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Martin Ruef: *Between Slavery and Capitalism: The Legacy of Emancipation in the American South*. Princeton, NJ: Princeton University Press, 2014. 285 pp. \$35.00/£24.95, cloth.

This compelling analysis of the swiftly changing economic and social institutions in the American south after the Civil War should be of interest to economic and organizational sociologists, stratification researchers, and labor and economic historians. Ruef's central argument is that the emancipation of slaves generated great uncertainty for all economic actors in the south—the former slaves themselves, the planters who used to own them, the agents of the Freedmen's Bureau who sought to smooth the transition, and white workers, merchants, and politicians who had supported slavery as a central precept of southern society. As in neoclassical economic theory, these actors were often subject to classical uncertainty (Knight, 1921), in that they could not predict the outcomes of their decisions to engage (or not) in economic transactions: although the set of possible outcomes was known, their probability distribution was unknown. But more than that, Ruef shows that these actors faced true or categorical uncertainty (Knight, 1921): the set of possible outcomes was also unknown, which made the probability distribution of outcomes not just unknown, but unknowable.

All of these economic actors had to navigate a terra incognita, an institutional landscape that was so different from their old one that preexisting cognitive schemas and routines provided little if any guidance for their journeys. Emancipated slaves had to figure out what kinds of work they could do and what form and amount of payment they would accept for that work. Planters had to create new kinds of employment relations to offer to former slaves, determine what kinds of work they would offer and how much they would pay for that work, and decide how they would organize the work of agricultural production. Agents of the Freedmen's Bureau had to figure out how to help former slaves acquire the basic labor-market skills (literacy and numeracy) that few of them were allowed to have before the war, develop new kinds of labor contracts and supervise their execution, and handle shortages of food, shelter, clothing, and medical care in the aftermath of the war. White workers, small farmers outside the plantation class, and merchants had to reconsider their status vis-à-vis former slaves and find new means to manage that status. Financiers had to determine how much to invest in agriculture, industry, and trade, and what type of business concerns would be most profitable and least risky. Politicians had to develop policies that would help lift the southern economy and cater to (or, less frequently, oppose) local cultural mores.

Although the paths these economic actors traced through this new world were guided by categories of economic actors and actions that prevailed in the

old world, such guidance was of limited value because the rules governing economic activity were in constant flux. Entirely new labor and product markets were developing, innovative kinds of economic and political organizations were being established, and novel status rankings were being created. Banks and credit agencies proliferated and spread throughout the south, bringing new financial flexibility to rural areas far away from major ports. The abolition of slavery made labor mobility in this region much more flexible than ever before, with the average length of employment contracts just one-tenth of the average length of slaveholding relations. Finally, shifts in the political winds over time—from the Reconstruction era to the resurgence of southern white control by the 1870s and the proliferation of Jim Crow laws from the 1880s onward—continually transformed the opportunities and constraints on economic action.

Chapter 1 presents the big picture of the book's theoretical innovation and sketches the empirical contribution made by applying this innovation to the data. The empirical chapters shift the units of analysis upward from individuals (chapters 2–4) to organizations (chapters 5–6) and then to communities (chapters 7–8). Although parts of several chapters are based on published papers, together the empirics tell a complete story of a revolution in economic activity, and several parts of this complex story are entirely new.

Chapter 2 maps dramatic differences between the market for slave labor before the Civil War and the market for free black labor after. Before the war, prices for slaves and wage rates for hired-out slaves placed a premium on adolescents, because they had longer expected working lives than older slaves, and young women, because they could breed new slaves. After the war, wage rates reflected occupational skills instead of age and gender, because labor contracts were much shorter than slaveholding relations. But the transition was neither immediate nor smooth, as planters frequently refused to honor labor contracts and often persuaded the Freedmen's Bureau to eliminate key provisions of those contracts.

Chapter 3 examines occupational status. Free blacks had to navigate tensions between the formal status equality promised to them by the Thirteenth Amendment and the actual inequality they faced in the occupational hierarchy, which varied over time as the political winds shifted. Free blacks, assisted initially by the Freedmen's Bureau, founded many schools to improve former slaves' skills, and many free blacks moved to areas where they could find better living and working conditions. In the aggregate, these actions substantially disrupted the legacy of the antebellum regime, as the distribution of blacks within the occupational hierarchy changed dramatically. Although some features of blacks' status before the war were reflected in their status after the war (e.g., blacks who before the war were free or in skilled manual occupations were more likely after the war to be in more prestigious occupations), there was much upward mobility. Far fewer black adults did unskilled work, and many more did semi-skilled and skilled work; a substantial fraction even did professional and non-manual work.

Chapter 4 compares the occupational distributions of whites and blacks. After the war, there was a clear decline in the number of whites and blacks in the entrepreneurial middle class—independent professionals, storekeepers, small proprietors, and master artisans. Among whites, there was an increase in the number in middle-class bureaucratic occupations—non-manual occupations in formal organizations—but among blacks, a sharp decline followed by a slow,

modest increase. In contrast, the planter class began to invest in manufacturing, banking, and transportation ventures, putting them at the center of economic growth even though their wealth had declined substantially. Taken together, this suggests that although there was considerable stability in the southern states' occupational hierarchy, there were also some notable changes. Moreover, the timing of these changes was clearly related to shifts in political philosophy and the development of new kinds of institutions to support new political priorities.

Chapter 5 offers a gentle correction to common understandings of the postbellum American economy. It clearly demonstrates that plantations died out not because of the Civil War and the emancipation of slaves but rather because of competition from other ways of organizing agricultural labor, notably sharecropping and rental farming of small plots of land, and the movement of former slaves across regional labor markets. At every step in the analysis, Ruef takes pains to thwart those who are likely to be skeptical of his arguments and findings, drawing on a variety of data as he develops and tests a framework for understanding how organizational forms become extinct that can be applied to many later settings.

Chapter 6 assesses the uncertainty facing the merchants, manufacturers, and wholesalers who supplied farmers with money, implements, livestock, seeds, and other essentials. Most of these were operating in the large southern ports (Charleston, New Orleans, Savannah) or in cities in the northeast, and so they could not estimate credit-worthiness based on direct inspection or local information networks. Immediately after the war, middlemen of the same sort that were prominent in the antebellum era—most notably cotton factors—facilitated trade. But most were in port cities. Credit rating agencies sprang up to fill the void. In a careful analysis of the most prominent agency's reports, Ruef finds that these slowly became accepted authorities, but in the end they could not turn uncertainty into risk, in large part because southern business concerns were increasingly difficult to classify and because agencies ignored interdependencies between business concerns. This last finding resonates with recent experience with the interdependence of many sectors of the financial services industry that became apparent only during the financial crisis.

Chapter 7 examines trajectories of economic development and population growth across five southern states in the cotton belt, focusing on the distribution of economic organizations within each state's counties. This analysis puts geography—place (location) and space (distance between locations)—firmly at the center of organizational and economic analysis. Ruef demonstrates that this region's geographic arrangement of settlements isn't fully explained by existing geographic theories of economic development because those theories all assume that economic actors face risks—they can calculate the probability of a known set of outcomes from their economic decisions. He argues that when economic actors face uncertainty, these theories' assumptions do not hold well. For such circumstances, he proposes that idiosyncrasy—having a distinctive array of agricultural, manufacturing, and trade concerns—retards economic development and population growth, while typicality—having a well-understood and widely accepted array of business concerns—promotes development and growth. Under uncertainty, legitimacy becomes a powerful driver of aggregate economic activity: following the lead of successful locations makes it easier for local decision makers to figure out how to grow and makes a plausible case for

financiers to invest and for workers to move there. Ruef's analysis, while novel and compelling (in that it controls for alternative mechanisms), is limited by the fact that his data sources only allow him to compare counties' organizational composition and economic and population growth between two time periods. It would be fascinating to see how these dynamics play out in more detail, with annual data over a longer period of time.

Finally, chapter 8 compares the abolition of slavery in the American south with the same process in other locations in the Americas. Ruef finds that, although this case was the only one to be driven by a civil war, the process of managing uncertainty in the aftermath of abolition was similar to what happened in many other societies. As in most other societies, former slaves in the American south were given full freedom of movement and employment only gradually; their positions in social hierarchies remained generally quite low; and many new forms of economic action and economic actors, which reflected indigenous prejudice against blacks, emerged to handle the great uncertainty facing all inhabitants.

To all who study the past, this book should serve as a model for how to triangulate multiple sources of historical data. Ruef deftly switches among analyses of official government censuses, detailed archives on a subsample of southern plantations, interviews with former slaves, and credit agencies' reports on southern business concerns. The book's nuanced reading of historical and sociological scholarship—not just of the American south but also of more general theories of economic development and organizational evolution—is laudable. This book tells a story of the American south in the late nineteenth century that has clear implications for the analysis of other regions and far later periods in history. Its emphasis on uncertainty—especially categorical uncertainty, when the set of possible outcomes is unknown, so their probability distribution is unknowable—is something that merits consideration in studies of more modern economic systems.

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