Excerpt of "Capitalism," *The 1619 Project* and Questions

Text Rendering: Underline, **bold**, and highlight the reading to efficiently point out the big ideas and important information. There should be added annotations that focus around SPRITE categories.

Today's focus question - *To what extent did slavery in the US contribute to the development of the global financial industry? To the American financial system?*

Excerpt of "Capitalism"

By Matthew Desmond

A couple of years before he was convicted of securities fraud, Martin Shkreli was the chief executive of a pharmaceutical company that acquired the rights to Daraprim, a lifesaving antiparasitic drug. Previously the drug cost $13.50 a pill, but in Shkreli's hands, the price quickly increased by a factor of 56, to $750 a pill. At a health care conference, Shkreli told the audience that he should have raised the price even higher. "No one wants to say it, no one's proud of it," he explained. "But this is a capitalist society, a capitalist system and capitalist rules."

This is a capitalist society. It's a fatalistic mantra that seems to get repeated to anyone who questions why America can't be more fair or equal. But around the world, there are many types of capitalist societies, ranging from liberating to exploitative, protective to abusive, democratic to unregulated. When Americans declare that "we live in a capitalist society" — as a real estate mogul told The Miami Herald last year when explaining his feelings about small-business owners being evicted from their Little Haiti storefronts — what they're often defending is our nation's peculiarly brutal economy. "Low-road capitalism," the University of Wisconsin-Madison sociologist Joel Rogers has called it. In a capitalist society that goes low, wages are depressed as businesses compete over the price, not the quality, of goods; so-called unskilled workers are typically incentivized through punishments, not promotions; inequality reigns and poverty spreads. In the United States, the richest 1 percent of Americans own 40 percent of the country's wealth, while a larger share of working-age people (18-65) live in poverty than in any other nation belonging to the Organization for Economic Cooperation and Development (O.E.C.D.).

Or consider worker rights in different capitalist nations. In Iceland, 90 percent of wage and salaried workers belong to trade unions authorized to fight for living wages and fair working conditions. Thirty-four percent of Italian workers are unionized, as are 26 percent of Canadian workers. Only 10 percent of American wage and salaried workers carry union cards. The O.E.C.D. scores nations along a number of indicators, such as how countries regulate temporary work arrangements. Scores run from 5 ("very strict") to 1 ("very loose"). Brazil scores 4.1 and Thailand, 3.7, signaling toothy regulations on temp work. Further down the list are Norway (3.4), India (2.5) and Japan (1.3). The United States scored 0.3, tied for second to last place with Malaysia. How easy is it to fire workers? Countries like Indonesia (4.1) and Portugal (3) have strong rules about severance pay and reasons for dismissal. Those rules relax somewhat in places like Denmark (2.1) and Mexico (1.9). They virtually disappear in the United States, ranked dead last out of 71 nations with a score of 0.5.

Those searching for reasons the American economy is uniquely severe and unbridled have found answers in many places (religion, politics, culture). But recently, historians have pointed persuasively to the gnatty fields of Georgia and Alabama, to the cotton houses and slave auction blocks, as the birthplace of America's low-road approach to capitalism.

Slavery was undeniably a font of phenomenal wealth. By the eve of the Civil War, the Mississippi Valley was home to more millionaires per capita than anywhere else in the United States. Cotton grown and picked by enslaved workers was the nation's most valuable export. The combined value of enslaved people exceeded that of all the railroads and factories in the nation. New Orleans boasted a denser concentration of banking capital than New York City. What made the cotton economy boom in the United States, and not in all the other far-flung parts of the world with climates and soil suitable to the crop, was our nation's unflinching willingness to use violence on nonwhite people and to exert its will on seemingly endless supplies of land and labor. Given the choice between modernity and barbarism, prosperity and poverty, lawfulness and cruelty, democracy and totalitarianism, America chose all of the above.

Nearly two average American lifetimes (79 years) have passed since the end of slavery, only two. It is not surprising that we can still feel the looming presence of this institution, which helped turn a poor, fledgling nation into a financial colossus. The surprising bit has to do with the many eerily specific ways slavery can still be felt in our economic life. "American slavery is necessarily imprinted on the DNA of American capitalism," write the historians Sven Beckert and Seth Rockman. The task now, they argue, is "cataloging the dominant and recessive traits" that have been passed down to us, tracing the unsettling and often unrecognized lines of descent by which America's national sin is now being visited upon the third and fourth generations.

They picked in long rows, bent bodies shuffling through cotton fields white in bloom. Men, women and children picked, using both hands to hurry the work. Some picked in cloth, their raw product returning to them by way of New England mills. Some picked completely naked. Young children ran water across the humped rows, while overseers peered down from horses. Enslaved workers placed each cotton boll into a sack slung around their necks. Their haul would be weighed after the sunlight stalked away from the fields and, as the freedman Charles Ball recalled, you couldn't "distinguish the weeds from the cotton plants." If the haul came up light, enslaved workers were often whipped. "A short day's work was always punished," Ball wrote.

Cotton was to the 19th century what oil was to the 20th: among the world's most widely traded commodities. Cotton is everywhere, in our clothes, hospitals, soap. Before the industrialization of cotton, people wore expensive clothes made of wool or linen and dressed their beds in furs or straw. Whoever mastered cotton could make a killing. But cotton needed land. A field could only tolerate a few straight years of the crop before its soil became depleted. Planters watched as acres that had initially produced 1,000 pounds of cotton yielded only 400 a few seasons later. The thirst for new farmland grew even more intense after the invention of the cotton gin in the early 1790s. Before the gin, enslaved workers grew more cotton than they could clean. The gin broke the bottleneck, making it possible to clean as much cotton as you could grow.

Debrief Question

1. What current financial systems reflect practices developed to support industries built on the work of enslaved people?

2. ***Today's focus question*** - *To what extent did slavery in the US contribute to the development of the global financial industry? To the American financial system? (6 -8 sentences)*