Seth Rockman
Testimony to the U.S. House Committee on Financial Services
Subcommittee on Oversight and Investigations
"An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement, Part II"
December 7, 2022

Chairwoman Waters, Subcommittee Chairman Green, and Members of the Subcommittee:

I am honored to speak with you today. Thank you for your willingness to confront the painful history of slavery as we envision a more just American future.

I join you today in my capacity as a historian whose research for the last twenty-five years has focused on the role of slavery in American capitalism. In my scholarship, I have argued that slavery shaped the terrain of economic development in the United States. From before national independence but certainly accelerating after it, the United States offered Europeans and Euro-Americans the chance to escape from their pasts, to transcend their station at birth, and to believe that their hard work would be rewarded with independence, security, and comfort. Over the same time horizon, however, the United States obliterated these same possibilities for generations of African-descended people condemned to hereditary status as property and subject to a regime of violent labor extraction. These were not unrelated phenomena, and I do not believe that we, as a society, have fully grasped the degree to which the economic opportunity we celebrate as characteristic of the American experience writ large was historically contingent upon the exploited labor and commodified bodies of Black Americans.[1]

My reflections also draw on my experiences as a member of a community that has grappled with its own historical relationship to slavery's ill-gotten gains. Although I speak today for myself rather than for my employer, I must acknowledge the ongoing work at Brown University to chart a pathway towards social justice by starting from an honest accounting of the institution's past. Reflecting on the Slavery and Justice Initiative she launched, our former president, Dr. Ruth Simmons recently recalled her hope that Brown's rigorous engagement with this history might serve as a model for the nation itself.[2] The hearings you have held this year suggest the continuing promise of pairing historical truth-telling with accountability and repair.

My research specifically considers slavery as a *national economic institution*, not merely a southern one, but rather one whose products and profits shaped lives and livelihoods thousands of miles away: in the Pennsylvania and Rhode Island textile mills that voraciously consumed slave-grown cotton; in a small Massachusetts village where virtually every family was involved

---

[1] Representative work includes "The Unfree Origins of American Capitalism," in *The Economy of Early America: Historical Perspectives and New Directions*, ed Cathy Matson, (University Park: Pennsylvania State University Press, 2006), 335-361; *Scraping By: Wage Labor, Slavery, and Survival in Early Baltimore* (Baltimore: Johns Hopkins University Press, 2009); *Slavery's Capitalism: A New History of American Economic Development*, co-edited with Sven Beckert, (Philadelphia: University of Pennsylvania Press, 2016).

[2] "'A Simple Question Needed to be met with a Straightforward Answer': An Interview with Brown University President Emerita Dr. Ruth J. Simmons," Brown University's Slavery and Justice Report, 2021 edition, https://slaveryandjusticereport.brown.edu/essays/simmons-bogues/

in making shoes for enslaved people to wear on southern plantations; in the counting houses of New York, Philadelphia, and Boston where numerous financial calculations traced back to the price of cotton and the assets stored in the bodies of enslaved people as saleable property. As Professor Sven Beckert testified to the Committee in April 2022, these long-distance economic entanglements were not secret in the nineteenth century.[3]

In light of these entanglements, my observations today emerge from the difficulty of determining precisely where the economy of slavery ended and some other kind of economy presumably began. These blurred boundaries suggest that the Committee must be expansive in how it defines "involvement in chattel slavery"[4] as it calls upon the banking and insurance sectors to account for their historic connections to human bondage.

Let me offer two examples. Berkshire Hathaway was once a textile company, whose Berkshire genealogy traces to a New England Quaker entrepreneur and cotton mills built in Rhode Island and Massachusetts as early as 1806. The Valley Falls Company was founded in the 1830s; it eventually merged with the Berkshire Manufacturing Company in 1929; and the resulting firm then merged with the Hathaway Manufacturing Company in 1955. This history might differently inform the firm's response to the Committee's June 6, 2022 request for information on "predecessor institutions' involvement in the financing of chattel slavery." The proprietors of the Valley Falls Company might never have made loans on slaves nor accepted slaves as collateral. And indeed, the firm's governing families demonstrated a bold commitment to abolitionism (something the Committee asked about in Question 5f).[5] However, they rarely paused to ask where their cotton came from, and as with almost every other firm in the New England textile manufacturing complex before 1865, virtually every cotton fiber they spun and wove would have been slave-grown and slave-picked.[6]

Where does this leave us? The indispensable raw material of a leading industrial sector of the antebellum United States came from enslaved people's stolen labor: cotton pressed into bales, carried from New Orleans or Mobile to places like Providence or Boston, and manufactured into

---

[3] House Financial Services Committee, *Written Testimony of Dr. Sven Beckert, An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[4] Subcommittee Memorandum, Dec. 2, 2022.

[5] Roger Lowenstein, *Buffett: The Making of an American Capitalist* (1995; New York: Random House, 2008), 121–123; This genealogy is "public" to the extent that it appears on the Berkshire Hathaway Wikipedia page (accessed Dec. 5, 2022), but also see William R. Bagnall, *The Textile Industries of the United States…* , Vol I, (Cambridge: Riverside Press, 1893), 430; Elizabeth C. Stevens, *Elizabeth Buffum Chace and Lillie Chace Wyman: A Century of Abolitionist, Suffragist, and Workers' Rights Activism* (Jefferson, NC: McFarland & Co., 2003), 43.

[6] Without access to slave-grown cotton, the factory system in New England would have remained small, inconsequential, and unlikely to merit the capital investments that facilitated massive technological innovation. It was a regional economy built on slavery, albeit a slavery that flourished thousands of miles away and largely out of sight of the region's industrialists and laborers. More remarkably, even as so many of those manufacturers and workers harbored incredibly strong opinions against slavery, they did so without ever quite grasping the degree to which their own lives and livelihoods were entangled in that system. See Carol Lasser, "Conscience and Contradiction: The Moral Ambiguities of Antebellum Reformers Marcus and Rebecca Buffum Spring," *Journal of the Early Republic* 38 (Spring 2018): 1–35 ("While Marcus and Rebecca did good while doing well, their philanthropy, even their engagement in radical abolition, rested on profits extracted from the exploitation of enslaved labor" [2]).

yarn and cloth by New England's wage-earning working class. New England textile manufacturers, as well as *their* lenders, *their* investors, *their* insurers, had a stake in the price of slave-grown cotton that rivaled that of any slaveholder.[7] Does this then demand a broader sense of what it means to *finance* slavery? I submit that a nineteenth-century textile firm manufacturing slave-grown cotton or a bank financing such operations would fall under the clause of the proposed H.R.__ , *to amend the Securities Exchange Act of 1934* asking for disclosure of "direct or indirect ties" as well as profits from "the institution of slavery."[8]

The same would hold true for a firm that brokered slave-grown cotton or sugar into global markets. Take Brown Brothers Harriman, which a celebratory biographer noted in 2021 was the nation's "largest cotton trader before the Civil War."[9] Impressively, this history is available on the corporate website, noting that "Today, the firm is deeply remorseful for Brown Brothers' involvement in the cotton trade which relied on slave labor."[10] Over the course of the antebellum period, the Brown Brothers (no relation to those in Providence) issued loans (or advances) on slave-grown commodities; and sometimes when their debtors couldn't pay, they foreclosed on plantations and slaves—those explicitly pledged as collateral and those simply recognized as property that was (in the term of the day) *come-at-able* by creditors. The Brown Brothers remind us of two important considerations: First, that bales of cotton and hogsheads of sugar—*the products of stolen slave labor*— were perhaps more likely to be collateralized than actual slaves themselves.[11] Second, that antebellum creditors did not need slaves to be explicitly collateralized for them to function as the generators of credit: property law generally allowed their availability to be assumed, just as the estimated market value of enslaved men, women, and children was what made a potential borrower creditworthy in the first place. Once again, then, we must recognize that for firms doing business in the antebellum period, the financing of slavery—and in turn, the mountain of commercial credit built atop slavery and slave-grown commodities—

[7] Abolitionist protesters didn't gather outside factory gates in New England to insist that white cotton must be imagined as stained red with the blood of American slaves—a strategy that British abolitionists had mobilized quite effectively with consumers of white sugar from the 1790s onward. Politicians might point to the alliance of "lords of the lash and lords of the loom" without calling for the factory system to be shut down until an untainted source of cotton could be found. A New England public that was infuriated by the Fugitive Slave Act or that signed petitions to abolish slavery in Washington DC harbored very little outrage over Pawtucket or Lowell's position in a supply chain that originated on the very plantations from which fugitive slaves might run.

[8] Proposed Legislation included in Subcommittee Memorandum, Dec. 2, 2022.

[9] Zachary Karabell, "The Capitalist Culture that Built America," *Wall Street Journal*, May 14, 2021. Book reviews of Karabell's *Inside Money: Brown Brothers Harriman and the American Way of Power* (New York: Penguin Press, 2021) reveal the failure of business journalists to take the history of slavery seriously and suggest the conceptual impediments to a meaningful conversation on this topic. For example, a review appearing in the *Financial Times* touted the firm's success "underwriting cotton shipments to Britain on behalf of farmers in the American South." See https://www.ft.com/content/d5975387-79d3-4f31-a2d3-82303d06c815. The *New York Times* positive review of the book entitled "The Wall Street Capitalists Who Put Morals Above Money" contained an obligatory single-line reference before moving ahead: "Regrettably, it became a major facilitator of slave-picked cotton." See https://www.nytimes.com/2021/05/18/books/review/inside-money-zachary-karabell.html?smid=tw-share

[10] https://www.bbh.com/us/en/bbh-who-we-are/our-story/200-years-of-partnership/the-cotton-trade.html

[11] Calvin Schermerhorn, *The Business of Slavery and the Rise of American Capitalism, 1815–1860* (New Haven: Yale University Press, 2015), 97, 107, 119.

was more expansive than we would see if we just scoured the archives for debt instruments explicitly backed by enslaved people.[12]

Over the last two decades, one of the most remarkable transformations in the study of American slavery has been the recognition of slavery as not only a labor system, but also a financial regime, national in scope; in other words, an interregional system for storing, growing, and moving capital. Eventually, scholars may find that the wealth created in credit lines, tax breaks, rental revenues, annuities, and sales—that is, valued generated by the market and the law's treatment of enslaved men, women, and children as assets— was comparable to the value of the cotton, sugar, and rice those same men, women, and children produced through unpaid field labor. Simply by creating a balance in a ledger book, slave ownership boosted an individual's net worth, opened access to credit, and served as the dowries and inheritances that predicated generations of white prosperity on the ownership of generations of Black families, often including those yet unborn.[13]

As we assign a central role to finance in the overall functioning of American slavery, we must remember that every time a nineteenth-century banker or merchant referred to property being "settled" or "sacrificed," he was referring to a parent being sold away from a child or a wife sold away from a husband. Discussions of "securing" property should evoke of the chains, padlocks, and pens that held enslaved people in captivity; whenever we hear mention of "collateral," we must confront the collateral damage of family separations, and remember that the affective costs of settling such debts are far higher than anything that could be listed on a balance sheet.

In reflecting upon this history, I share the Committee's desire to hold specific firms to account; and like Professor Federman, I see constructive outcomes from such reckonings when undertaken in pursuit of restorative justice.[14] But I also want to concur with a comment that Professor Darity made in his April 5, 2022 testimony: the largest burden falls upon the federal government under which all of these horrific transactions and financial speculations were legal.[15] We must recognize that from the time of the Founding to the Civil War, entrenched legal

---

[12] On slave sales as the backstop of interregional and international credit transactions often without explicit collateralization, see Justin Simard, "Slavery's Legalism: Lawyers and the Commercial Routine of Slavery," *Law and History Review* 37 (May 2019): 571–603; Michael O'Malley, *Face Value: The Entwined Histories of Money and Race in America* (Chicago: University of Chicago Press, 2012), ch. 2; Edward E. Baptist, "Toxic Debt, Liar Loans, Collateralized Human Beings, and the Panic of 1837," in *Capitalism Takes Command: The Social Transformation of Nineteenth-Century America*, eds. Michael Zakim and Gary J. Kornblith, (Chicago: University of Chicago Press, 2012), 69–92; Scott Reynolds Nelson, *A Nation of Deadbeats: An Uncommon History of America's Financial Disasters* (New York: Alfred A. Knopf, 2012), 100-108.

[13] Gavin Wright, *Slavery and American Economic Development* (Baton Rouge: Louisiana State University Press, 2006); Robin L. Einhorn, *American Taxation, American Slavery* (Chicago: University of Chicago Press, 2006); Daina Ramey Berry, *The Price for their Pound of Flesh: The Value of the Enslaved, from Womb to Grave, in the Building of a Nation* (Boston: Beacon Press, 2017); Jennifer L. Morgan, *Reckoning with Slavery: Gender, Kinship, and Capitalism in the Early Black Atlantic* (Durham: Duke University Press, 2021).

[14] House Financial Services Committee, *Spoken Testimony of Dr. Sarah Federman, An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[15] House Financial Services Committee, *Spoken Testimony of Dr. William Darity, Jr., An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

definitions of property in people and prevailing legal commitments to the sanctity of contract allowed the edifice of American finance to be built upon enslaved labor, reaching deep into places where slavery itself had been abolished.[16] Slavery was a national institution, and whatever successes we will have in redressing slavery's long-lasting harms must be national in scale. I commend this Committee's efforts to put Congress— the deliberative body that legislates on behalf of the nation— at the forefront of specific policymaking that will seek to close the racial wealth gap, create civic space for remembrance and reconciliation, and preserve a truthful accounting of the American past, lest anyone in the future try to erase the fundamental fact that for much of our nation's history, market freedom and human freedom stood in painful opposition to one another.

[16] On the distressing persistence of slave-era law in modern jurisprudence, see Justin Simard, "Citing Slavery," *Stanford Law Review* 72 (January 2020): 79–125.