (2016) argues that the Civil Rights Movement seems to have *decreased* prejudice against African Americans for more than 50 years. In sum, these studies should push scholars to pay closer attention to the kinds of interventions that push societies to a more desirable equilibrium.

²³In his extensive recollection of Atlanta's experience with segregation and integration, Kruse (2005) shows that much of white opposition to racial integration occurred through the formation of voluntary political and residential associations.

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ONLINE APPENDIX

Table 2: Summary Statistics

Statistic	N	Mean	St. Dev.	Min	Max
Log(WPA Spending per Capita)	1,075	2.980	0.739	0.000	6.823
Log(AAA Spending per Capita)	1,075	2.833	1.034	0.000	4.967
Log(Relief Spending per Capita)	1,075	3.641	0.580	1.672	6.857
Log(CWA Spending per Capita)	1,075	1.659	0.408	0.000	3.076
Log(Public Assistance per Capita)	1,075	1.176	0.564	0.112	3.062
Pct. Slave, 1860	1,058	28.613	22.260	0.000	92.504
Cotton Suitability	1,066	669.107	222.675	0.000	1,101.292
Log(Total Population), 1860	1,058	8.943	0.874	3.258	12.070
Log(Free Population), 1860	1,058	2.849	2.064	0.000	9.300
Log(Improved Acres), 1860	1,044	10.640	1.186	3.829	12.647
Log(Urban Population), 1860	1,058	0.488	2.018	0.000	12.070
Log(Farm Value), 1860	1,044	14.052	1.263	6.217	16.553
Water Access	1,075	0.347	0.476	0	1
Appropriations Committee	1,075	0.337	0.473	0	1
Ways and Means Committee	1,075	0.233	0.423	0	1

Table 3: Effect of Historical Prevalence of Slavery on Total WPA Spending

	Log(Total WPA Spending)			
	OLS	instrumental variable	OLS	instrumental variable
	(1)	(2)	(3)	(4)
Pct. Slave, 1860	−0.016** (0.002)	−0.023** (0.008)	−0.020** (0.003)	−0.042** (0.013)
State Fixed Effects	✓	✓	✓	✓
Geographic Controls	✓	✓	✓	✓
1860 Controls			✓	✓
First Stage F-Stat		115.69		61.4
N	1,058	1,049	1,044	1,035

† p < .1; * p < .05; ** p < .01

Table 4: Effect of Historical Prevalence of Slavery on New Deal Relief Spending

	Relief	WPA	CWA	PUBASS
	(1)	(2)	(3)	(4)
Pct. Slave, 1860	−0.037** (0.007)	−0.050** (0.008)	−0.011** (0.004)	−0.007 [†] (0.004)
State Fixed Effects	✓	✓	✓	✓
Geographic Controls	✓	✓	✓	✓
1860 Controls	✓	✓	✓	✓
First Stage F-Stat	61.4	61.4	61.4	61.4
N	1,035	1,035	1,035	1,035

[†]p < .1; *p < .05; **p < .01

Table 5: Effect of Slavery on AAA Spending

	Log(AAA Spending per Capita)			
	OLS	instrumental	OLS	instrumental
	(1)	variable (2)	(3)	variable (4)
Appropriations	0.164 [†] (0.089)	−0.004 (0.115)	0.163* (0.080)	0.003 (0.127)
Ways and Means	0.002 (0.112)	−0.003 (0.132)	−0.007 (0.108)	−0.008 (0.130)
Pct. Slave, 1860	0.018** (0.002)	0.044** (0.005)	0.009** (0.002)	0.058** (0.010)
State Fixed Effects	✓	✓	✓	✓
Geographic Controls	✓	✓	✓	✓
1860 Controls			✓	✓
First Stage F-Stat		115.75		62.44
N	1,058	1,049	1,044	1,035

[†]p < .1; *p < .05; **p < .01

Table 6: Effect of Cotton Suitability on New Deal Relief Spending in the North

	WPA		WPA	Relief	CWA
	(1)	(2)	(3)	(4)	(5)
Cotton Suitability	0.0003* (0.0001)	0.0002 (0.0001)	0.0002 [†] (0.0001)	0.0001 (0.0001)	0.0003** (0.0001)
State Fixed Effects	✓	✓	✓	✓	✓
Geographic Controls	✓	✓	✓	✓	✓
1860 Controls		✓	✓	✓	✓
N	966	931	931	931	931

[†]p < .1; *p < .05; **p < .01

Table 7: Effect of Historical Prevalence of Slavery on WPA Spending (Dichotomous Indicator)

	High Slave, 1860		Log(WPA Spending per Capita)		
	OLS	OLS	instrumental variable	OLS	instrumental variable
	(1)	(2)	(3)	(4)	(5)
Cotton Suitability	0.0005** (0.0001)				
High Slave, 1860		-0.475** (0.049)	-1.856** (0.259)	-0.234** (0.055)	-1.034** (0.146)
State Fixed Effects	✓	✓	✓	✓	✓
Geographic Controls	✓	✓	✓	✓	✓
1860 Controls				✓	✓
First Stage F-Stat			76.8		108.42
N	1,035	1,058	1,049	1,044	1,035

[†]p < .1; *p < .05; **p < .01

Table 8: Effect of Historical Prevalence of Slavery on Pct. Black in 1930

	Pct. Black, 1930	
	OLS	instrumental variable
	(1)	(2)
Pct. Slave, 1860	0.753*** (0.029)	1.113*** (0.091)
State Fixed Effects	✓	✓
Geographic Controls	✓	✓
1860 Controls	✓	✓
First Stage F-Stat		61.4
N	1,044	1,035

*p < .1; **p < .05; ***p < .01

Table 9: Effect of Pct. Black on WPA Spending: Non-South

	Log(WPA Spending per Capita)	
	OLS	
	(1)	(2)
Pct. Black, 1930	0.013 (0.009)	0.001 (0.009)
State Fixed Effects	✓	✓
Geographic Controls	✓	✓
1860 Controls		✓
N	966	931

†p < .1; *p < .05; **p < .01

Table 10: Effect of Committee Status on WPA Spending

	Log(WPA Spending per Capita)			
	OLS	instrumental variable	OLS	instrumental variable
	(1)	(2)	(3)	(4)
Appropriations	−0.340** (0.096)	−0.210* (0.103)	−0.332** (0.092)	−0.239* (0.108)
Ways and Means	−0.045 (0.070)	−0.042 (0.077)	−0.039 (0.068)	−0.047 (0.081)
Pct. Slave, 1860	−0.015** (0.001)	−0.038** (0.004)	−0.009** (0.002)	−0.050** (0.008)
State Fixed Effects	✓	✓	✓	✓
Geographic Controls	✓	✓	✓	✓
1860 Controls			✓	✓
First Stage F-Stat		115.75		62.44
N	1,058	1,049	1,044	1,035

[†]p < .1; *p < .05; **p < .01