Wealth Inequality and Social Mobility in Barbados since Emancipation (1834)[1]

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Abstract

Using Barbados as a case study, we study the links between societal and institutional change and wealth inequality. Barbados transitioned from a slave society to a liberal democracy during the 19th and 20th centuries, undergoing a significant social and economic transformation with the end of slavery and plantations. However, we find that for 70 years after Emancipation, wealth inequality in Barbados was persistently very high despite these societal changes. We argue that discrimination, political power of the elites, and extractive economic institution, placed within Barbados' unique geographical context, did not allow for wealth inequality to decline as happened in other former slave societies.

1. Introduction

Wealth inequality in contemporary society is rooted in historical social structures and dynamics. This inequality is persistent over the long run and continues to affect today's distribution of wealth with consequent spillovers into health, education, and the equality of opportunity. Over the long run, persistently high wealth inequality tilts institutions and erodes the social contract between citizens and the state. Wealth inequality therefore plays a major role in shaping the economic environment and the cohesion of society.

Using Barbados as a case study, we aim to study the links between societal and institutional change and wealth inequality. Barbados is a compelling case of transitioning from a slave society to a liberal democracy during the 19th and 20th centuries. During this time, Barbados underwent a significant socioeconomic transformation due to the drastic reallocation of wealth with the end of slavery and plantations. While slave owners' wealth was already augmented with slave compensation, the country's unique geography further entrenched the ruling-elite class long after Emancipation. The Black population faced several difficulties in accumulating wealth, including restrictions regarding migration and limitations on land sales. In addition, even though Barbados was nominally a democracy throughout this period, the right to vote was given to a very narrow part of the society; the wealth requirement to be eligible to vote was high enough so that in practice excluded most of Black Barbadians. In general, discriminating laws persisted until at least the 1930s' when the process of

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political inclusion started due to the 1937 rebellion—a reaction from the general population against racial discrimination, low pay, socio-political exclusion, and covert racism (Browne, 2012). So, we are aiming to answer the following questions. What is the socioeconomic transformation after Emancipation under these circumstances? What was the evolution of wealth inequality over time?

To answer these questions, we need to measure inequality first. Even though we have excellent historical sources capturing the essence of this period (Barrow 1983, Beckles 2006, Browne, 2012), we have virtually no information on inequality over the general population. Basically, our knowledge is limited to the size and owners of the plantations. To this end, we collected data from the so-called Levy books in Barbados which record parochial taxes. The parochial taxes are proportional to the value of the house (as imputed rent), the value of the rent, or the value of land, the distribution of taxes, and hence, can be used as a proxy for the distribution of wealth.

Our preliminary findings indicate that apart from a potential initial decrease in inequality post emancipation, assuming that in the pre-Emancipation inequality should have been very close to its maximum i.e. Gini equal to 1, Barbados exhibited a high and stable level of wealth inequality with a potentially increasing trend from 1851 to 1911. Moreover, land inequality in acreage holdings is very high, Gini almost 1, which means very few families own most of the available land. Overall, these preliminary results contrast with the post-Emancipation experience in other countries such as the US (see e.g. Fochesato and Bowles (2017), Saez and Zucman, 2016, and Derenoncourt et al., 2022) or Jamaica (Broom, 1954) over the first 100 years after Emancipation. This finding is unexpected—such a massive structural change in institutions and society ought to reduce inequality. However, discrimination, prejudice, and extractive economic institutions were nearly as effective at maintaining the hierarchy of wealth as enslavement was.

2. Literature

Inequality and institutions are interrelated. This is the thesis of the seminal book by Acemoglu and Robinson, "Why Nations Fail", (2012). The main factor that matters for growth and ultimately for inequality are the institutions i.e. "the rules of the game". If institutions are extractive, then there is more exploitation, higher inequality, and lower growth, while the opposite happens with inclusive institutions. Digging a bit deeper, the relationship between specific types of institutions, namely democracy, and wealth inequality is complex and context dependent. There are mixed findings on whether democracy decreases wealth inequality. In Scheve and Stasavage (2017) argue that democracy and high levels of wealth inequality can coexist due to factors such as societal divisions and voter preferences, while Islam (2016) finds that political freedom reduces income inequality across countries, but only in democracies. Timmons (2008) finds no relationship between democracy and aggregate measures of economic inequality, nor evidence that democracy affects the tax system or labour market. Milanovic *et al.* (2001) suggests that the relationship between democracy and income inequality depends on prevailing ideology, with democratization reducing inequality in societies that value equality less. In a review article, Acemoglu et al. (2015) find that there is a significant and robust effect of democracy on tax revenues (% of GDP), but no robust impact on inequality. Constantine and Khemraj (2019) synthesized current theories regarding socioeconomic transformation and highlighted that there are deep factors that alter inequality and, in turn, are altered by inequality.

A more specific relationship between institutions and *land* inequality, a special form of wealth inequality, which was more prevalent in older societies. For example, Galor *et al.* (2005 & 2008) argue that land inequality adversely affects the emergence of human-capital promoting institutions, such as public schooling, which in turn affects the pace and nature of the transition from an agricultural to an industrial economy. Lesorogol (2003) examines how a community of pastoralists in Kenya transformed their land tenure system from communal to private ownership, and shows how inequalities and conflicting interests among different social groups provided impetus for change. Frankema (2010) assesses the colonial roots of land inequality and concludes that pre-colonial institutions played a significant role in shaping the colonial political economic context in which land is (re)distributed from natives to colonial settlers.

However, land inequality might affect institutions too in the sense that landholding inequality might prevent democratization. On the one hand, landholding inequality undercuts the prospects of democratization, even holding income inequality constant (see Ziblatt, 2008) while stronger landholding inequalities were associated with lower support for democracy (Montalbo, 2023). On the other hand, Ansell and Samuels (2008) suggests that land and income inequality impact democratization differently, with autocracies with unequal land distribution being less likely to democratize, while autocracies with substantial income inequality are more likely to democratize. Moreover, there is evidence that the wealthy elites have control over the political process (e.g. Bartels (2010), Gilens and Page (2014), van der Weide and Milanovic (2018)). This does not have only beneficial effects for the elites in the short run e.g. profitability via rent seeking and exploitation of opportunities, but also longer run income prospects since they can change the institutions in their favour e.g. via favouring legislation or putting obstacles to reforms. This might be an explanation of why in Barbados it took more than 100 years to institutionalise enfranchisement to a greater degree.

Overall, this strand of literature suggests that landholding inequality can be a barrier to democratization, but the relationship between inequality and democratization, and economic or political institutions in general, is complex, depends on various factors and is context dependent.[2] Since the results are context dependent, then potentially panel regressions across countries might be misleading. The alternative approach is to use example countries to uncover the relationship between institutions and inequality. Here, we exploit the evolution of wealth inequality and quasi natural experiments to understand this relationship.

3. Methodology

To study wealth inequality's evolution, we need to measure it first. We collect and employ wealth and income inequality data. We construct socioeconomic distributions over

[2] Islam (2018) and Savoia *et al.* (2010) emphasize this point too.

different periods since the mid-19th century and until the mid-20th century. We approximate the socioeconomic distributions by examining the distribution of rents based on samples drawn from the so-called Levy books that record parochial taxes on rents in Barbados. Moreover, they provide information on the address (by street), whether the person who lived in the house is the owner, and the land's ownership and size. These data are available as hard copies in Barbados Archives (not digitalized), and the data was collected by hand.

The Levy Books is an excellent source of information regarding wealth and, in general, socioeconomic inequality in the first 100 years after Emancipation. One disadvantage of this source is that the Levy books are not available for all Parishes and all the available years. The Parish with the longest recorded series of Levy Books is the Parish of St. Michael (1843-1959), while most of them are recorded consistently after the 1920s. Another disadvantage is that we do not observe demographic information in the Levy books. Thus, we cannot identify with certainty the Whites in our sample and we simply use as a proxy for ethnic background big landownership (which is quite is accurate for the period under examination).

4. Results

We collected sample data from the Levy books for St. Michael Parish (which included the capital Bridgetown) for five years between 1851 and 1911, namely 1851, 1877, 1891, 1901, and 1911. We collected data for surnames starting by letters “A” and “B”. Since the taxes are proportional to the value of the land or building, they are a proxy for wealth. Note that we assigned zero wealth to the people who were renting a building as a residence. Our preliminary finding is that there is indication of high and potentially increasing wealth inequality over the period 1851-1911. These preliminary findings contrast with the post Emancipation experience in the US (Derenoncourt et al (2022)) or in Jamaica (Broom 1954).

In Table 1, we report some results of our preliminary analysis. We first report wealth inequality as measured by the Gini Coefficient. The Gini coefficient is a comprehensive measure of inequality that takes values between 0 and 1, with 0 reflecting total equality and 1 reflecting total inequality (1 person holds all wealth). To have a sense of the reported numbers, the Gini coefficient shows that if we pick at random two people from the population, the average absolute difference in their wealth holdings will be two times the average wealth multiplied by the Gini coefficient. Overall, wealth inequality seems stable over this period, if not increased.

Further, Table 1 also shows the wealth share of the wealthiest 10% of the sample, and implicitly the rest belongs to the rest 90% of the population. In other words, if we think of the total wealth as a pie, this share shows that the proportion of this pie that is owned by the wealthiest 10% of the population. This inequality measure can work as a proxy for the distribution of wealth between Whites and Blacks since Whites comprised around 10% of the population throughout this period and most probably were the top wealth holders. This inequality measure seems to follow a similar path to the Gini coefficient. Over time there is an increase in the concentration of wealth to the wealthiest 10%. Nevertheless, the increase is primarily from 1851 to 1877, while it is relatively stable after 1877 with only a mild upward trend.

Table 1: Wealth Inequality in Barbados 1851-1911

	1851	**1877**	**1891**	**1901**	**1911**
Gini Wealth	0.67	0.73	0.76	0.74	0.73
Top 10% wealth share	49.7%	58.5%	59.9%	59.8%	61.2%
Land inequality (Gini)	*n.a.*	0.98	*n.a.*	0.99	0.98
$\frac{W_{planters}}{W_{other}}$	*n.a.*	8.05	*n.a.*	15.95	41.78
$\frac{W_{landowners}}{W_{other}}$	*n.a.*	2.90	*n.a.*	4.43	4.23
Land inequality (Gini) among landowners	*n.a.*	0.79	*n.a.*	0.81	0.86
Land inequality (Gini) among planters	*n.a.*	0.54	*n.a.*	0.57	0.39
Observations (households)	281	452	813	1,205	1,105

Note: For years 1851 and 1891 we have no information about the acreage.

Further, land inequality in acreage holdings is very high, almost 1, which means very few people own most of the available land. Even though we do not observe land inequality in 1851, it should have been of similar magnitude, i.e., very close to 1. Land inequality did not change much over this period, but it is extremely high. It is worth noting that land inequality remained quite high in Barbados even after this period. For example, in the 1960s, Barbados had the highest land inequality among all Caribbean countries (Gini=0.82) (see Frankema, 2010). In comparison, the lowest was in Haiti; the rebellion at the end of the 18th century removed the Colonial elite and redistributed the land.

Land inequality, though, misses information about other ways of accumulating wealth and valuation changes. So, we also report the wealth ratio between landowners and others to see the differences between these two groups. We define a landowner as a person owning land larger than 1 acre. We assume that a piece of land smaller than 1 acre is merely used for residency and personal food consumption. We see that, in this case, inequality is increasing. This finding is rather surprising since homeownership increased considerably during this period, meaning that the others were increasing their wealth too, but possibly the valuations of self-owned houses were probably low.[3]

We do the same for planters and otherwise. We define a planter as a person with more than 10 acres of land, commonly reported in the Census reports of this era as the minimum size of a plantation. In this case, the increase in the ratio is even bigger. Some potential explanations are provided. First, there might be an increase in the value of the land. However, there might be more adequate explanations because the price of sugar in the international market halved over this period (Jacks, 2021). Another potential explanation is that the value of buildings has fallen while the proportional taxes did not

[3] According to Census information, home ownership increased from 47% in 1871 to 76% in 1911, something that is also reflected in our sample.

(the reported taxes validate the latter at the end of the Levy books). In other words, if the taxes per acre or rent did not change (i.e., the proportion of the value that is taxed), and the valuations of the properties most probably did not grow, then it must have been that the concentration increased.

In fact, there is evidence of an increased concentration of plantation land in the hands of fewer planters, which increased inequality. According to Census data, the number of plantation managers within St. Michael Parish fell from 47 to 33 from 1891 to 1911. In addition, the number of plantations in the same Parish fell from 45 in 1850 to 29 by 1913 (see here), while the average size of a plantation increased from 150 to 225 acres. These changes indicate the increase in plantation concentration.[4] To see that the concentration among the plantation owners is a factor that increased inequality, we calculate inequality among landowners and planters. As we observe in Table 1, inequality among the landowners increased over time, from 0.79 Gini in 1877 to 0.86 in 1911, while it fell among the planters from 0.54 in 1877 to 0.39 in 1911.[5] This shows that there were fewer planters but with relatively larger holdings. The reason behind this concentration can be partially traced to the crisis in the sugar market towards the end of the 19th century. Many planters gave up and sold their plantations or partnered up with traders (Barrow, 1983).

Note that we did not restrict our analysis to the wealth holdings of the rich, e.g., the planters, but we tried to uncover the overall picture of wealth inequality. The fact that overall wealth inequality was relatively stable towards the end of the 19th and beginning of the 20th, while land concentration over the planters group increased, implies that the wealth from the non-planters increased. One possible explanation for stability is the remittances from workers who migrated to work on the construction of the Panama Canal. Towards the end of the 19th century, many restrictions regarding immigration were lifted, and workers, primarily non-White Barbadians, found opportunities for higher pay from working at the construction of the Panama Canal. In 1905, the Panama Canal Agency established a labor recruitment office, and already by the beginning of 1908, 10,000 male workers had migrated. In total, it is estimated that around 40,000 Barbadians worked at the Canal. Even though the mortality rate was high (around 15%), there was a hike in the remittances incoming to Barbados. These remittances were channelled to buy land and property (see Beckles 2006 pp. 208-213). Worth noting that most emigrated workers returned to Barbados.

5. Discussion-Conclusion

Emancipation in North America and the Caribbean (British colonies) was experienced in three distinct ways, mostly dictated by the availability of land, economic incentives, and interrelated political power. We discuss here briefly two examples to compare them to Barbados. The first example is Jamaica. In Jamaica, the enslaved population was the majority during the Emancipation period and remained afterward. Jamaica had a low population density and plenty of lands that were not part of any plantation (Crown

[4] This finding is also in accordance with the narrative in Barrow (1983).

[5] According to http://creolelinks.com/, in 1913, land inequality among planters in the St. Michael Parish was 0.40 which is almost identical to our sample value.

Lands). Therefore, the previously enslaved population could become peasant farmers. Broom (1954) reports that by 1943, 97.8% of all total farm operators were Blacks or Coloreds.[6] Nevertheless, only a meagre 5% of these farmers were running plantations over 100 acres, with the vast majority owning farms with less than 10 acres. Nevertheless, it is worth noting that sugar production after Emancipation fell because of labour shortages and denial of planters for improvement in production techniques, possibly due to very high landowner absenteeism; according to Barrow (1983), it was around 90%.

In the U.S., Blacks were the minority and remained as such after that the abolition of slavery. The US had abundant available land, but the emancipated were not allowed to acquire land (e.g., through land lotteries for land in the West). In contrast, and at the same time, a big part of the majority benefited from land redistribution. The effect was that towards the end of the 19th century, land inequality was low, which, however, increased over time, possibly due to economic forces, e.g., the transition to capitalist agricultural production (Frankema, 2010). Nevertheless, the US offered other opportunities for making a living and building wealth. For example, Black Americans migrated from the deep South to the North to find better opportunities. The evolution of wealth disparities between the Black minority and the rest shows convergence (see e.g. Fochesato and Bowles, 2017, and Derencocourt *et al.* 2022). Derenoncourt *et al.* (2022) assembled a new historical series of White-to-Black per capita wealth ratios from 1860 to 2020 to address the lack of a comprehensive account of white-Black wealth inequality in the U.S. They show that the White over Black average wealth ratio follows a hockey stick shape, meaning that there was a rapid convergence at the beginning while convergence slowed down considerably over the last 160 years. Black Americans have been excluded from wealth-building for centuries and closing that gap would take centuries unless policies are put into place to equalise the differences in returns to wealth. Similar findings are reported in Aliprantis *et al.* (2022) using a theoretical model of wealth accumulation.

Barbados had neither abundance of land nor outside opportunities for the emancipated population. Eighty one percent of the island's surface was occupied by plantations (see e.g. Barrow, 1983; Beckles 2006), and there was no program for land redistribution while the planters refused to provide land for sale to workers as policy. Most of the plantations remained intact (even after mergers and acquisitions of plantations) for more than 100 years post Emancipation. In contrast with Jamaica, absenteeism in Barbados was half the Jamaican figure (around 47% in the 1840s), and in 1929 was even lower, 7.4%, meaning that Barbadian planters were more tightly connected to the island and actually lived there.

Barbados is in the Tropics and is well suited to cash crops, such as sugar, that are subject to economies of scale. However, sugar is a labour-intensive crop, and hence the Barbadian elite developed coercive labour market institutions such as serfdom, slavery, and after Emancipation, the tenantry system (Barrow 1983, Beckles 2006, Frankema,

[6] The authors do not embrace the group names. We refer to these group names because this is how they are reported in the sources and archive books and also reflect the discrimination against specific groups in this period.

2010). Perhaps not surprisingly, the political system in Barbados, tightly connected with the planter class, imposed restrictions on the movement of labor and land acquisition. The scope of the former was to keep cheap labor available for the plantations. The restrictions had various forms. One of these forms is the (Modified) Contract Law: any worker who provided five consecutive days of labor to a planter was obliged to work for the same planter for a month.[7] In addition, they had to pay one-sixth of the wage for using the plantation building and land to reside. Effectively, this Law created the tenantry system, which lasted for more than 100 years. Another legislated restriction was on freedom of migration, and it was not until the end of the 19th century that it was removed. Also, in this way, labor was abundant for the planters, and consequently, the wages remained low throughout the first 100 years of Emancipation compared to the other colonies of the Caribbean. Furthermore, due to Emancipation, planters stopped being responsible for the older ex-slaves without any poor law provisions from the local government or Britain. As it is economically meaningful, planters hired able and healthy workers (i.e., under tenantry agreements) while releasing the old and/or sick, which added to the social and economic pressure on the island's limited resources.

In conclusion, scarcity of land, suppressive legislation such as legislation against freedom of movement, and limited economic opportunities formed the background conditions under which Black Barbadians could accumulate wealth in the post-Emancipation era. And these are the reason that such a massive structural change in institutions and society did not reduce equally massively wealth inequality. Discrimination, political power of the elites, and extractive economic institutions were almost as effective at maintaining the hierarchy of wealth as enslavement was. This finding is in accordance with Acemoglu and Robinson's thesis on persistence of extractive institutions aka the "Iron Law of Oligarchy" (Acemoglu and Robinson, 2012, Chapter 12, citing sociologist Robert Michels). Since, the elites (in Barbados the plantation owners) were not stripped from their land holdings i.e. their source of "power", they managed to find ways to keep in place the same extractive institutions.

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[7] Initially, it was for a year, but very soon, it was reduced to a month.

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