

1 **Differences in Wealth, Education, and History**

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3
4 James Edward Curtis, Jr.

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6
7 September 22, 2017

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10 ABSTRACT An understanding of the freedoms (or the lack of freedoms) and their economic consequences on early black
11 Americans provides an informative understanding to the freedoms (or the lack of freedoms), and their economic consequences on
12 other, modern ethnic groups. James Curtis Jr (2017) investigates the link between the social asymmetry and economic asymmetry
13 among early blacks and whites in the United States of America. For the empirical study, James Curtis Jr (2017) uses cross-
14 sectional variables from the Integrated Public Use Microdata Sample (IPUMS), developed informative conditional ratios, and
15 employed least squares statistical analyses.

16
17 FINDINGS This study finds that economic differences among ethnic groups, as measured by differences between early blacks and
18 whites, are intertwined with asymmetrical freedoms, leading to statistically insignificant returns to education, as measured by literacy.
19 One might conclude that the individual’s basic protection of life, liberty, and the pursuit of happiness must proceed any expectations
20 of measured returns to schooling, particularly among individuals in disenfranchised groups. Furthermore, one might propose
21 education policy such that modern higher education investment programs prioritize education entrepreneurs and/or
22 state/social planners with academic research familiarity of differences in wealth.

23
24 This research is a revision of November 2002, November 2010 and January 2012 working papers. Copyright 2017.


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INTRODUCTION

Curtis Jr (2012) stated

The debate over market/individual regulation and freedom dates as far back as religious Holy documents, such as The Holy Bible. The Old Testament of The Holy Bible tells of Moses detailing the Ten Commandments, in Exodus 20:2-17. The Ten Commandments are God's basic instruction to his people. The Ten Commandments are seen as the paraphrased *controls* of individuals in markets and society, for those moved by Old Testament Biblical doctrine. One might interpret the New Testament of The Holy Bible as expressing a more *free* form of living, for instance, in passages such as Philippians 4:6-7, "Be careful for nothing; but in everything by prayer and supplication with thanksgiving let your requests be made known unto God. And the peace of God, which passeth all understanding, shall keep your hearts and minds through Christ Jesus" (KJV The Holy Bible, p. 263), and Philippians 4:13, I can do "all things" through Christ Jesus who strengthens (KJV The Holy Bible, p. 263).

Similarly, the debate of more regulation or relative freedom of immigrants has moved backed into the spotlight of America, at the start of 21st century, with large masses of Latino/Latina Americans migrating from Central America and South America to North America. Joseph Ferie (1999) thoroughly documented the mid-19th century wave of immigrants to the United States of America from Europe. But before the Latino/Latina American immigration discussion commenced and before the European American immigration wave of the mid 19th century, the regulation and freedom of black Americans was central to the governance issue of the United States of America. In many ways, a clear understanding of the freedoms (or the lack of freedoms) and their economic consequences on early black Americans provides an understanding to the freedoms (or the lack of freedoms), and their economic consequences on other, modern ethnic groups.

The experience of blacks in America can be divided into three separate discussions, the experience of: (i) free blacks prior to the Civil War, (ii) slaves prior to emancipation and (iii) the experiences of all blacks after the Civil War. But the socioeconomic experiences of the latter two are linked to that of the former:

...In other words, the day after a slave is emancipated from an intergenerational experience of enslavement, what does that ex-slave do? What are his or her goals? Does the slave have a contemporaneous objective to supply labor and consume necessary commodities in a manner that highly discounts the future in order to survive on a day to day basis at the expense of future consumption, or does the slave have an intertemporal objective to store material possessions in a manner that minimizes current consumption, possibly below subsistence, in order to provide a better experience for his or her children? Prior to southern emancipation, some blacks were able to ponder on the same decisions.

Therefore, this paper focuses on the plight of the average antebellum free black American, which, in hindsight, illuminated the path of the average black American, after emancipation, as well as Americans of other ethnicities over time."

68 **Outline**

69

70 I present *the methods of economic analysis, results, and conclusions* from comparing the economic experiences of white Americans
71 and ex-slaves to free black Americans **1850–1870**. Through these analyses, I intend to uncover the portion of the ethnic
72 experience explained by institutional barriers and the portion of their experience explained by available socioeconomic choices,
73 particularly, as it relates to education or literacy. This paper will provide one of the first comprehensive, synthesized analyses of the
74 demographic, economic, education, and legal freedom experiences of free Black Americans, most who are ex-slaves, compared to
75 whites in the United States of America.

76

77

78 **Economic Theory: The Economic Expectations before Investigating Evidence in the Data**

79

80 The Study of Wealth. Wealth is the accumulation of material resources that have market value for current or future consumption.
81 Furthermore, savings, initial wealth and the compounded rate of return on the invested savings and initial wealth determine wealth.
82 The following section describes universal and group-based expectations, based on economic theory, in the areas of economic
83 growth (including wealth, property and savings), economic inequality, and comparative economic outcomes. Wealth, property, and
84 measures of classical economic choice characteristic will be employed to measure outcomes, compared to expectations.

85


86 Economic Growth and the Parabolic Property Ownership Expectations. To analyze the relationship between age and property, I
87 employ methods developed by Lee Soltow (1975). He expected the old to hold more property than the young : He found that
88 plots of individuals holding property across age groups shows a "very rapid rise in the probability of ownership in the first 10 years
89 of adulthood with a tapering affect appearing thereafter" (Soltow, p.28). He suggests that this concavity was affected by the
90 income and savings decisions and distribution of the population.

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91
92 Soltow used estimates of non-property-holders to develop a parabolic model of property holding over different age ranges. This
93 theoretical parabolic behavior is based on an assumption that proportion of non-property-holders is fixed across age groups.
94 Soltow expects that 79.3 percent of thirty year-olds who did not hold property in their twenties will not hold property for the
95 same reason as the 79.3 percent who did not hold property when they were in their twenties:

96 "The .793 is a quantification of the importance of all those characteristics inhibiting ownership, such as lack of
97 knowledge of available land or credit, inability to speak or write English or possibly read any other language, unwillingness
98 to accept the obligations of ownership, inability to save because of low income or high consumption, legarthy because of
99 sickness or poor health, and so on. If quantification of .79 were to operate for the group from age 30 to 39, one would
100 expect the .793 of the property-less at age 30 to remain property-less. Thus, $1-(.793)^2$ would own property in the
101 30-39 group" (Soltow, 1972, p.30).

102
103 "The strength of America's system, as seen by nineteenth century writer, was that an individual had the opportunity to
104 improve his position over time. This opportunity meant that he was not placed in a fixed position in society. He might
105 have had to work hard, but he could expect betterment in his wealth status. We can capture this phenomenon by
106 studying the participation rate (proportion of men who held property) of peoples of different ages in a given year. Sure
107 this rate, as measured by (real estate holding) or (total estate holding) must be higher for the old than for the young....If
108 the majority of individuals in the economy are to experience betterment in economic position during their lifetimes, more
109 and more should rise above the level of being poor, above some minimum wealth amount" (p.27).

110
111 Economic Growth and the Linear Growth in Wealth Expectations. To analyze the relationship between age and wealth, I employ
112 additional methods that were first employed by Soltow (1975). He plotted age-wealth coordinates and expected a positive
113 relationship: "Material betterment dominated the economic thinking men. Those with wealth expected to have more each year as
114 they grew older; accumulation was a sign or index of recognition of an individual's past economic activities. Wealth mirrors the past
115 better than income since the pleasures of past consumption may be forgotten. It is only saving from past income that is now
116 reflected in one's wealth" (Soltow, 1975, p.69).


117
118 Soltow did, in fact, observe a linear relationship between estate values and age. The parabolic effect of age on property holding was
119 not present when observing average wealth at different ages. "The group average rises strongly from 20-29 to 30-39 and then
120 has its greatest thrust in going from 30-39 to the 40-49 group. The average tapers off but continues to rise rather surprisingly

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121 into old age. There is certainly no strong parabolic effect, as can be seen in...the proportion of men with property" (p.70). He also
122 suggested that the stability of the 1850 pattern was "proof that the age patterns were established decades before the 1850 and
123 the concepts of economic betterment must have been pervasive" (Soltow, 1975, pp.74-75).

124

125 Economic Growth and the Savings Rate Expectations. Finally, I use the method proposed by Soltow (1975) to analyze savings
126 using wealth annualized at each age. Soltow used the differences in wealth at each age to observe the continuity of savings that
127 continued through old ages. Furthermore, Soltow found the average annual savings rate was about 5 percent. This was obtained by
128 [1] averaging the increase in wealth per age groups 20-69 or 90 percent of the adult male population
129 $((582+804+311+303)/4 = 500)$, [2] annualizing the average increase per age group or decade $(500/10=50)$, and [3]
130 dividing the average annual increase in wealth by the average wealth in 1850 $(50/1001=.05)$. Note that this finding of 5
131 percent is the average for individuals. Since households possess more wealth than individuals, this rate is expected to much be
132 smaller in the forthcoming empirical analysis. "The difference between in wealth levels from one year to the next gives an index of
133 saving for a year" (pp.71-72).

134

135 Classical Characteristic Premium Expectations. *Schooling*. Jacob Mincer (1974) described a direct relationship between schooling
136 and earnings:

137 "it is equally correct to say that the distribution of earnings is determined by the distribution of accumulated human capital
138 and of rates of return to human capital investment or that the distribution of earnings is determined by the distribution of
139 ability and opportunity. Or, putting it in a causal hierarchy, the distribution of accumulated human capital is a proximate
140 determinant of the distribution of earnings, and is treated that way in this study. In turn, ability and opportunity determine
141 the distribution of human capital. (Mincer 1974, p.138)"
142


143 *Skill*. Classical economic theory suggests workers are paid their additions to production. This produces an expectation of higher
144 wages for higher skilled workers and lower wages for lower skilled workers. Holding constant the intertemporal rate of return to

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145 saved wages, holding constant differences in initial wealth, and holding constant the number of working hours (see James Curtis Jr,
146 December 2002), it is reasonable expect higher wealth among higher skilled employees.

147 Convergence to Equality Expectations. To measure economic inequality and compare differences in economic outcomes, I analyze
148 differences in differences in mean wealth between blacks and whites, and property ownership between blacks and whites. The
149 following ratios measure differences in wealth and differences in property ownership among two comparison groups to obtain
150 comparative returns to classical characteristic choices. Foremost, the **comparative wealth ratio** is

151

152 Equation 1.1
$$[W_{XJT}/W_{X'JT}] / [W_{X'JT}/W_{X'JT}] \geq 1$$

153 Equation 1.1'
$$[W_{XJT}/W_{X'JT}] / [W_{X'JT}/W_{X'JT}] \leq 1$$

154

155 where W_{XJT} is the mean wealth of the members of group J who made investment X at time T.

156

157 The comparative wealth ratio ignores differences in wealth levels and measures the return to classical characteristic choices among
158 groups. For instance, the ratio measures the schooling premium for blacks relative to the schooling premium for whites. If the ratio
159 is less than one, then blacks with many years of schooling may have lower levels of wealth relative to whites with proportional years
160 of schooling, and, thus, the returns to schooling among whites outpace the returns to schooling among blacks, in terms of wealth.

161

162 Similarly, the **comparative property ownership ratio** is

163

164 Equation 1.2
$$[Q_{XJT}/Q_{XJT}] / [Q_{X'JT}/Q_{X'JT}] \geq 1$$


165 Equation 1.2'
$$[Q_{XJT}/Q_{XJT}] / [Q_{X'JT}/Q_{X'JT}] \leq 1$$

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where Q_{XJT} is the percentage of the members of group J who own property and made investment X at time T.

The comparative property ownership ratio can be interpreted the same as the comparative wealth ratio. The comparative property ownership ratio measures the impact of classical characteristics on property ownership of group J to the impact of classical characteristics of property ownership of group J'. For instance, the ratio measures the schooling premium of blacks relative to the whites. If the ratio is less than one, then blacks with many years of schooling may own less property relative to whites with proportional years of property, and, thus, the returns to schooling among whites with many years of schooling outpace the returns to schooling among blacks with proportional years of schooling, in terms of property ownership.


Motivations for Multivariate Analysis. To observe of combined effect of laws, demography and economic geography of the economic outcomes of whites and blacks, I employed standard minimization of the sum of squared errors and conducted non-linear multivariate analysis on the logarithmic total wealth of whites and blacks in 1860 and 1870. Previous papers provide theoretical motivation for econometric modeling choices, which are similar to this presentation. Logarithmic wealth is regressed against proxy variables for earnings and savings, proxy variables for initial wealth, and household formation variables. Including slave state-free state residency variables and regional residency variables could lead to multicollinearity, due to possible endogeneity. The directions of the predictions of estimated coefficients, which are statistically significant at a 95 percent level of significance, were summarized in the results section.

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RESULTS

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188 **The Mid-19th Century Age and Property Profiles of Whites and Free Blacks in the United States of America**

189

190 In 1850, Table 8ab-1 shows that between 35.8 – 67.1 percent of whites were real estate property holders across different

191 age groups while only 14.3 – 28.0 percent of free blacks were real estate property holders across age groups.

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194 **Table 8ab-1. Real Estate Property-Holding Patterns by Age Group and Race, 1850-1860**

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| Age Group | 1850 Real Estate Holders | | | | | | | 1860-1850 Difference |
|-----------|--------------------------|-------------|------------|-------------|-------------|------------|--------------------------------|-------------------------|
| | Whites | | | Free Blacks | | | White-Free Black Difference | |
| | Actual | Theoretical | Difference | Actual | Theoretical | Difference | | |
| 20-29 | 0.358 | 0.358 | - | 0.163 | 0.163 | - | | |
| 30-39 | 0.512 | 0.588 | (0.076) | 0.151 | 0.300 | (0.149) | 0.073 | (0.009) |
| 40-49 | 0.586 | 0.735 | (0.149) | 0.195 | 0.414 | (0.218) | 0.070 | (0.046) |
| 50-59 | 0.630 | 0.830 | (0.200) | 0.280 | 0.509 | (0.229) | 0.029 | 0.014 |
| 60-69 | 0.671 | 0.891 | (0.220) | 0.258 | 0.589 | (0.332) | 0.112 | (0.044) |
| 70-79 | 0.609 | 0.930 | (0.321) | 0.222 | 0.656 | (0.434) | 0.113 | 0.066 |
| 80-89 | 0.460 | 0.955 | (0.495) | 0.143 | 0.712 | (0.570) | 0.075 | 0.055 |

| Age Group | 1860 Real Estate Holders | | | | | | |
|-----------|--------------------------|-------------|------------|-------------|-------------|------------|--------------------------------|
| | Whites | | | Free Blacks | | | White-Free Black Difference |
| | Actual | Theoretical | Difference | Actual | Theoretical | Difference | |
| 20-29 | 0.369 | 0.369 | - | 0.175 | 0.175 | - | |
| 30-39 | 0.531 | 0.602 | (0.071) | 0.185 | 0.319 | (0.134) | 0.064 |
| 40-49 | 0.632 | 0.749 | (0.117) | 0.297 | 0.438 | (0.141) | 0.024 |
| 50-59 | 0.696 | 0.842 | (0.146) | 0.347 | 0.536 | (0.190) | 0.044 |
| 60-69 | 0.725 | 0.900 | (0.175) | 0.375 | 0.617 | (0.242) | 0.068 |
| 70-79 | 0.681 | 0.937 | (0.256) | 0.250 | 0.684 | (0.434) | 0.179 |
| 80-89 | 0.684 | 0.960 | (0.276) | 0.333 | 0.739 | (0.406) | 0.130 |

Source: Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS

221 The proportion grew to 36.9 – 72.5 percent for whites and 17.5–37.5 percent for free blacks in 1860. Furthermore, when


222 comparing actual to fixed proportions among free blacks and whites, the actual white proportion of property-holders across age

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223 groups was closer to the white fixed or theoretical proportions in 1850 and 1860. This suggests that the events which prevent
224 holding property across age groups were relatively more fixed for whites than free blacks. Instead, enforcement of laws that reduced
225 the rights of free blacks, such as the Fugitive Slave Act, had a direct impact on the capacity of the average free black to hold
226 property, producing relatively more random patterns of holding property across all ages. When comparing white-free black
227 differences in 1850 and 1860, Table 7a shows that white-free black differences fell for younger members of the age distribution
228 but grew for the older members of the distribution.

229

230 **The Mid-19th Century Age and Wealth Profiles of Whites and Blacks in the United States of America**

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232 Figures 3.a.-3.f. are plots of the age-wealth profiles by race, year and cross section. Figure 3b plots total wealth and shows the
233 least amount of dissaving occurring among whites.

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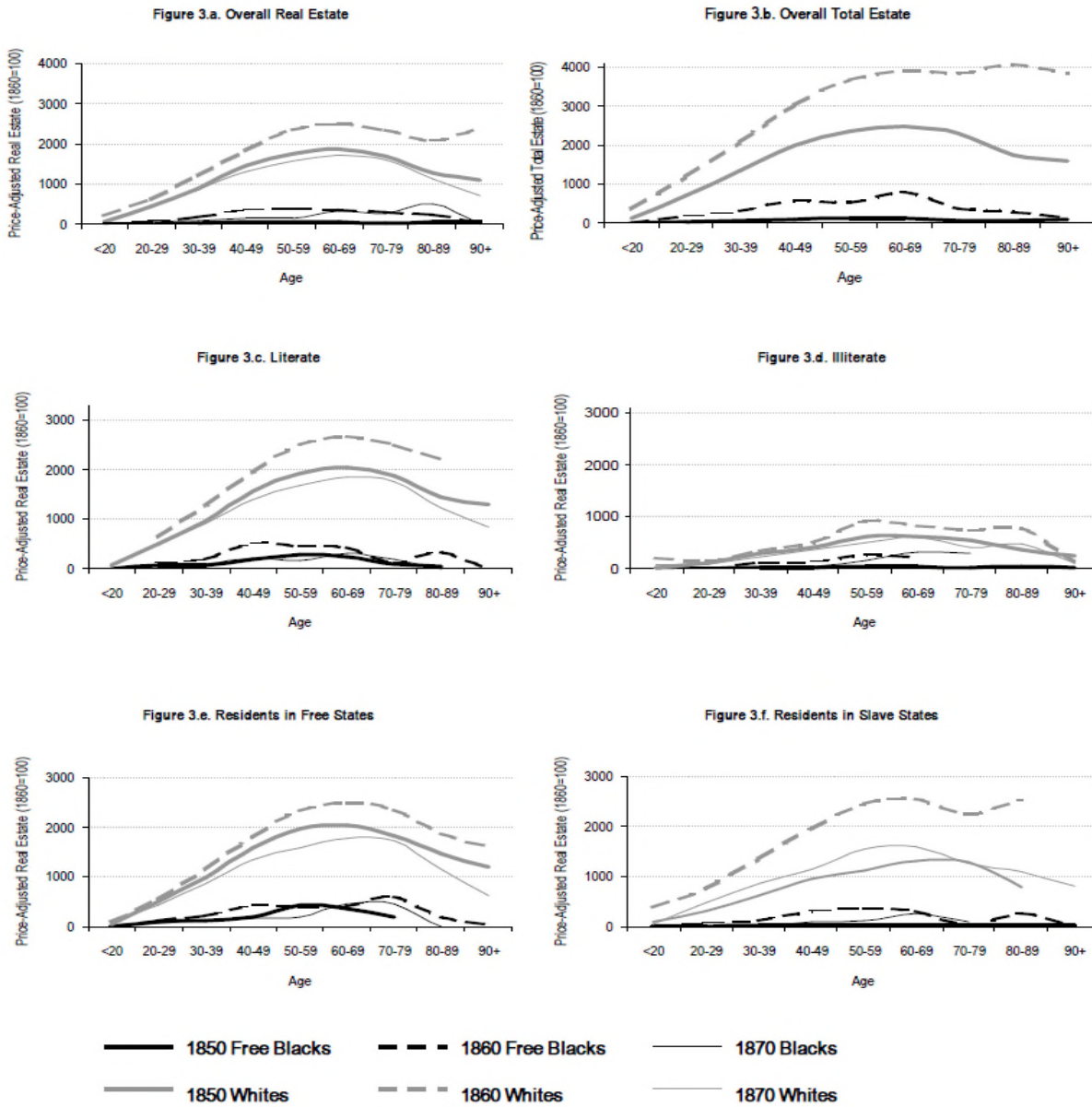
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Figures 3.a.-3.f. Age-Wealth Profiles of Whites and Blacks, 1850 through 1870



Source: Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS

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273 However, when comparing to blacks and the real estate wealth of whites and blacks, dissaving is definite reality at older ages²⁰.

274 ²⁰ Masson (1986), Mirer (1979) and Shorrocks (1975) found cross-sectional age-wealth profiles that were concave only

275 when they did not control for factors such as cohort and mortality differences.

276

277 Furthermore, the difference between black and white age-wealth profiles is quite dramatic: The distance between black and white

278 profiles tends to peak in the fifties. Finally, Figures 3c-f show that the dominant wealth possession of whites remained across time,

279 education and region.

280

281 These profiles are preliminary evidence that making choices to improve education and social surrounding did not provide a clear

282 wealth reward. The local definition of free black rights had diluted any attempts to make individual economic gains.

283

284 **The Mid 19th Century Savings of Whites and Free Blacks in the United States of America**

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286 Table 8c shows that white households (3.6 percent) saved less real estate wealth, annually, than free black households (3.8

287 percent) in 1850.

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Table 8c-1. Wealth Accumulation Patterns by Age Group and Race, 1850-1860

| Age Group | 1850 Real Estate Wealth | | | | 1860 Real Estate Wealth | | | | 1860 Total Wealth | | | |
|-----------------|-------------------------|--------|-------------|--------|-------------------------|--------|-------------|--------|-------------------|--------|-------------|--------|
| | Whites | | Free Blacks | | Whites | | Free Blacks | | Whites | | Free Blacks | |
| | Average | Change | Average | Change | Average | Change | Average | Change | Average | Change | Average | Change |
| 20-29 | 515 | | 49 | | 726 | | 90 | | 1,476 | | 169 | |
| 30-39 | 1,043 | 528 | 79 | 30 | 1,480 | 754 | 146 | 56 | 2,619 | 1,144 | 275 | 105 |
| 40-49 | 1,792 | 750 | 134 | 55 | 2,519 | 1,039 | 312 | 166 | 4,430 | 1,811 | 449 | 175 |
| 50-59 | 2,273 | 480 | 370 | 236 | 3,417 | 897 | 416 | 104 | 5,625 | 1,194 | 581 | 132 |
| 60-69 | 2,675 | 402 | 336 | (34) | 3,432 | 15 | 342 | (74) | 5,475 | (150) | 1,165 | 583 |
| 70-79 | 2,403 | (272) | 1,021 | 685 | 3,600 | 168 | 158 | (184) | 6,178 | 704 | 236 | (929) |
| 80-89 | 3,228 | 825 | 498 | (523) | 3,718 | 118 | 360 | 203 | 6,612 | 434 | 392 | 156 |
| 20-69 Average | | 540 | | 72 | | 676 | | 63 | | 1,000 | | 249 |
| Overall Average | | 1,486 | | 189 | | 2,050 | | 286 | | 3,556 | | 501 |
| Savings Rate | | 3.6% | | 3.8% | | 3.3% | | 2.2% | | 2.8% | | 5.0% |

Source: Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS

But by 1860, free black households (2.2 percent) saved less real estate wealth than white households (3.3 percent). This result is picking up the economic push effects of enhanced enforcement of controversial fugitive slave laws. But, in terms of total wealth, free black households (5.0 percent) were saving more than whites in 1860 (2.8). This is both attributed to the low level of wealth in free blacks started from and possibly the desire for descendants to have an enriched economic experience.

The Mid 19th Century Schooling and Wealth of Whites and Blacks in the United States of America

Jacob Mincer (1974) described a direct relationship between schooling and earnings. When comparing the real estate wealth of literate and illiterate free blacks, literate free blacks outperformed illiterate free blacks. These results held when comparing differences in other and total forms of wealth among literate and illiterate free blacks. Table 8a-2 shows that literate free blacks possessed \$520 in nominal total wealth in 1860 prior to emancipation.

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Table 8a-2. Mid 19th Century Schooling and Mean Wealth of Whites and Blacks

| | Overall | | | Free Blacks | | | All Blacks | | | Whites | | |
|----------------------------------|---------|--------|--------|-------------|------|--------|------------|--------|--------|--------|------|------|
| Literate | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 |
| Real Estate Wealth | 1,030 | 1,568 | 1,872 | 133 | 316 | 206 | 1,042 | 1,597 | 1,953 | | | |
| Other Wealth | | 1,001 | 753 | | 204 | 98 | | 1,019 | 785 | | | |
| Total Wealth | | 2,569 | 2,625 | | 520 | 304 | | 2,616 | 2,737 | | | |
| <u>Price-Adjusted (1860=100)</u> | | | | | | | | | | | | |
| Real Estate Wealth | 1,142 | 1,616 | 1,265 | 149 | 325 | 135 | 1,155 | 1,646 | 1,320 | | | |
| Other Wealth | | 1,062 | 504 | | 209 | 64 | | 1,081 | 525 | | | |
| Total Wealth | | 2,678 | 1,769 | | 534 | 199 | | 2,727 | 1,845 | | | |
| Sample | 31,393 | 47,808 | 62,284 | 406 | 992 | 2,761 | 30,987 | 46,745 | 59,401 | | | |
| Illiterate | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 |
| Real Estate Wealth | 263 | 412 | 212 | 93 | 151 | 31 | 282 | 458 | 586 | | | |
| Other Wealth | | 295 | 105 | | 121 | 41 | | 324 | 236 | | | |
| Total Wealth | | 708 | 317 | | 273 | 72 | | 782 | 823 | | | |
| <u>Price-Adjusted (1860=100)</u> | | | | | | | | | | | | |
| Real Estate Wealth | 296 | 436 | 143 | 105 | 160 | 20 | 317 | 483 | 398 | | | |
| Other Wealth | | 320 | 70 | | 133 | 26 | | 352 | 159 | | | |
| Total Wealth | | 756 | 213 | | 293 | 46 | | 836 | 556 | | | |
| Sample | 3,709 | 5,251 | 24,073 | 365 | 710 | 16,175 | 3,344 | 4,497 | 7,855 | | | |


Source: Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS

This was higher than the \$273 possessed by illiterate free blacks. Note that literate free blacks were equally likely as illiterate free blacks to hold real estate or other forms of property. However, literate blacks had 19.9 percent (520/2616) of literate white total wealth while illiterate free blacks had 34.9 percent (273/782) of illiterate white wealth in 1860. These results may imply that the penalty for illiteracy was so severe that the wealth of illiterate whites was relatively closer to wealth of illiterate free blacks than wealth among literate free blacks and whites. This is accredited to a nineteenth century racial asymmetrical skill-bias in favor literate whites: Free blacks and whites were proportionately penalized but not proportionately rewarded for education. Furthermore,

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359 when we ignore differences in wealth levels among free blacks and whites, literacy did not provide free blacks an advantage relative
360 to whites.

361

362 Overall, investing time and resources in education does not guarantee economic equality if factors such as initial resources vastly
363 differ. These results also imply that illiteracy penalized free blacks in manner similar to whites more than literacy benefited free
364 blacks relative to whites. This analysis directly links the asymmetrical enforcement of federal statutes by states, which affect the
365 rights of free blacks, to asymmetrical wealth returns to the optimal wealth generating characteristics, such as literacy.

366

367 *The Mid 19th Century Schooling and Real Estate of Blacks: A Comparison of Black Americans over Time*

368

369 Real estate wealth differences favored literate blacks before and after emancipation. Table 8a-2 shows that literate free blacks
370 possessed nominal real estate wealth amounts of \$133 in 1850 and \$316 in 1860. This was higher than the \$93 possessed
371 by illiterate free blacks in 1850 and \$151 possessed by illiterate free blacks in 1860. Table 8a also shows that the literate-
372 illiterate ratio of average real estate wealth among free blacks grew from 1.3 in 1850 and 2.0 in 1860. This may be preliminary
373 evidence of a growing penalty for illiteracy. Literate free blacks were also more likely to hold real estate property than illiterate free
374 blacks even then proportion of literate free black property holders remained constant. Table 8b-2 shows that 20 percent of
375 literate free blacks in 1850 and 25 percent of literate free blacks in 1860 owned positive amounts of real estate wealth.

376

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Table 8b-2. Mid 19th Century Schooling and Mean Property Ownership of Whites and Blacks

| | Overall | | | Free Blacks | | | All Blacks | | | Whites | | |
|--------------------------------|---------|--------|--------|-------------|------|--------|------------|--------|--------|--------|------|------|
| | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 |
| Literate | | | | | | | | | | | | |
| Real Property Holders | 0.54 | 0.56 | 0.54 | 0.20 | 0.25 | 0.15 | 0.54 | 0.57 | 0.56 | | | |
| Other Property Holders | | 0.81 | 0.70 | | 0.54 | 0.28 | | 0.81 | 0.72 | | | |
| Real or Other Property Holders | | 0.84 | 0.75 | | 0.58 | 0.32 | | 0.84 | 0.77 | | | |
| Sample | 31,393 | 47,808 | 62,284 | 406 | 992 | 2,761 | 30,987 | 46,745 | 59,401 | | | |
| Illiterate | | | | | | | | | | | | |
| Real Property Holders | 0.36 | 0.36 | 0.17 | 0.18 | 0.23 | 0.05 | 0.38 | 0.39 | 0.41 | | | |
| Other Property Holders | | 0.72 | 0.31 | | 0.56 | 0.20 | | 0.75 | 0.55 | | | |
| Real or Other Property Holders | | 0.75 | 0.35 | | 0.60 | 0.22 | | 0.77 | 0.62 | | | |
| Sample | 3,709 | 5,251 | 24,073 | 365 | 710 | 16,175 | 3,344 | 4,497 | 7,855 | | | |

Source: Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS

This was greater than the 18 percent of illiterate free blacks in 1850 and 23 percent of illiterate free blacks in 1860 that possessed positive amounts of real estate wealth. Table 8c shows that the ratio of literate free black real estate holders (per hundred literate free blacks) to the number of illiterate free black real estate holders (per hundred illiterate free blacks) remained constant at 1.1 in 1850 and 1860.


By 1870, the return to literacy among blacks grew dramatically. Table 8c-2 shows that the ratio of literate to illiterate average real estate wealth for all blacks—which includes ex-slaves who held little or no real estate property—grew to 6.8.

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Table 8c-2. Mid 19th Century Comparative Wealth Ratios and Comparative Property Ownership Ratios of Whites and Blacks, Based on Schooling

| | All Blacks | | | Whites | | | Black-White Ratio | | |
|--|------------|------|------|--------|------|------|-------------------|------|------|
| | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 |
| <u>i) Literate/Illiterate Mean Wealth Ratio</u> | | | | | | | | | |
| Real Estate | 1.4 | 2.0 | 6.8 | 3.6 | 3.4 | 3.3 | 0.4 | 0.6 | 2.0 |
| Other | | 1.6 | 2.4 | | 3.1 | 3.3 | | 0.5 | 0.7 |
| Total | | 1.8 | 4.3 | | 3.3 | 3.3 | | 0.6 | 1.3 |
| <u>ii) Literate/Illiterate Mean Property-Holding Ratio</u> | | | | | | | | | |
| Real Estate | 1.1 | 1.1 | 2.7 | 1.4 | 1.5 | 1.4 | 0.8 | 0.7 | 2.0 |
| Other | | 1.0 | 1.4 | | 1.1 | 1.3 | | 0.9 | 1.1 |
| Total | | 1.0 | 1.5 | | 1.1 | 1.3 | | 0.9 | 1.2 |

Source: Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS

This implies that, on average, literate ex-slaves possessed seven dollars for every dollar of real estate wealth owned by an illiterate ex-slave. Yet the relative sample sizes suggest that approximately one in seven (2761/18936) blacks were able to take advantage of the large literacy premium in 1870. Slave owner discouragement of educating slaves caused illiterate ex-slaves to be severely handicapped in the wealth accumulation process.


Similarly, Table 8c-2 shows that the ratio of literate black real estate holders (per hundred literate blacks) to illiterate blacks real estate property holders (per hundred illiterate blacks) was 2.7—for every illiterate black real estate holder (per hundred illiterate blacks), there were three literate black real estate holders (per hundred literate blacks).

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432

433 When comparing average real estate wealth of free blacks to the average real estate wealth of whites by literacy before
434 emancipation, illiterate white wealth was closer to illiterate free black wealth than literate black wealth to literate white wealth. Using
435 wealth means in Table 8a-2, literate free blacks had 12.8 percent (133/1042) of the average real estate wealth among literate
436 whites in 1850 and grew to 19.8 percent (316/1597) of the average real estate wealth among literate whites in 1860. But
437 illiterate free blacks had 33.0 percent (93/282) of the average real estate wealth among illiterate whites in 1850 and 1860
438 (151/458). The penalty for illiteracy in the nineteenth century caused illiterate whites and blacks to have a relatively closer
439 economic experience than literates. This is quite similar to a skill-biased economy that rewards college education and penalizes high
440 school drop-outs discussed in the 1980's by Juhn, Murphy and Pierce (1991) but with a caveat: the nineteenth century skill bias
441 was racially asymmetrical in favor of whites.

442

443 The relatively closer economic experience of free black and white illiterates was observed when analyzing the proportion of free
444 black real estate holders relative to white real estate holders. The ratio of literate free black real estate holders (per hundred literate
445 free blacks) to literate white real estate holders (per hundred literate whites) was approximately 1:3 (0.20 : 0.54) in 1850 and
446 2:5 (0.25 : 0.57) in 1860. Among illiterates, the ratio rose to approximately 1:2 (0.18 : 0.38) in 1850 and 6:10 (0.23 :
447 0.39) in 1860.

448


449 By 1870, the ratio of black to white average real estate wealth and property holders fell significantly with the inclusion of ex-
450 slaves in the sample but a distinct literacy advantage emerged. Using wealth means from Table 8a-2, 1870 literate blacks held
451 10.5 percent (206/1953) of the real estate wealth of literate whites while illiterate blacks held 5.3 percent (31/586) of the
452 real estate wealth of illiterate whites. Similarly, using the percentage of property holders in Table 8b-2, the ratio of literate black
453 real estate property holders (per hundred literate blacks) to literate white property holders (per hundred literate whites) was

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454 approximately 1:4 (0.15 : 0.56). Among illiterates, the ratio was approximately 1:8 (0.05 : 0.41) in 1870. A relative racially
455 symmetrical literacy advantage was after emancipation even though literate blacks still possessed real estate wealth that was
456 significantly below literate whites.

457
458 Using the *comparative wealth ratio* for real estate wealth, we can ignore the absolute differences in black and white real estate
459 wealth and ascertain the literacy advantages in the presence of wealth constraints. Since the ratio in Table 8c was less than one in
460 1850 (0.4) and 1860 (0.6), whites obtained higher return to literacy than free blacks. In 1870, the ratio in Table 8c-2 grew
461 to 2.0 which implies that blacks receive a higher return literacy in the presence wealth constraints than whites. This may suggest
462 that (i) higher skilled occupations that pay higher wages and (ii) higher yield investment opportunities that are normally available to
463 more educated individuals were not made available to blacks until their rights were more fully enforced, such as those provided by
464 federal government after 1865.

465
466 Similar results were obtained using the *comparative property ownership ratio* for real estate property in Table 8c-2. Since the
467 statistic was below one in 1850 (0.8) and 1860 (0.7), whites obtained higher return to literacy than free blacks. The statistic
468 grew to 2.0 in 1870, again, suggesting a dramatic growth in the literacy premium for blacks once individual rights were protected
469 under the force of law.

470


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473

474 Literate blacks also had nominal advantages but relative disadvantages in terms of other measures of wealth before and after
475 emancipation. Table 8a-2 shows that literate free blacks possessed \$204 in nominal other wealth in 1860 prior to
476 emancipation. This was higher than the \$121 possessed by illiterate free blacks. Thus, free blacks in free states possessed 160
477 percent of other forms of wealth owned by illiterate free blacks. However, literate free blacks were approximately equally as likely as
478 illiterate free blacks to hold other forms of property. Table 8b-2 shows that 54 percent of literate free blacks that possessed
479 positive amounts of other wealth in 1860. This was only slightly lower than the 56 percent of illiterate free blacks that possessed
480 positive amounts of other wealth in 1860.

481

482 The combinations of these results suggests illiterate free blacks per hundred are equally as likely to hold other forms property but
483 the literate free blacks use their enhanced knowledge to grow the value of their property larger than the value of illiterate property.
484 By 1870, the return to literacy grew dramatically. Table 8c-2 shows that the ratio of literate to illiterate other forms of wealth for
485 all blacks—which includes ex-slaves who held little or no real estate property—grew to 2.4. This implies that literate ex-slaves
486 possessed two dollars for every dollar of wealth owned by an illiterate ex-slave. Similarly, Table 8c shows that the ratio of literate
487 black property holders (per hundred literate blacks) to illiterate property holders (per hundred illiterate blacks) was 1.4.

488

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490


491 The closer economic experiences of illiterate blacks and whites persisted when comparing other wealth of blacks to the other wealth
492 of whites before and after emancipation. Using wealth means in Table 8a-2, literate blacks had 20.0 percent (204/1019) of
493 literate white other wealth in 1860 and 12.5 percent (98/785) of literate white wealth in 1870. However, illiterate free blacks

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494 had 37.3 percent (121/324) of illiterate white wealth in 1860 and 17.6 percent (41/236) of illiterate white wealth in
495 1870.

496
497 These results confirm a penalty for illiteracy was so severe that the other forms of wealth of illiterate whites was relatively closer to
498 wealth of illiterate blacks than blacks and whites who could read and write. This may also explain the closer experience of illiterate
499 property holders when analyzing the proportion of blacks holding other forms of property relative to whites holding other forms of
500 property. The ratio of literate blacks (per hundred literate blacks) to literate whites (per hundred literate whites) with other forms of
501 property was approximately 2:3 (0.54 : 0.81) in 1860 and 1:3 (0.28 : 0.72) and 1870. Among illiterates the ratio rose to
502 approximately 3:4 (0.56 : 0.75) in 1860 and 1:3 (0.20 : 0.55) in 1870.

503
504 Using the *comparative wealth ratio* for other forms of wealth, we can ignore the absolute differences in black and white wealth and
505 ascertain the literacy advantages in the presence of wealth constraints. Since the ratio in Table 8c-2 was less than one in 1860
506 (0.5) and 1870 (0.7), whites obtained higher returns to literacy than blacks. Similar results were obtained using the *comparative*
507 *property ownership ratio* for other forms of property. Since the ratio reported in Table 8c-2 was less than one in 1860 (0.9)
508 and approximately equal to one in 1870 (1.1), whites obtained higher or equal returns to literacy than blacks before and after
509 emancipation.

510


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512 *The Mid 19th Century Schooling and Total Wealth of Blacks: A Comparison of Black Americans over Time*

513

514 When summing up real estate and other forms of wealth, empirical results show that literate blacks were better off before and after
515 emancipation. Table 8a-2 shows that literate free blacks possessed \$520 in nominal total wealth in 1860 prior to emancipation.
516 This was higher than the \$273 possessed by illiterate free blacks. However, literate free blacks were equally likely as illiterate free
517 blacks to hold real estate or other forms of property. Table 8b-2 shows that 58 percent of literate free blacks that possessed
518 positive amounts of total wealth in 1860. This was only slightly lower than the 60 percent of illiterate free blacks that possessed
519 positive amounts of total wealth in 1860. The combination of these results suggests illiterate free blacks are about equally as likely
520 to hold property but the literate free blacks use their knowledge to grow the value of their property larger than illiterate property.
521 By 1870, the return to literacy grew dramatically. Table 8c-2 shows that the ratio of literate to illiterate real estate wealth for all
522 blacks—which includes ex-slaves who held little or no real estate property—grew to 4.3. This implies that literate ex-slaves
523 possessed four dollars for every dollar of total wealth owned by an illiterate ex-slave. Similarly, Table 8c-2 shows that the ratio of
524 literate black total property holders (per hundred literate blacks) to illiterate black total property holders (per hundred illiterate
525 blacks) was 1.5—for every literate free black real estate holder, there were two illiterate free black real estate holders.

526

527 *The Mid 19th Century Schooling and Total Wealth: A Comparison of White and Black Americans over Time*

528


529 The closer economic experiences of illiterate blacks and whites persisted even when comparing total wealth of blacks to the total
530 wealth of whites before, but reversed after emancipation. Using wealth means in Table 8a-2, literate blacks had 19.9 percent
531 (520/2616) of literate white total wealth while illiterate free blacks had 34.9 percent (273/782) of illiterate white wealth in
532 1860. By 1870, things had reversed such that literate free blacks had 11.1 percent (304/2737) of literate white wealth while
533 illiterate free blacks had 8.7 percent (72/832) of illiterate white wealth. These results may imply that the penalty for illiteracy was

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534 so severe that the wealth of illiterate whites was relatively closer to wealth of illiterate blacks than blacks and whites who could read
535 and write before emancipation, but legal enforcement of rights improved the returns to literacy after emancipation.

536

537 Similarly, this illiteracy penalty was observed when analyzing the proportion of blacks holding property relative to whites. The ratio
538 of literate blacks (per hundred literate blacks) to literate whites (per hundred literate whites) with property was approximately 2:3
539 (0.58 : 0.84) the ratio rose to approximately 3:4 (0.60 : 0.77) among illiterates in 1860. By 1870, the literate ratio of 2:5
540 (0.32 : 0.77) exceeded the illiterate ratio of 1:3 (0.22 : 0.62) in 1870.

541

542 Using the *comparative wealth ratio* for other forms of wealth, we can ignore the absolute differences in black and white wealth and
543 ascertain the literacy advantages in the presence of wealth constraints. Since the ratio in Table 8c-2 was less than one in 1860
544 (0.6) and 1870 (1.3), whites obtained higher returns to literacy than free blacks before emancipation and literate ex-slave
545 obtained a higher return to literacy than ex-slaves. Again, the penalty for illiteracy was so severe that the wealth of illiterate whites
546 was relatively closer to wealth of illiterate blacks than blacks and whites who could read and write before emancipation, but legal
547 enforcement rights improved the returns to literacy after emancipation. Similar results were obtained using the *comparative property*
548 *ownership ratio* for other forms of property. Since the ratio reported in Table 8c-2 was less than one in 1860 (0.9) and greater
549 than one in 1870 (1.2), whites obtained higher returns to literacy than blacks before emancipation and reversed after
550 emancipation.

551


552 Once the equal enforcement of laws began to converge more rapidly, with the mass emancipation of Southern slaves, some blacks,
553 with schooling advantages, observed returns to schooling, in the black community, that were greater than the returns to schooling of
554 whites, with schooling advantages in the white community. This schooling premium advantage observed after the emancipation of
555 slaves was, in part, due to combining blacks with longer histories of emancipation, and with maximum free market experiences, and
556 the plurality of blacks with shorter histories of emancipation, and with minimum free market experiences. This uncompensated

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557 change in social standing may be preliminary evidence of the sources of greater inequality and skewed media documentations of
558 social unrest observed among disenfranchised groups throughout history.

559

560 **Non-Linear Least Squares Multivariate Analysis of Logarithmic Total Wealth of Whites and Blacks in 1860 and 1870**

561

562 Table 13 shows logarithmic wealth is regressed against proxy variables for earnings and savings, proxy variables for initial wealth, and
563 household formation variables. Results, which had a 95 percent level of significance, are summarized below.

564

565 Savings and Schooling. *Savings*. Results show higher, statistically significant, diminishing increases in wealth savings with age among
566 whites, compared to blacks, in 1860 and 1870. *Schooling*. Similarly, results show higher returns to schooling, for whites relative
567 to blacks, in 1860 and 1870, holding all other variables constant; however, these results were not statistically significant for free
568 blacks in 1860.

569


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Table 13. OLS Estimates Based on Log Real Total Wealth by Race, 1860-70

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| Race: Year: OLS Regression with: | Whites | | | | Blacks | | | |
|--|-------------|--------|-------------|--------|-------------|--------|-------------|--------|
| | 1860 | | 1870 | | 1860 | | 1870 | |
| | Slave State | Region | Slave State | Region | Slave State | Region | Slave State | Region |
| Constant | 1.14 | 1.01 | 0.13 | (0.18) | 2.30 | 2.61 | 1.89 | 2.22 |
| Literacy | 1.02 | 1.02 | 1.14 | 1.12 | 0.25 | 0.21 | 0.34 | 0.35 |
| Slave State | 0.18 | | (0.97) | | 0.01 | | (1.38) | |
| Migrated to the Region | (0.50) | (0.66) | (0.34) | (0.50) | 0.39 | 0.26 | 0.26 | 0.21 |
| Rural | 0.82 | 0.73 | 0.71 | 0.58 | 0.26 | 0.30 | 0.17 | 0.17 |
| Age | 0.14 | 0.14 | 0.18 | 0.18 | 0.09 | 0.09 | 0.04 | 0.04 |
| Age Squared | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Number of Children | (0.03) | (0.04) | (0.02) | (0.03) | 0.01 | 0.00 | 0.03 | 0.03 |
| Number of Household Members | 0.11 | 0.11 | 0.10 | 0.10 | 0.05 | 0.04 | 0.05 | 0.06 |
| Married | 0.24 | 0.19 | 0.02 | 0.02 | 0.48 | 0.47 | 0.33 | 0.34 |
| <u>Occupational Skill</u> | | | | | | | | |
| Unskilled | (2.86) | (2.79) | (2.71) | (2.66) | (2.93) | (2.86) | (1.64) | (1.64) |
| Skilled | (1.72) | (1.64) | (1.97) | (1.88) | (2.18) | (2.13) | (0.95) | (0.95) |
| White Collar | (0.05) | (0.01) | (0.11) | (0.08) | (0.91) | (0.97) | 0.45 | 0.46 |
| Student/Retired | (0.10) | (0.09) | 0.32 | 0.32 | (5.51) | (5.63) | (1.34) | (1.34) |
| Other Skill | (2.37) | (2.36) | (2.76) | (2.71) | (3.20) | (3.22) | (1.73) | (1.73) |
| <u>Region</u> | | | | | | | | |
| MidAtlantic | | 0.05 | | 0.14 | | (0.39) | | (0.50) |
| Midwest | | 0.44 | | 0.59 | | (0.06) | | (0.25) |
| Southeast | | 0.29 | | (0.68) | | (0.43) | | (1.73) |
| South Central | | 0.68 | | (0.48) | | 0.65 | | (1.68) |
| West | | (0.30) | | 0.09 | | (1.20) | | (0.18) |


Source: Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS; Dependent variable is natural log of total wealth adjusted for regional prices; Estimated parameters in bold are statistically significant with a 95 percent level of confidence. Farmers and Northeast are the excluded variables.

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THE APPENDIX

Several anecdotal studies on free blacks in the labor market show that the poor legal and social conditions made it difficult for free blacks to be economically competitive. For instance, free blacks had to compete with slaves, whites and immigrants for employment.

“The preference of employers for white or slave labor forced free Negroes to underbid whites and work on the same terms as slaves. By accepting lower wages and longer hours, many free Negroes found employment, but they aroused the ire of white workingmen, who complained that free Negroes depressed their standard of living” (Berlin, p.229). Immigration put free Negroes in the same position: “The influx of Irish and German workers...speeded the exclusion of Negro freeman from many occupations. The competition free Negro workers faced from newly arrived immigrants in Baltimore was a typical example of how white immigrants limited the free Negro’s opportunities” (p.231).

They tended to earn wages and income that were much less than whites. One local study shows that: “Racial prejudice relegated many free Negro workers to the meanest drudgery at the lowest pay...Even at these low levels of employment, free Negroes were often paid less than whites. The standard wage for day laborers in the Norfolk shipyards (for example) was one dollar, but free Negro workers rarely earned more than seventy-five cents a day” (Berlin, p.227).


But studying racial differences in factor market supply decisions and prices, as reflected in the literature on labor supply, wages and income, presents only a subset of the factors that determine the accumulation and storage of assets over the lifetime of black and white households. Therefore, this study will focus on differences in wealth between blacks and whites in the middle of the 19th Century.

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809 **Related Studies: A Review of the Literature on the Study of Free Blacks**

810

811 The source of antebellum free black–white wealth differences has not studied. Researchers (e.g., Bodenhorn (1999), Eggert
812 (1997), Hershberg (1997), Berlin (1974), Litwick (1961), Jackson (1939), and DuBois (1899)) and Philadelphia
813 abolitionist society studies in 1849 and 1838 attempted to address free black–white wealth differences often using a piece–mill
814 approach. Foremost, Leon Litwick (1961) and Ira Berlin (1979) provided a historical account for experience of northern and
815 southern free blacks, respectively. After surveying past research efforts, compiling county records and compiling census manuscripts,
816 Berlin found that free blacks in several states possessed more property over time. But these results are obscured by the aggregate
817 measures of wealth. For instance, he found that the aggregate wealth of free blacks living in fifteen counties in Georgia nearly
818 doubled between 1850 and 1860. But we do not know why their wealth increased because correlations with explanatory
819 variables were not calculated.

820

821 Luther Jackson (1939) also analyzed the property and real estate wealth of free blacks in the South. He used tax books, deeds,
822 orders, legislative petitions, agricultural manuscripts and census manuscripts from Virginia to show that the amount of property held
823 by free blacks in 1830 tripled by 1860. Even though Jackson provided a brief statistical analysis, the inference of his study is
824 limited to Virginia and he did not employ methods to explain what drove his observations.

825

826 Bodenhorn (1999a) used 1860 US census data to analyze southern wealth differences among darker and lighter free blacks.
827 Based on censored quantile regression results using data from Maryland, Virginia, North Carolina, Kentucky and Louisiana, mulattos
828 had wealth advantage to darker free blacks. Similarly, Bodenhorn (1999b) employs data stature of darker and lighter free blacks.
829 He also found that mulattos had an advantage to darker free blacks when analyzing stature data from Virginia. While Bodenhorn did
830 employed modern statistical analyses, inference from this study is limited to several states.


831

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832 Some research has also been conducted on free black wealth in localities within Pennsylvania. Gerald Eggert (1997) linked US Census
833 records of blacks in Harrisburg, Pennsylvania from 1850-60 to estimate property values of free blacks. He found stagnant wealth
834 among a large percentage of the population but growth among those who did not migrate. However, his study did not compare results
835 to migrants and was limited to one locality. Theodore Hershberg (1997) employed abolition society data on the socioeconomic
836 conditions of free blacks in Philadelphia to show that real and personal wealth fell ten percent between 1838 and 1847.
837
838 Similarly, W. E. B. Dubois (1899) used these records and tax receipts to show that free blacks in Philadelphia often held less
839 property than whites. However, Hershberg and Dubois do not use the analytical tools needed to fully explain their results. Their
840 studies lack a full description of the data collection procedures in their research. To analyze the link between these social conditions
841 and economic outcomes of free blacks, I employ wealth and cross-sectional variables from the 1850, 1860 and 1870
842 Integrated Public Use Microdata Samples (IPUMS).

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843 **Descriptive Statistics: An Analysis of the IPUMS Data Employed for the Study of the Economic Condition of Free**
844 **Blacks in United States of America, Compared to Ex-slaves and White Americans**

845
846
847 This study uses data from the Integrated Public Use Microdata Sample (IPUMS). IPUMS data are based on national representative
848 samples and supplemental over-samples of minorities from the population schedules of the US census manuscripts. The US
849 conducted its first census in 1790 and its first modern census in 1850. By 1850, the census had improved such that we can
850 now investigate the past with new insights. Modern census data is a rich set of cross-sectional, individual-level data on American
851 families and individuals.

852 Magnuson (1995a) and Steckel (1991) recommend that researchers pay careful attention to enumeration the
853 procedures before investigating this data. Magnuson reports that the U.S. Census is not a “pure reflection of general
854 societal trends”(p. 11). The census is composed of questions, which have and have not persisted over time. Between
855 1790 and 1840, the unit of enumeration was the household, based on given set of characteristics, i.e. Colored-Male-
856 Over Age 16. The 1850 U.S. Census was considered the first modern Census when the unit was changed to the
857 individual. Magnuson also noted that a proposed slave schedule would have collected extensive information on the
858 ancestors of modern-day African Americas. In 1840, Congress formed the Census Board that unsuccessfully
859 recommended a slave schedule for the 1850 U.S. Census--which would have included the names of slaves, birthplace
860 of slaves and number of children (Magnuson 1995a, p.19).

861
862 Steckel reminds us that the original purpose of the US census was for taxation and US House of Representatives
863 appropriations. However, a “growing desire for statistical information, curiosity about society, and heightened interest in
864 international and regional comparisons led to expanded collection by the federal census” (Steckel 1991, pp.582-83).
865 Steckel suggested that the likelihood of error increases as early census data is more disaggregated. He noted that under-
866 enumeration, over-enumeration and misreporting are errors that affect the quality of census data and led to the creation
867 of the Census Bureau. Some of these errors may be attributed to the poor training of early enumerators and lower quality
868 of early census administration. He found that larger households, lower-educated persons and persons with poor English-
869 language skills tended to be omitted from the census. Steckel (1991) provided several examples of underenumeration in
870 census data collected on blacks. He recommended using census comparisons, census matching, and consistency checks to
871 evaluate errors and improve the quality of samples from the early census.
872


873 This study analyzes US census samples from the 1850-70. These census manuscripts contain responses to important
874 socioeconomic inquiries including age, sex, color, marriage status, literacy, whether the individual attended school during the year,
875 occupation, state or country of birth, value of real estate, and value of personal estate (1860 and 1870 only).

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876 Real estate value was enumerated based on guidelines specified in the Circular to Marshals. It specified that "under
877 heading **8** insert the value of real estate owned by each individual enumerated. You are to obtain the value of real estate
878 by inquiry of each individual who was supposed to own real estate, be the same located where it may, and insert the
879 amount in dollars. No abatement of the value is to be made on account of any lien or encumbrance thereon in the nature
880 of debt" (Magnuson 1995b, p347) Personal estate value was also enumerated based on guidelines that specified
881 "Personal estate is to be inclusive of all bonds, stocks, mortgages, notes, live stock, plate, jewels, or furniture, but exclusive
882 of wearing apparel" (p.349)
883

884 Economists have conducted an extensive amount of research based on national samples from the early US census manuscripts (see
885 e.g. Ferrie 1999, 1994; Steckel 1990; Becker and Tomes 1986 and Soltow 1975, 1972). The sample studied in this paper
886 was restricted to heads of households. Investigating the wealth from a random sample of household heads is more productive than
887 investigating a random sample of individuals. Wealth is often used to purchase durable goods and durables are more likely to benefit
888 the entire household rather than one individual in a household. Furthermore, census enumerators tended to sum up the wealth of a
889 household and report it under the head of household. The final sample includes a 1-in-100 random sample from the 1850-70
890 censuses and supplemental samples of 1-in-50 blacks in 1860 and 1870. The racial breakdown of the pooled sample is 21,416
891 blacks and 154,569 whites.

892 Prior to 1865, blacks were not only stratified by skin color--black and mulatto--but they also functioned based on
893 heterogeneous legal rights. Blacks were either bounded in slavery or free, contingent on appropriate documentation. The
894 1850 and 1860 IPUMS samples only include free blacks. As reported earlier, no detailed individual-level data is
895 available on slaves. Thus, averages of wealth and property holding in the descriptive statistics were weighted based on (i)
896 the size of the free black population relative to slave population in 1850 and 1860 and (ii) the assumption that slaves
897 had no personal and real estate. Blacks were 15.7 percent of the US population in 1850 and 14.2 percent of the
898 population in 1860 (Cramer 1997). But free blacks represented 11.9 percent and 11.0 percent of the black
899 population, respectively. The unweighted averages in 1850 and 1860 represent the experience of (i) the average free
900 black and (ii) the average black if slaves were freed earlier.

901
902 The decade before the Civil War was a ripe environment for economic prosperity. Thomas Weiss (1992) found that
903 Gross Domestic Product (GDP) grew by 1.96 percent between 1850 and 1860--higher than any other decade in the
904 pre-war era. He suggested that although perishable output and shelter were the primary components of the gain, residual
905 output also increased significantly. The residual was "the portion of output beyond apparent basic necessities...this was the
906 output needed for industrialization, and of course provided as well the discretionary items that are the fruits of economic
907 progress. In this light, Americans were advancing in style" (Gallman, p.30).
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912

913 The decade immediately before the Civil War was a ripe environment for economic prosperity among free blacks.

914 “The industrial revolution in the United States was well underway by the 1850’s but the end points of the time period
 915 were not marked by unusual prosperity or depression. Gold discoveries and growing agricultural exports to Europe
 916 contributed to economic growth from the late 1840’s to the middle of the decade. The upswing was halted by the
 917 Panic of 1857, a financial convulsion from which recovery was substantially complete by 1860” (Steckel 1990,
 918 p.374).
 919

920 After making state-level adjustments to agricultural labor force, Weiss (1992) found the growth of Gross Domestic Product (GDP)

921 was higher in the decade before the Civil War than any other decade in the period. Table 7b shows that perishable output and

922 shelter were the primary components of the gain. But the residual increased significantly. The residual was “the portion output

923 beyond apparent basic necessities...this was the output needed for industrialization, and of course provided as well the discretionary

924 items that are the fruits of economic progress. In this light, Americans were advancing in style” (Galman, p.30).

925

926 **Table 7a. Average Annualized Rates of Growth of Per Capita Gross Domestic Product and Components (1840 Prices)**

927

| Decade | Growth in GDP | Perishable Output | Non-Perishable Output | | | |
|---------|---------------|-------------------|-----------------------|--------------------|-------------------|----------|
| | | | Shelter | Home Manufacturing | Farm Improvements | Residual |
| 1800-10 | 0.52 | 0.24 | 0.53 | -0.03 | 1.80 | 1.16 |
| 1810-20 | 0.27 | 0.00 | 0.83 | -0.01 | -0.63 | 0.85 |
| 1820-30 | 0.72 | 0.23 | 2.16 | -0.16 | -1.01 | 1.65 |
| 1830-40 | 1.15 | 0.22 | 2.20 | -0.46 | -0.70 | 2.74 |
| 1840-50 | 0.93 | 0.44 | -0.75 | 0.42 | 0.81 | 2.02 |
| 1850-60 | 1.96 | 1.58 | 0.96 | -0.41 | -2.12 | 3.10 |

936

937 **Source:** Information collected and compiled by James Curtis Jr (2002) from Gallman (p. 31)

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941 Tables 7b-1, 7c-2 and 7d-3 describe the means of the variables in the IPUMS sample:

942 **Table 7b-1. The Sample Means of the IPUMS Data, 1850 through 1870**

| Race: | Black | | | | | White | | | Overall | | |
|---------------------------------|-------|---------|-------|---------|-------|-------|-------|-------|---------|-------|-------|
| Year: | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | | |
| | Free | All | Free | All | All | | | | | | |
| Wealth Variables | | | | | | | | | | | |
| Personal Estate | | 208 | (23) | 53 | | 1,404 | 1,112 | | 1,363 | 880 | |
| Real Estate | 171 | (20) | 277 | (30) | 71 | 1,336 | 1,975 | 2,436 | 1,311 | 1,916 | 1,919 |
| Total Estate | | | 484 | (53) | 124 | | 3,379 | 3,548 | | 3,280 | 2,799 |
| Price-Adjusted Personal Estate | | | 215 | (24) | 34 | | 1,506 | 741 | | 1,462 | 586 |
| Price-Adjusted Real Estate | 189 | (22) | 286 | (31) | 47 | 1,486 | 2,050 | 1,643 | 1,458 | 1,990 | 1,294 |
| Price-Adjusted Total Estate | | | 501 | (55) | 81 | | 3,556 | 2,384 | | 3,452 | 1,880 |
| Personal Estate > 0 | | | 0.551 | (0.061) | 0.211 | | 0.811 | 0.703 | | 0.801 | 0.595 |
| Real Estate > 0 | 0.194 | (0.023) | 0.245 | (0.027) | 0.067 | 0.531 | 0.557 | 0.546 | 0.524 | 0.546 | 0.441 |
| Total Estate > 0 | | | 0.585 | (0.064) | 0.235 | | 0.838 | 0.758 | | 0.829 | 0.643 |
| Farm ownership | 0.114 | (0.014) | 0.119 | (0.013) | 0.194 | 0.506 | 0.445 | 0.410 | 0.498 | 0.434 | 0.363 |
| Wealth Ratio (to Whites) | | | | | | | | | | | |
| Personal Estate | | | 0.148 | (0.016) | 0.048 | | | | | 0.97 | 0.79 |
| Real Estate | 0.128 | (0.015) | 0.140 | (0.015) | 0.029 | | | | 0.98 | 0.97 | 0.79 |
| Total Estate | | | 0.143 | (0.016) | 0.035 | | | | | 0.97 | 0.79 |
| Price-Adjusted Personal Estate | | | 0.143 | (0.016) | 0.046 | | | | | 0.97 | 0.79 |
| Price-Adjusted Real Estate | 0.127 | (0.015) | 0.139 | (0.015) | 0.029 | | | | 0.98 | 0.97 | 0.79 |
| Price-Adjusted Total Estate | | | 0.141 | (0.015) | 0.034 | | | | | 0.97 | 0.79 |
| Personal Estate > 0 | | | 0.679 | (0.075) | 0.300 | | | | | 0.99 | 0.85 |
| Real Estate > 0 | 0.366 | (0.043) | 0.440 | (0.048) | 0.122 | | | | 0.99 | 0.98 | 0.81 |
| Total Estate > 0 | | | 0.698 | (0.077) | 0.310 | | | | | 0.99 | 0.85 |
| Farm ownership | 0.225 | (0.027) | 0.267 | (0.029) | 0.473 | | | | 0.98 | 0.98 | 0.88 |
| Race Variables | | | | | | | | | | | |
| Black | 1.000 | | 1.000 | | 1.000 | - | - | - | 0.022 | 0.032 | 0.217 |
| Black | 0.677 | | 0.635 | | 0.881 | - | - | - | 0.015 | 0.020 | 0.191 |
| Mulatto | 0.323 | | 0.365 | | 0.119 | - | - | - | 0.007 | 0.012 | 0.026 |
| White | - | | - | | - | 1.000 | 1.000 | 1.000 | 0.978 | 0.966 | 0.781 |
| Other | - | | - | | - | - | - | - | - | 0.002 | 0.002 |
| Chinese | - | | - | | - | - | - | - | - | 0.001 | 0.001 |
| Indian | - | | - | | - | - | - | - | - | 0.001 | 0.001 |
| Schooling Variables | | | | | | | | | | | |
| Literacy | 0.527 | | 0.583 | | 0.146 | 0.903 | 0.913 | 0.885 | 0.895 | 0.902 | 0.724 |
| Occupation Variables | | | | | | | | | | | |
| Labor Force Participation | 0.656 | | 0.823 | | 0.890 | 0.873 | 0.910 | 0.887 | 0.868 | 0.907 | 0.888 |
| Unskilled | 0.371 | | 0.509 | | 0.705 | 0.100 | 0.146 | 0.230 | 0.106 | 0.158 | 0.333 |
| Skilled | 0.166 | | 0.191 | | 0.071 | 0.218 | 0.233 | 0.227 | 0.217 | 0.232 | 0.193 |
| White-Collar | 0.018 | | 0.019 | | 0.009 | 0.085 | 0.107 | 0.119 | 0.083 | 0.104 | 0.095 |
| Farmer | 0.107 | | 0.112 | | 0.187 | 0.475 | 0.431 | 0.395 | 0.467 | 0.420 | 0.349 |
| Student or Retired | - | | 0.001 | | 0.000 | 0.000 | 0.002 | 0.009 | 0.000 | 0.002 | 0.007 |
| Other | 0.338 | | 0.167 | | 0.027 | 0.122 | 0.082 | 0.020 | 0.127 | 0.085 | 0.022 |

943 **Source:** Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS

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Table 7b-2. The Sample Means of the IPUMS Data, 1850 through 1870

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| Race: | Free Blacks | | | Whites | | | Overall | | |
|--------------------------------------|-------------|--------|--------|--------|--------|--------|---------|--------|--------|
| Year: | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 |
| Demographic Variables | | | | | | | | | |
| Male | 0.750 | 0.727 | 0.820 | 0.910 | 0.908 | 0.893 | 0.907 | 0.902 | 0.877 |
| Number of persons in the household | 4.581 | 4.684 | 4.705 | 5.532 | 5.267 | 5.166 | 5.511 | 5.247 | 5.064 |
| Number of families in the household | 1.295 | 1.263 | 1.194 | 1.382 | 1.354 | 1.371 | 1.380 | 1.352 | 1.335 |
| Married | 0.639 | 0.613 | 0.716 | 0.830 | 0.822 | 0.818 | 0.826 | 0.814 | 0.794 |
| Number of children > 0 | 0.688 | 0.715 | 0.746 | 0.818 | 0.810 | 0.804 | 0.815 | 0.806 | 0.790 |
| Number of children | 2.023 | 2.117 | 2.233 | 2.819 | 2.619 | 2.504 | 2.802 | 2.600 | 2.442 |
| Number of children under 5 years old | 0.589 | 0.553 | 0.682 | 0.752 | 0.750 | 0.662 | 0.748 | 0.742 | 0.665 |
| Youngest child | 4.916 | 5.675 | 4.413 | 5.239 | 5.173 | 5.750 | 5.232 | 5.187 | 5.452 |
| Oldest child | 9.366 | 10.521 | 9.462 | 11.372 | 10.852 | 11.317 | 11.328 | 10.834 | 10.899 |
| Age | 42.450 | 42.890 | 39.839 | 41.525 | 41.384 | 42.806 | 41.546 | 41.424 | 42.146 |
| < 20 years old | 0.009 | 0.007 | 0.018 | 0.003 | 0.004 | 0.004 | 0.003 | 0.004 | 0.007 |
| 20-29 years old | 0.182 | 0.176 | 0.258 | 0.197 | 0.195 | 0.172 | 0.197 | 0.194 | 0.191 |
| 30-39 years old | 0.274 | 0.254 | 0.248 | 0.301 | 0.304 | 0.276 | 0.300 | 0.302 | 0.270 |
| 40-49 years old | 0.225 | 0.244 | 0.214 | 0.231 | 0.233 | 0.243 | 0.231 | 0.233 | 0.236 |
| 50-59 years old | 0.171 | 0.170 | 0.146 | 0.149 | 0.151 | 0.172 | 0.149 | 0.151 | 0.166 |
| 60-69 years old | 0.085 | 0.093 | 0.080 | 0.082 | 0.080 | 0.093 | 0.082 | 0.080 | 0.090 |
| 70-79 years old | 0.035 | 0.035 | 0.026 | 0.029 | 0.027 | 0.033 | 0.029 | 0.028 | 0.032 |
| 80-89 years old | 0.009 | 0.018 | 0.007 | 0.007 | 0.006 | 0.006 | 0.007 | 0.006 | 0.006 |
| 90+ years old | 0.009 | 0.004 | 0.003 | 0.001 | 0.001 | 0.000 | 0.001 | 0.001 | 0.001 |
| Region Variables | | | | | | | | | |
| Rural | 0.621 | 0.615 | 0.863 | 0.802 | 0.753 | 0.718 | 0.798 | 0.749 | 0.749 |
| Metropolitan area | 0.224 | 0.258 | 0.066 | 0.122 | 0.172 | 0.196 | 0.125 | 0.175 | 0.168 |
| Slave state | 0.528 | 0.525 | 0.908 | 0.286 | 0.255 | 0.249 | 0.291 | 0.263 | 0.391 |
| Northeast | 0.054 | 0.050 | 0.006 | 0.145 | 0.121 | 0.106 | 0.143 | 0.118 | 0.084 |
| Mid-Atlantic | 0.304 | 0.253 | 0.033 | 0.293 | 0.276 | 0.252 | 0.293 | 0.275 | 0.204 |
| Midwest | 0.113 | 0.153 | 0.052 | 0.263 | 0.320 | 0.361 | 0.260 | 0.314 | 0.294 |
| Southeast | 0.493 | 0.474 | 0.747 | 0.256 | 0.215 | 0.208 | 0.261 | 0.223 | 0.324 |
| Southwest | 0.035 | 0.050 | 0.161 | 0.031 | 0.040 | 0.041 | 0.031 | 0.040 | 0.067 |
| West | 0.001 | 0.019 | 0.002 | 0.012 | 0.028 | 0.032 | 0.012 | 0.030 | 0.027 |
| Moved to Northeast | 0.023 | 0.023 | 0.003 | 0.023 | 0.029 | 0.031 | 0.023 | 0.029 | 0.025 |
| Moved to Mid-Atlantic | 0.097 | 0.079 | 0.012 | 0.106 | 0.117 | 0.109 | 0.106 | 0.116 | 0.088 |
| Moved to Midwest | 0.102 | 0.118 | 0.037 | 0.210 | 0.244 | 0.251 | 0.208 | 0.239 | 0.204 |
| Moved to Southwest | 0.010 | 0.013 | 0.102 | 0.026 | 0.033 | 0.033 | 0.026 | 0.033 | 0.048 |
| Moved to Southeast | 0.006 | 0.006 | 0.006 | 0.025 | 0.026 | 0.027 | 0.025 | 0.025 | 0.023 |
| Moved to West | 0.001 | 0.016 | 0.002 | 0.009 | 0.025 | 0.029 | 0.009 | 0.025 | 0.024 |
| Stayed in Northeast | 0.031 | 0.028 | 0.003 | 0.123 | 0.092 | 0.075 | 0.121 | 0.089 | 0.059 |
| Stayed in Mid-Atlantic | 0.207 | 0.174 | 0.021 | 0.187 | 0.158 | 0.144 | 0.188 | 0.158 | 0.117 |
| Stayed in Midwest | 0.010 | 0.035 | 0.015 | 0.053 | 0.076 | 0.110 | 0.052 | 0.075 | 0.090 |
| Stayed in Southwest | 0.025 | 0.038 | 0.058 | 0.005 | 0.006 | 0.008 | 0.005 | 0.007 | 0.019 |
| Stayed in Southeast | 0.486 | 0.469 | 0.741 | 0.230 | 0.190 | 0.180 | 0.236 | 0.198 | 0.302 |
| Stayed in West | - | 0.002 | 0.000 | 0.004 | 0.004 | 0.003 | 0.004 | 0.005 | 0.003 |


Source: Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS

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Table 7b-3. The Sample Means of the IPUMS Data, 1850 through 1870

| Race: | Free Blacks | | | Whites | | | Overall | | |
|-------------------------------------|-------------|-------|--------|--------|--------|--------|---------|--------|--------|
| Year: | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 | 1850 | 1860 | 1870 |
| Region Variables (continued) | | | | | | | | | |
| Migrated to a different state | 0.340 | 0.343 | 0.359 | 0.545 | 0.594 | 0.597 | 0.540 | 0.586 | 0.546 |
| Migrated to a different region | 0.241 | 0.255 | 0.162 | 0.398 | 0.474 | 0.479 | 0.395 | 0.467 | 0.411 |
| Born in Northeast | 0.035 | 0.038 | 0.004 | 0.174 | 0.134 | 0.108 | 0.171 | 0.130 | 0.085 |
| Born in Mid-Atlantic | 0.225 | 0.197 | 0.024 | 0.266 | 0.242 | 0.223 | 0.265 | 0.240 | 0.179 |
| Born in Midwest | 0.012 | 0.037 | 0.020 | 0.058 | 0.084 | 0.120 | 0.057 | 0.083 | 0.099 |
| Born in Southeast | 0.682 | 0.669 | 0.886 | 0.325 | 0.274 | 0.254 | 0.333 | 0.286 | 0.391 |
| Born in Southwest | 0.026 | 0.041 | 0.063 | 0.005 | 0.007 | 0.009 | 0.006 | 0.008 | 0.021 |
| Born in West | - | 0.002 | 0.000 | 0.004 | 0.004 | 0.003 | 0.004 | 0.005 | 0.003 |
| Born in other US Territory | 0.001 | 0.001 | 0.000 | 0.001 | 0.000 | 0.000 | 0.001 | 0.000 | 0.000 |
| Born in foreign country | 0.019 | 0.015 | 0.002 | 0.168 | 0.256 | 0.282 | 0.165 | 0.248 | 0.222 |
| Price Index | | | | | | | | | |
| Regional Price Index | 88.45 | 93.53 | 158.32 | 90.15 | 97.46 | 149.86 | 90.11 | 97.34 | 151.69 |
| Number of Observations | 773 | 1,703 | 18,940 | 34,671 | 51,776 | 68,122 | 35,444 | 53,594 | 87,227 |

Source: Information collected, calculated and compiled by James Curtis Jr (2002); IPUMS

Five years after emancipation, blacks made gains in the total wealth. Total wealth includes the value of personal and other wealth. The value of southern total estate was inflated by the value of slaves. Slave owners included the value of slaves in their personal estate.


On average, the value of black total wealth, adjusted by regional prices, was \$124 in 1870 while whites held \$3,548 in total estate. Total estate wealth grew by 47 percent between 1860 and 1870 among blacks while white total estate wealth fell 33 percent between 1860 and 1870. See the empirical results section for a complete discussion of black-white wealth differences.

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1079 Black-white differences in schooling and employment were also quite large in 1870. 14.6 percent of the black population was
1080 literate while 88.5 percent of the white population could read and write. While 89 percent of both, blacks and whites, were
1081 employed, occupation concentrations were different. In 1870, 70.5 percent of blacks had unskilled jobs, compared to 23 percent
1082 of whites. In contrast, 18.8 percent of blacks were either white-collar workers or farmers, compared to 53.8 percent of whites.

1083 White occupational concentrations changed quite dramatically between 1850 and 1870. The portion of white unskilled
1084 workers grew 46.2 percent between 1850 and 1860 and 57.3 percent between 1860 and 1870 while the portion
1085 of white-collar worker grew less dramatically during this period. The portion of white-collar workers grew 25.8 percent
1086 between 1850 and 1860 and 12.1 percent between 1860 and 1870. Simultaneously, the portion of white farmers
1087 fell 9.3 percent between 1850 and 1860 and 8.4 percent between 1860 and 1870. Naturally, this coincided with a
1088 continual decline in farm ownership among whites over the twenty-year period.
1089

1090 Blacks and whites were also different demographically in 1870. 18 percent of black households had female heads while only 10.7
1091 percent of white households had female heads. Similarly, only 71.6 percent of black household heads were married while 81.8
1092 percent of white household heads were married. White households also had more residents, including children. Furthermore, the
1093 average age of the white household head, youngest child and oldest child is older than the average ages of the black household
1094 head, youngest child and oldest child, respectively. White demographics gradually changed over the twenty-year period. The number
1095 of persons in a household, number households with children and number of children all fell. Simultaneously, the number of white
1096 male and white married household heads fell. Among free blacks, the proportion that was male and married also fell between
1097 1850 and 1860.


1098
1099 Regional differences were also quite large in 1870. The only dramatic regional differences among whites prior to 1870 were
1100 changes in the western and foreign-born population. 12 percent of whites lived in west in 1850. This portion of the population
1101 grew by 129 percent between 1850 and 1860 and 12 percent between 1860 and 1870. Additionally, Joseph Ferrie reports
1102 that the portion of white foreign-born population grew by 52 percent between 1850 and 1860 and 10 percent between
1103 1860 and 1870 (1999). 1850 and 1860 free blacks were regionally different than whites and all blacks in 1870. Only
1104 one-in-two free blacks lived in slave states, with the remaining plurality living in the Mid-Atlantic. More than one-in-three free

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1105 blacks lived in urban areas between 1850 and 1860—significantly larger than whites and all blacks in 1870. One-in-three free
1106 blacks were also born outside of the southeast region in 1850 and 1860. Furthermore, 34 percent of free blacks migrated to a
1107 different state in 1850 and 1860 and over seventy percent of these migrants migrated to a new region. Only one-in-four whites
1108 lived in former slave states while nine out of ten blacks lived in former slave states. As a result blacks were more likely to live in
1109 rural areas than blacks (86.3 percent of blacks to 71.8 percent of whites). This occurred because whites were more regionally
1110 mobile than blacks. 35.9 percent of blacks migrated from their birth state and 45 percent these migrants reside in a new region.
1111 However, 59.7 percent of whites migrated from their birth state and 80 percent of these migrants changed regions. The key
1112 regional difference may be that only 11.4 percent of blacks were born outside the Southeast while the largest birth segment among
1113 whites was foreign-born (28.2 percent). Joseph Ferrie conducts a thorough analysis of the immigrant experience during this
1114 period (1999).

1115
1116 Five years after emancipation, blacks, on average, held \$71 in real estate wealth while whites held \$2,437. These estimates are
1117 consistent with the estimates of Soltow (1972; 1975). Although Soltow (1972) only collected a sample of 393 non-whites in
1118 1870, he found their average wealth was \$73, compared to \$2,661 among whites. Soltow (1975) found similar differences in
1119 free black and white wealth using a sample of 151 blacks. He conducted one of the first in-depth studies of mid-nineteenth
1120 century wealth accumulation patterns using the census population schedules. Note that these schedules were originally are stored on
1121 microfilms. He spun the microfilm half-turns to collect random, cross-sectional samples from 1850–1870. He found that
1122 average black wealth in 1870 was \$74 while average white wealth in \$2,691.


1123
1124 Given that blacks held only 2.9 percent of the average white real estate wealth in 1870—up from the 1.5 percent in 1850
1125 and 1860, the fact that the growth of real estate wealth favored blacks over this time period may not be surprising. Among blacks,
1126 average real estate wealth, adjusted by regional prices, grew by 28 percent between 1850 and 1860 and 33 percent between
1127 1860 and 1870. Among whites, price adjusted real estate wealth also grew by 28 percent between 1850 and 1860 but fell

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1128 by 25 percent between 1860 and 1870. This white wealth recession was primarily due to the losses incurred by the southern
1129 whites after the Civil War.
1130
1131 Property-holding patterns were similar to real estate wealth patterns. Only 6.7 percent of blacks in 1870 held property (or a
1132 positive value of real estate wealth) while 54.6 percent of whites held property in 1870. The growth in black property-holders
1133 outpaced the growth of black real estate wealth. Blacks property holders grew 17 percent between 1850 and 1860 and 148
1134 percent between 1860 and 1870. Among whites, property holders grew by five percent between 1850 and 1860 and fell two
1135 percent between 1860 and 1870. Overall, the ratio of black to white property holders was 12.2 percent in 1870, up from 4.3
1136 percent in 1850 and 4.8 percent in 1860.
1137
1138 Blacks made similar gains in the total estate. Total estate includes the value of personal estate and real estate. The value of southern
1139 total estate was inflated by the value of slaves. Slave owners included the value of slaves in their personal estate. On average, the
1140 value of black total estate wealth, adjusted by regional prices, was \$124 in 1870 while whites held \$3,548 in total estate. Total
1141 estate wealth grew by 47 percent between 1860 and 1870 among blacks while white total estate wealth fell 33 percent
1142 between 1860 and 1870. Black total estate holders (or blacks possessing a positive value of total estate wealth) grew by 265
1143 percent to 23.5 percent in 1870 while white total estate holders fell by 9.6 percent to 75.8 percent in 1870. Overall, the ratio
1144 of black to white total estate wealth was 3.5 percent while the ratio of black to white total estate holders was 31 percent in 1870.
1145 These descriptive statistics document the general improvements in the condition of the average black relative to the average white
1146 after the abolition of slavery.

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