

Slavery and the Intergenerational Transmission of Human Capital: Accounting for Skin-Color Differences

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Racial differences in socioeconomic achievement are a commonplace in the United States. Most contemporary observers attribute these differences to a combination of discrimination in the labor market and socioeconomic handicap imposed by slavery and other historical institutions. Discrimination portends to be an issue every time equally skilled individuals are treated differently by prospective employers, while slavery may play a role if the intergenerational transmission of human capital is strongly auto-correlated within the family. However, these two aspects are not mutually exclusive.

In order to better understand the intergenerational transmission process, we investigate the impact of the 19th century slavery abolition on the economic progress of African American families. More specifically, we aim at examining how many generations are needed for people in separated groups (free blacks versus slaves) to converge in terms of socioeconomic outcomes after institutional barriers are lifted. We further detail our analysis exploring potential differences within the African American population that can be associated to complexion/skin-color. To what extent did skin color determine the intra-familial investment of human capital in the post-bellum American South? Did mulattos fare better than blacks? More specifically, did the mulatto progeny of families in former slave states consistently demonstrate higher levels of human capital than their black counterparts? If so, how long did it take for this gap to close?

Our initial analysis confirms that mulatto children of former slaves exhibit higher levels of human capital in the post-bellum South. This would indicate that (i) families invest more on the training of mulatto children; (ii) that the mulatto children enjoyed a favorable or privileged socioeconomic status, or; (iii) that the mulatto children of mixed households

come from wealthier families which are better equipped to invest in the human capital of their children. We attempt to distinguish these different channels in our analysis.

In order to address this matter, we follow the strategy developed by Sacerdote (2005) and compare socioeconomic outcomes for former slaves and their mulatto children and grandchildren to analogous outcomes for former slaves and their black children and grandchildren. The racial categories of mulatto and black represent a reasonable proxy for a measure of skin color as we assume that being categorized as a mulatto implies having lighter skin than an individual categorized as black. We use literacy and school attendance to measure human capital for children. For female adults we employ variables for literacy and labor force participation to measure socioeconomic status. For male adults we again implement literacy and labor force participation while including a measure of occupational income score. Using data from the 1880 to 1920 IPUMS, we analyze these values to compare the intergenerational effects of skin-color on human capital.

Preliminary findings indicate that non-white children ages 10 to 18 of mothers born under slavery (i.e.: born before 1865 and on a slave-state in the South) are less likely to be literate than other non-white children. These effects are very different for mulattos and blacks, however. Mulatto children with ex-slave moms are 37% less likely to be literate than their counterparts without slavery history in the family. Black children, on the other hand, are 50% less likely to be literate when inheriting a slave past. These results suggest that the impact of slave institutions may be mediated by the color of one's skin. In this paper, we will expand our analysis to further understand the workings of these relationships.