Biological Innovation without IPRs:
Cotton Breeding in the Antebellum American South

Paul W Rhode
University of Michigan

July 2012

Preliminary: Please do not cite without permission
It is commonly argued that secure intellectual property rights (IPRs) are necessary to promote rapid innovation. As an example, it is asserted that without strong breeders’ rights, the new seeds needed to meet the challenges imposed by global climate change will not be developed. Yet there are notable counterexamples. Without any form of IPRs for plants, the upland cotton sector of American South in the antebellum period witnessed significant biological innovation. A succession of new cotton varieties—first green-seed, next Mexican white seed and Petit Gulf, and then many, many other improved seeds—increased the productivity of the region’s land and labor. As an indication of the progress, between 1800 and 1860, daily picking rates per worker quadrupled (see Panel A of Figure 1). The number of bales produced per hand moved in tandem (see Figure 2). For contemporaries improved seeds rivaled the importance of the invention of the saw gin.

These biological innovations helped the American South become dominant global producer of cotton, supplying three-quarters of the key raw material to the industrializing world circa 1860. The British East India Company, the Ottoman Sultan, and planters in the Antipodes all recognized that the U.S. comparative advantage in cotton production was in large part based on its superior seeds. These competing producers actively

---

2 These developments are surprising for many reasons. They occurred in the American South, a region with a large disempowered slave labor force, limited pools of skilled/educated workers, few sizeable cities, and a reputation for technological backwardness. They occurred in a place where, as the case of Eli Whitney’s saw gin illustrates, the legal system did not always respect formal patent rights. As another indication of how upside-down the picture was—Whitney’s gin, a labor-saving mechanical innovation, helped propel the region on its highly labor-intensive development path. The new seeds, a form of biological innovation, significantly reduced unit labor requirements, contrary to the standard assumptions of the induced innovation hypothesis.
imported improved cotton seeds from America and hired southern planters who knew how to grow them.

Seeds, by their nature, carry instructions to multiply themselves in large numbers. Assuming no cross pollination, the copies are nearly exact. This meant that farmers could purchase improved seed and imitate the innovation by planting and increasing it on their property. The advent of technologies and laws that limited reproducing commercial seed such as the F1/F2 hybridization process (1910s/20s) and intellectual property protection for sexually-reproduced plants (1970s in United States) [as well as the terminator gene (1998)] increased the market for improved seed. These changes made it easier for commercial breeders to appropriate the returns from their innovations to cover the cost of their investments while at the same time limited the ability of farmers or rival breeders to reproduce seed. However, in an earlier age prior to these developments, seeds were commercial products. In the antebellum American South, the market for cotton-seed for planting purposes thrived, promoting significant rates of innovation and productivity growth in the complete absence of IPRs.

To frame this analysis, it is important to establish some “stylized facts” about cotton seed and its power to multiply. Unlike grain crops, cotton was not grown for its seed. Lint, the seed’s covering, was a “good.” The seed, at least before the discovery of ways to utilize it for feed, fertilizer, and oil, was a “bad.” Depending on the variety grown, seed made up two-thirds to three-quarters of the product of a cotton field. It is bulky, weighing between 25 to 33 pounds per bushel. (Using 30 pounds will serve our purposes.) Circa 1849-50, given typical seeding rates of 2.5 bushels per acre, yields of 600 pounds of seed cotton per acre, and a turn-out ratio of one pound of lint and 2 pounds of seed, the seed would multiply somewhat faster than five times each year. The multiplication ratio could be far higher if greater care was taken. With these crude parameters, the powers of multiplication were sufficiently rapid that, within 17 years, the progeny of a single seed could plant all of the 5 million acres devoted to cotton in the South in 1849.4

4 For standard seeding rates circa 1850, see U.S. Patent Office, 1848 Annual Report, p. 658. In this period, cotton seeded was typically planted by hand, without the aid of precision machines. In 1849 there were 2443793 bales of 400lb of ginned cotton produced on an estimated 5 million acres in the US. This represents a yield of 195.5lb of lint per acre. Seventh census, 1850, Statistical view of the United
The makeup of the cotton plant also contributed to the early development of the seed market. The large concentrations of mixed populations of cotton plants with cross-pollination in the field and heterozygosity created a high potential for genetic change. This plasticity made it possible for astute breeders to find and develop productivity-enhancing varieties, but these conditions also caused “deterioration” or scrambling of existing combinations. This created a demand for fresh seed. Planting shocks, such as late-season freezes, also stimulated demand for replacement seed. Selecting suitable seed and maintaining quality required extra care and attention—such costs generated the advantages of a division of labor between specialized seed production and more general crop cultivation. In addition, seeds are compact, relatively durable, and easily transported, enhancing their efficiency as carriers of technology.

This paper discusses the development of the antebellum cotton seed market and investigates the sector’s industrial structure and the motives to innovate in the absence of IPRs. It then examines the price path for new releases and asks how the price path fits into a model of the markets for cotton seed inspired by the Boldrin-Levine’s work. Finally, it explores information problems in the antebellum market and attempts to remedy them.

The development of the antebellum cotton seed market

*States, embracing its territory, population—white, free colored, and slave—moral and social condition, industry, property, and revenue*, pp. 174, 176. The calculation assumes there are 120,000 seeds per bushel (Brown, Cotton, p. 78). Taking a multiplication rate of 5.333 per year, the time is \( T=\ln(120,000*2.5*5,000,000)/\ln(5.333)=16.75 \) years. This multiplication rate is likely on the low side. Cotton growers focused on breeding could secure higher rates by economizing on the use of seed. M.W. Philips, “Cotton Seed,” *Southern Cultivator*, 6, no. 7 (July 1848), p. 101 sowed ½ bushel per acre. In addition, the 1850 yields were likely low. A yield of 800 pounds of seed cotton per acre was the median “usual yield” reported by local marshals in the 1860 U.S. Census. We know that 2,155 million pounds of lint was produced in 1859. *Eighth Census, Agriculture*, p. xciii.

5 Through trial-and-error and careful observation, breeders came to understand the need to separate experimental fields and take special care in ginning. The USDA advocated producers of seed for one-variety community be isolated by one mile from the production of inferior varieties. J. E. Hite, *Community Production and Distribution of Cotton Planting Seed in a One-Variety Cotton Community* USDA Circ. No. 286 (Sept. 1933), p. 7; Today, to limit outcrossing and morphological changes, cotton-seed breeding operations in California separate seed plots by from 660 feet to 2,640 feet (with no intervening cotton) depending on the varieties. Robert B. Hutmacher, Ron V. Vargas, and Steven D. Wright, “Methods to Enable Coexistence of Diverse Cotton Production Systems,” University of California Agricultural Biotechnology in California Series, Publication 8191, 2006, http://anrcatalog.ucdavis
As was true with biological innovations in other parts of the 19th world, pirated technologies contributed greatly to the agricultural development of the antebellum South. While visiting Mexico City as a part of an American mission in 1806, Walter Burling obtained seeds of a high quality cotton, which he smuggled out of Spanish Mexico and then passed on to his Natchez area neighbor, William Dunbar, for experimentation and acclimatization. Over the next two decades, breeders in the Mississippi Valley crossed Mexican highland cottons with local stock to create varieties that possessed higher quality lint, greater resistance to disease (esp. to the “rot”), higher yields per acre, and greater ease of picking. These improved varieties spread throughout the Valley and into the South Atlantic states. The expanded commercialization of improved cotton seed dated to the early 1830s, which witnessed an explosion of advertising for seed across the cotton belt. Panel A of Figure 3 charts the number of advertisements for “cotton seed” by year in the Readex historical newspaper index. (The search excluded “cotton seed oil” and “cotton seed planter.”) The takeoff in advertising for cotton seed is reflected in other sources. This wave of advertising coincided with the great cotton boom of the 1830s. The first star product was Petit Gulf, a Mexican highland selection produced in the Petit Gulf/Rodney/Gulf Hills region of Mississippi. Commercial seed producers from many parts of the Mississippi Valley affixed the “Petit Gulf” name to their bags of seed. Standard accounts create the development of Petit Gulf to Dr. Rush Nutt. He learned the secrets of Llewellyn Price, a pioneering breeder in the 1820s, and made them a commercial success. Rush Nutt and his family produced improved seed under their own brand, acquiring a regional and even international reputation.

Other “improved” varieties-- including one alternatively called Okra, Twin, or Alvarado-- joined Petit Gulf on the market in the late 1830s. The story of Okra cotton is

---

6 Other important examples of smuggled flora and fauna include Merino sheep from Spain, tea plants from China, and rubber tree seeds from Brazil.
7 Lewis C. Gray, *History of Agriculture in the Southern United States to 1860*, Vol. 2, pp. 703. Haller Nutt, “Egyptian Cotton Cultivated in Mississippi,” *Farmer’s Register* 9, no. 5 (31 May 1841), pp. 312-14 provides an account of the breeding activities of both himself and his father, Rush Nutt. He refers to their main product as “Mexican” rather than Petit Gulf. He also notes experimenting with Twin-Okra “but abandoned it, as inferior to our Mexican, in almost every respect….
illustrative of one source of innovation and the evolving set of marketing practices. Todd Terry of Autauga, Alabama discovered a distinct plant in a field of Petit Gulf cotton—it bore its cotton on the main stem and had no branches. It looked like an okra plant (a close relative to cotton), hence its name. The stalk was picked clean except a single lock containing nine seeds. From these seeds, Terry propagated the unusual plant which was very tall and matured early. In 1837, he marketed the seed for 50 cents a piece (the equivalent of $1750-2000 per bushel) and $160 per bushel in 1838.⁹ (This in an era when one-dollar per day was the standard wage for a common laborer.) The variety gained strong adherents such as Dr. D. Cooper of Harris Co. GA; Cooper “is thoroughly convinced of the superiority of this Cotton, and is taking great pains to disseminate it through the Cotton growing region.”¹⁰ Advertisements touted the advantages of growing the seed not just for oneself but also to supply others: "The small amount of the seed now in existence will make their production an object of great importance for some time to come; and persons not disposed to go into the culture of cotton, would probably realize great profit by planting with a view to sell the seed."¹¹

The practice of advertising Okra seed as an investment vehicle represented a departure. In an editorial that was widely reprinted, Edward Ruffin of the Farmer’s Register criticized the marketing of Okra in 1839:

If, according to the heretofore liberal and universal procedure of southern agriculturists, the first holders of this variety of cotton, had offered to give away seeds, or to sell them at a merely a fully remunerating price, few persons would have cared to plant them. But by pursuing the contrary course, and asking fifty cents a seed, the anxiety to obtain them has probably been increased in the ratio of the advance of price. All this is well, if confided to real improvements; and if such cannot be introduced by operating by means of reason and sound precept, it is certainly desirable that it should be done by operating on the credulity and folly of the recipients. But, unfortunately, it has come to be considered that the high price asked for new seeds, &c., is alone sufficient evidence of their intrinsic value; and hence dupes are continually made by the vilest and grossest impositions that can be imagined.¹²

---

⁹ Letter from F. H. Elmore, in Farmer’s Register, 7, no. 4 (30 April 1839), p. 252. See also Niles’s National Register, 7, no. 2, (7 Sept. 1838), p. 24 and American Farmer (11 Sept. 1839), p. 127; Southern Banner, 27 Sept. 1839, p. 3. According to the article on Gossypium in The farmer’s encyclopedia, and dictionary of rural affairs, p. 588, “Okra cotton is also called by some Alvarado cotton.” Ulrich B. Phillips, American Negro Slavery, 1918, p. 222 treats Alvarado as a successor to Okra, reflecting the confusing naming practices of the period. Alvarado was also the name for an early standard variety of Mexican highland cotton in the mid-1820s. “Twin” was also known as “Aldridge” after the planter “who brought it before the public.” Southern Agriculturist, 12, no. 6 (June 1839), p. 318.

¹⁰ Southern Banner (27 Sept. 1839), p. 3.

¹¹ Southern Banner (4 Oct. 1839), p. 3.

¹² Farmer’s Register, 7, no. 4 (30 April 1839), p. 252; also reprinted in Southern Agriculturist, 12, no. 6, (June 1839), p. 318.
When the distinctive biological features of *Okra* proved to have no great productivity or marketing advantages, critics charged these new seeds were “humbugs,” frauds perpetrated on a gullible public.

Ruffin and his fellow farm journalists compared humbuggery in the cotton-seed market to other speculative fads affecting farmers in the early 19th century. These included so-called *Morus Multicaulis* mania also raging in the late 1830s (as well as the early Merino Sheep craze).13 *Morus Multicaulis* was the fast-growing Chinese mulberry tree favored by silk-raisers. Gideon Smith of Baltimore, MD first introduced its cultivation to America in 1826. Excitement about the tree “grew steadily, slowly…at first, but increasing with a geometrical progression…. The young trees or cuttings, which were sold in 1834 or 1835 for $3 or $5 a hundred, came soon to be worth $25, $50, $100, $200, and even $500 a hundred…. The times were rife with speculation.” The plants were sold with the prospect of being multiplied and marketed to others the next season. The bubble burst in 1839/40, leaving the mulberry cultivators “in utter ruin.”14 Panel B of Figure 3 charts the takeoff and crash in advertisements mentioning *Morus Multicaulis* in the Readex newspaper index. (The pattern in the Gale index for 19th century newspapers is almost identical.) This episode colored the views of many farmers and journalists in the 1840s and 1850s about the value of biological innovations such as new varieties of cotton seed.

A marked contrast to history of *Okra* was *One Hundred Seed*, bred and distributed by Col. Henry W. Vick of Vicksburg, Mississippi.15 Vick owned a large plantation in Issaquena County. After noting the differences between individual plants in a field of *Petit Gulf* cotton, he became interested in breeding. In 1839, Vick began an annual

---


process of having his most able slaves make special pickings in which they harvested only the finest bolls from the largest and most prolific plants. This cotton was ginned separately and then grown in isolated fields. Vick often ventured into the fields himself in search of valuable mutations and crosses. He personally selected the progenitor of the *One Hundred Seed* variety in 1843 from the particularly appealing bolls of a single plant which he discovered while visiting another plantation in the Delta.¹⁶ He then increased this seed for a few years before marketing it. In the words of Martin W. Philips, “Vicks 100-seed is the result of the most patient, persevering, and scientific selections from the field, and a judicious selection in the house as to staple. It is Mexican or Petit Gulph highest improved.”¹⁷

Vick worked closely with Philips, a physician and planter from Edward’s Depot, Mississippi. Philips entered into the cotton seed business as his medical practice languished in the late 1830s. He engaged principally in testing, multiplying, and marketing the new varieties that Vick bred and selected. Philips was also an energetic publicist and promoter. He founded and edited the short-lived *South-Western Farmer* in the mid-1840s and was an indefatigable correspondent on agricultural topics—mostly notably on improved cotton seed—for the *Southern Cultivator, American Agriculturist, American Cotton Planter, South Carolina Temperance Advocate*, among others. His activities were tied with other leading southern agricultural reformers including Edmund Ruffin, J. J. Jones, Noah B. Cloud, and Thomas Affleck.

The most celebrated new seed of the mid-1840s was *Mastodon*, a variety named for its large and wooly bolls. Richard Abbey of Yazoo City, MS introduced the new seed for the 1845 crop year. He had purportedly imported the seed from Mexico City in 1841.¹⁸ He claimed its increased production by 50-100 percent.¹⁹ The southern press widely reported on the premium cotton, which won prizes at fairs across the South.²⁰ As part his endeavor to gain influence, Abbey sent a sample to former Vice President John

---

¹⁸ *American Agriculturist*, 4, no. 1 (Jan. 1845) p. 37; *Southern Cultivator*, 4, no. 9 (Sept. 1846), p. 141; But in *American Agriculturist*, 6, no. 2 (Feb. 1847), p. 58, Abbey placed its origin near the Gulf of California, which is very unlikely.
²⁰ *Mississippi Free Trader* (Natchez, MS) (8 Nov. 1845), 1; *Raymond Gazette*, (Raymond, MS) (26 Dec, 1845), p. 1, *DeBow’s Review*, 1, no. 2 (Feb. 1846), p. 166-68.
C. Calhoun, adding *Mastodon* “has acquired a reputation beyond any thing (sic) I had anticipated… I regard it a great Southern improvement.”\(^\text{21}\) Abbey, it was reported, earned $20,000 by selling seed at an average price of $4 per bushel during the *Mastodon* boom.\(^\text{22}\) At such prices, the new seed sold for a premium relative to *Petit Gulf*—which regularly went for $0.50 to $1.00 per bushel-- but never reached the level of *Okra/Twin* at its height.

In addition to its distinctive appearance, *Mastodon* had several special features, features that proved disadvantageous to growers. The fiber clung to the plant, allowing its harvest to be delayed until the other crops were brought in. But planters did not find this flexibility of much value.\(^\text{23}\) *Mastodon* had a very long staple length. Its promoters believed it could be produced on upland cotton soils but compete with Sea Island cotton in the market. Its lint purportedly at first sold locally for 16 cent a pound when standard upland cotton sold for 8-10 cent a pound.\(^\text{24}\) But after Liverpool merchants rejected the variety following a widely-published trial, *Mastodon* lost favor.\(^\text{25}\) Use of conventional saw gins also proved harmful. By mid-1847, the *American Agriculturist* recorded that several communicants pronounced *Mastodon* a “gross humbug on the planting interest,” but the publication choose to “not condemn too hastily” and instead, awaited further trials.\(^\text{26}\) Some planters continued to favor *Mastodon* though most abandoned it.

A succession of celebrated varieties produced by Mississippi Valley breeders came on the market in the 1840s and 1850s. These included *Sugar Loaf* (1843), *Boyd’s Prolific* (before 1847), *Hogan* (1847),\(^\text{27}\) *Banana* (before 1848), *Pomegranate* (1849), and

\(^{21}\) “Letter of 14 Jan 1846 from Richard Abbey,” *Papers of John C. Calhoun*, p. 440


\(^{23}\) The tenacity of the Mastodon fiber to hold to the boll overcame the only “serious fault” of the Mexican hybrids. These cottons detached readily, meaning the lint could be picked with ease, but it also meant that it would drop to the ground in inclement weather shortly after the boll opened. Moore, “Cotton Breeding,” p. 97.


\(^{26}\) *American Agriculturist*, 6, no. 7 (July 1847), p. 227. In the *Southern Cultivator*, 4, no. 19 (Oct. 1847), p. 301, M. W. Philips squarely asserted *Mastodon* as a humbug or fraud, adding that northern spinners had told R. Abbey as early as in 1846 that the lint could not be used. This seems to under-estimate the potential for adjustments and adaptation of the spinning equipment.

\(^{27}\) Moore, “Cotton Breeding,” p. 102. On 31 Oct. 1848, William Hogan of Bovina, MS placed an advertisement in the *Mississippi Free Trader* marketing *Hogan Seed*. He noted the early variety offered higher yields per acre, higher turnout of lint-to-seed, and better quality lint than other varieties. The variety was in its second year in the area—in the previous season he sold small lots of seed to P. Noland.
Jethro (1848). Sugar Loaf was first in the line of cluster types (that is, the plant tended to have multiple bolls at each node on its short fruiting limbs, making the bolls cluster together). Boyd’s Prolific was the pioneer variety in the semi-cluster line (which possessed the clustering habit in a less pronounced form). Some represented improvements for specific locales, others were disappointments.  

By the mid-1850s, David Dickson and Charles Peabody became important seed breeders in South Atlantic states. Dickson began by selling Boyd’s Extra Prolific and moved to market his own Dickson’s Select Seed. Advertisements document his expanding market presence. An 1854 ad lists 12 agents, all but one in Georgia; an 1860 ad shows a network of 20 plus agents extended across the South, from North Carolina to Texas. (See Figure 4.) As he later put it: “I went into the business of selling cotton seed unwillingly, but it has paid me very well….”

Organization and Operation of the Cotton Breeding Business

In 1854, Harper’s Magazine summarized the dynamics of the cotton seed market in the late-antebellum period: “whenever, by good fortune, a higher-yielding cotton plant appears ‘instantly . . . the local newspapers teem with advertisements and commission

and N. B. Batchelor for the equivalent of $1,000 per bushel. On account of current business conditions “and desire to place it in the reach of all who may wish to improve their seed,” he was offering the “celebrated seed, at reduced and moderate price of ten dollars per bushel.”


29 David Dickson started as a merchant in central Georgia and then bought poor pine lands in middle part of the state in 1845. He developed a number of novel techniques, including fertilizing with cotton seed mixed with oak ashes (and latter with guano), inventing a sweep to cultivate shallowly, without harming roots, and providing greater training and a better diet for his slave labor force. Chester McArthur Destler, “David Dickson’s ‘System’ and the Agricultural Revolution in the Deep South, 1850-1885,” Agricultural History 31, no. 3 (July 1957), pp. 30-39. He entered the breeding business in the early 1850s and soon “[h]is improved cotton strains became well known wherever that staple was grown extensively.” James C. Bonner, “Genesis of Agricultural Reform in the Cotton Belt,” Journal of Southern History 9, vo. 2 (Nov. 1943), pp. 475-500, esp. p. 482.


31 J. Dickson Smith (ed.), A Practical Treatise on Agriculture to which is Added the Author’s Published Letter by David Dickson, Sparta Georgia (Macon, GA: J W Burke and CO. 1870). The statement is from 10 Feb. 1869.
houses are filled with the magic seed.”

In 1868, Joseph Lyman observed: “Beginning with the year 1820, and from that time forward, various planters in different parts of the cotton growing States have devoted themselves to the development and sale of improved varieties of cotton seed, and certain styles of cotton have for two, three, or four years, enjoyed a great, though ephemeral popularity, and, then, as suddenly, been pushed aside for a new reigning favorite. The improvement of a cotton seed as a business, and sale of the improved varieties, has enabled quite a number of prominent and enterprising planters throughout the South to realize handsome fortunes.”

The richest source of information about the antebellum cotton seed market is the southern press, and especially the numerous advertisements and introductory announcements appearing from the 1830s on. In most of the classified ads, an established local merchant placed a few lines noting the availability of supplies of improved seed. Sometimes, they offered potential purchasers the opportunity to inspect sample bolls or bearing stalks of the new variety. With a prized new variety, a breeder or his local agents went all out, placing large ads announcing its debut. Such ads cataloged the new variety’s characteristics including its fiber quality and picking rates, provided a story of its origins, and offered testimonials (aka certificates) by prominent planters. While the ads rarely offered potential customers a free chance to try the seed, they often claimed to warrantee its authenticity.

The differing characters of the advertisements reflected the differences between southern breeders/seedsmen. These were divided into three camps along the dimensions of permanence and innovativeness. The first camp was a stable set of producers of standardize high-quality varieties such as Petit Gulf. They sold under brand names through established merchant networks without much fanfare. The second camp was comprised of the one-time discoverers or importers of new varieties. These one-shot

---

33 Lyman, Cotton Culture, p. 121.
34 Some origin stories were highly fanciful. M. W. Philips, “A New Variety of Cotton Seed,” American Cotton Planter, Vol. 3 (1855), p. 150 related an account of the discovery of Pelican cotton—a Lieutenant in the French Navy found two stalks for the plant growing out of the stomach of a dead green-headed pelican in the northwest Amazon—and speculated what a fortune a silver-tongued peddler could gain with this yarn.
35 An ad for the Twin variety in Telegraph and Texas Register (Houston, Tex.), 4, no. 26 (5 Jan. 1839), p. 1 did offer to furnish a few trial seeds per individual.
wonders were often marketed as revolutionary new introductions. The third camp combined attributes of the other two, working systematically to breed a series of new better cottons. Such producers sought long-run reputations for their innovative efforts. Within this third camp, many of the breeders shared knowledge and genetic material. They gave each other credit for advances as well as heaped scorn on others for copying the seeds without proper acknowledgement.

Leading upland cotton breeders were typically high-status planters with additional professions such as physician, minister, journalist, or merchant. (Though it was rare for breeders to be politicians or lawyers, a surprising high proportion appear to be associated with Whig party.) All were males. Few were white yeoman farmers; none were the enslaved African-Americans who planted and picked most of the cotton crop. Accounts heralding the democratic nature of American invention have little purchase here. Status, wealth, and notoriety garnered coverage in the agricultural press. Still cotton breeding was uncommon activity for those at the very top of the antebellum southern elite. Among the names appearing in the cotton seed advertisements, only Martin W. Philips was listed in the *Dictionary of American Biography*.

The commercial cotton-seed breeding sector thrived in the antebellum period despite an absence of patents, copyrights, major monetary prizes, or large investments by the federal or state governments. The U.S. federal government did provide early vital assistance to upland cotton sector by Walter Burling’s aft-for-mentioned efforts to smuggle in Mexican seed in 1806. In 1819, the U.S. Treasury instructed its overseas officials and Navy officers to identify and send to the U.S. foreign plants likely to be of value. The justification for such publically-funded investments was the private farmers

---

36 Moore “Cotton Breeding,” pp. 98-99 subdivides the one-shot producers between those who imported seed from Asia, Africa, and the Latin America and those who found “accidental mutations among their ordinary Mexican cotton.” On p. 96, Moore notes “Some of their discoveries… created short-lived sensations” and their seed “occasionally sold for brief periods at very high prices. When put to the test, however, the cottons obtained from abroad or culled from the fields usually were found to have little permanent value.”

37 Vick, Cloud, and Dickson were Whigs; M. W. Phillips was involved in Democratic party politics in the 1850s.

and breeders would be unable to capture the benefits of the new seeds they introduced. But such public actions were more substitutes for than complement to private efforts. The U.S. Patent Office, under Commissioner Henry Ellsworth, became the center of federal seed importation and distribution system in the mid-1830s. At first, Congressional representatives used their franking privileges to send seed to constituents; in 1839, they appropriated money to Patent Office to perform the task. In 1857, the Patent Office established a germination garden to multiply its supplies. (The free seed program made up about one-quarter of the Office’s budget between 1839 and 1862, when the Agricultural division was split off to form the US Department of Agriculture.) The U.S. Patent Office issued no IPRs for plants and did not do so until the passage of the Plant Patent Act of 1930 (and then only for asexually-reproduced plants). The Annual Reports in the late 1840s and early 1850s did include extensive commentary regarding cotton varieties, giving an official outlet for the opinions of M. W. Philips.

The governments of the southern states also played limited roles. Apart from the Savannah Gardens in colonial Georgia, none funded experiment stations conducting research on cotton during this period. In the late-antebellum period, some private individuals, such as Philips, conducted ambitious agricultural experiments and disseminated their findings. As a part of the general agricultural reform movement, the southern states did charter agricultural societies and sponsor state and local fairs. By the 1850s, such fairs often held contests with honors, including monetary prizes, for the best cotton. But it would be wrong to treat the antebellum cotton seed industry as an example where prizes successfully replaced patents as the inducement to innovate. The prize stakes were too small. The example of Jethro cotton illustrates how awards added value in the market.

Jethro favorable notice at the Crystal Palace exposition in London in

---

39 The Patent Office supplied cotton seeds from China to M. W. Philips. Farm journals such as the Southern Cultivator also at times sent “free seed” to subscribers who coverage postage. See Southern Cultivator 18, no. 12 (Dec. 1860), p. 376.
40 Philips also received and tested cotton seed from the US Patent Office. <Letter April 1850>
42 Standard accounts assert J. V. Jones of Burke Co, GA discovered Jethro. Albany Patriot (17 Jan. 1851), p. 2. A different, more collaborative process of invention is reported M. W. Philips, “The Jethro Cotton:
1851 and received the top prize for cotton lint at the New York version of the fair held in 1853. Publicity for the seed promptly featured this triumph.43

Most upland cotton producers grew their crops without such publicity, devoting in private efforts to selecting and maintaining seed quality. If these efforts led to any improvement, the knowledge and seed spread no further than close associates.44 But this was not due to concern for secrecy.45 Vick and Philips publicized their innovations broadly and were quite open to share their new seeds with fellow breeders. In 1850, Philips wrote “My crop is always open to inspection; I procure the best seed of each variety, and am willing to send ‘for persons and papers,’ and submit the case to a jury of all the cotton-planters.”46

It is germane to compare the rapid progress in upland cotton breeding with the more closed world of Sea Island cotton breeding and production.47 In this narrow niche-oriented sector, prominent planters limited access to their improved seed and closely guarded secrets about their special preparation and processing techniques. Differences between upland and Sea Island sectors also show up in the records of productivity.


43 *New York Times* (26 July 1853), p. 1, which observed that “although the Crystal Palace contains many articles which make more show, and will attract more attention, it has none which have exercised a greater influence upon the civilization of world,” than these cottons.

44 U. B. Phillips, *American Negro Slavery*, p. 222 wrote “The more dignified of the planters who prided themselves on selling nothing but cotton, would distribute among their friends parcels of seed from any specially fine plants they might encounter in their fields, and make little ado about it. Men of a more flamboyant sort, such as M. W. Philips, condemning such ‘ruffin-shirt cant,’ would christen their strains with attractive names, publisher their virtues as best they might, and offer their fancy seed for sale at fancy prices.” The phrase “ruffin-shirt cant” appears in a letter from Philips to Cloud in April 1855.

45 It is notable that during the 1835-61 period, these agricultural improvers complained not about the secrecy of the upland cotton producers, but instead about excessive hype and high-priced humbugs. Agricultural journalists and reformers focused on unwarranted publicity for untried new varieties, on proliferation of new names for old varieties. Introductions were like the Mississippi bubble-- a very high price justified only by selling to others who sell to others, etc.—all before something better came along.


advance. In contrast to the quadrupling of picking rates in the open-technology upland cotton sector, harvest productivity in the more closed Sea Island sector remained essentially constant over the antebellum period. (Compare Panel B with and Panel A in Figure 1).

**High IPO prices, followed by a collapse**

Contemporaries often criticized the operation of antebellum cotton seed market because new varieties fetched such high prices at first but these prices did not last. One can document the price path of cotton varieties in a dataset assembled from advertisements in antebellum newspapers and agricultural journals. As noted above, such advertisements were common in southern periodicals from the 1830s on. In a small fraction (maybe ten percent) of ads, the supplier listed a price. Assembling out sample from advertisements likely creates certain biases against the observing very low prices. The expected profits from the sales had to justify the expense of advertising and there is no evidence merchants treated cotton seed as a loss-leader to generate other trade.

The sample contains 197 price observations from 49 different newspapers and agricultural journals covering a territory from Virginia to Texas over the period from 1830 to 1861.\(^{48}\) The sample covers 31 different named varieties of upland cotton (introduced after 1820). The unit of observation is a variety listed in an advertisement in a specific publication in a specific crop year (ending in June). The advertisements typically ran over multiple issues of the periodical—but if the text remained unchanged in that

---

\(^{48}\) The publications include *Arkansas Gazette* (Little Rock); *Affleck's 1854 Rural Almanac*; Albany (GA) *Patriot; American Farmer; Arkansas Gazette; Augusta (GA) Chronicle and Sentinel; Charleston (SC) Courier; Charleston (SC) Mercury*; Charleston (SC) *City Gazette And Daily Advertiser*; Clarksville (Texas) *Northern Standard*; Columbia (SC) *Enquirer; Daily Alabama Journal; Daily Confederation* (Montgomery, Alabama); *Daily South Carolinian* (Columbia); DeBow's Review; *Farmer's Register; Fayetteville (NC) Observer; Federal Union* (Milledgeville, GA); *Floridian and Advocate* (Tallahassee); Galveston (TX) *Commercial and Weekly Price Current; Georgia Journal; Hinds County (Raymond MS) Gazette; Houston (TX) Telegraph; Jeffersonian Republican* (Charlottesville, VA); Macon (GA) *Telegraph*; Memphis (TN) *Daily Appeal*; Memphis (TN) *Daily Eagle; Mississippi Free Trader and Natchez Gazette; Mississippian and State Gazette*; Nacogdoches (TX) *Chronicle; Natchez (MS) Courier*; New Orleans *Commercial Bulletin; New Orleans Times-Picayune; North American*; Pensacola (FL) *Gazette; Raleigh Register and NC Gazette*; Raymond (MS) *Gazette; Red-Lander* (San Augustine, TX); Savannah (GA) *Republican; Scientific American; Southern Agriculturist; Southern Banner* (Athens GA); Southern Cabinet; Southern Cultivator; Southern Patriot* (Charleston, SC); Southern Recorder (Milledgeville, GA); *State Gazette* (Austin TX); *Texas Ranger* (Washington, TX); and Vicksburg (MS) *Sentinel*. 14
source, it counted only once per variety listed. If the supplier published a revision – for example to change the prices over the course of the season—the revision counted as a separate observation. If the supplier placed a similar advertisement in a different periodical, it counted as a separate observation. If the advertisement listed prices for multiple varieties, each was counted as an observation. In some instances, agricultural journalists offered seed in the columns of their publications. Such price quotes were treated as observations.

The varieties were linked to their date of introduction as reported in Ware, Duggar, Tyler, and other sources. Assigning a date of release, can be tricky. There is often a difference between when the seed was discovered or imported, when it was made available to a selected few for testing and multiplication, and when it as released for sale to the public. We adopted a standard close to the date of release. We have conducted the analysis using a less structured dummy variable for years since release and using a more specified functional form—the log of years since release.

Table 1 summarizes the path of (mean) prices per bushel after introduction for selected important varieties. As contemporaries noted, for many high-profile varieties, prices shortly after introduction are very high—between $100 and $1000 per bushel in an era where common laborers earned about one dollar per day. Prices subsequently fell, with few varieties commanding more than much $1 per bushel after five years. *(Boyd’s Prolific* represents an exception, but its popularity grew slowly after its discovery in 1845. It is likely the variety available in the early 1880 was a selection or refinement of the original “accidental stalk” that Mr. Boyd found in a field of *Petit Gulf.* ) The contrast in price paths between *Mastodon* and *100 Seed*, both hitting the market circa 1846-47, is not a great as suggested in the traditional accounts marking the former as a speculative humbug and the latter as the real deal. But the high initial prices for the late 1840 cluster-type cottons—*Hogan, Banana, and Pomegranate*—do stand out.

The regressions, shown in Table 2, relate the log of the real price to the number years since release, conditioning on a crop year trend, a dummy for Old vs. New South, a dummy for small vs. bunk lot size, a dummy for second quality, and variety fixed effects.

---

The first specification includes dummies for the year since release for the first 7 years; years 8 plus is the omitted category. The second specification replaces the year dummies with the log of the years since release.

Prices were high for new introductions and fell sharply decline over time. In the first specification—using year since release dummies – for the full sample, prices in the second year are only 18.6 percent of prices in the first year; prices in the third year are 28.1 percent of prices in the second year and 5.2 percent of prices in the first year. This is a 4.4-fold decline each year. Prices for varieties remaining in the sample stabilized after roughly five years. In the second specification, doubling the time since release reduces prices by almost 60 percent. Unlike stories about the Dutch tulip mania of the seventeenth century, the seeds of important southern cotton varieties in the mid-nineteenth century rarely experienced a phase of rising prices after the initial public offering.50 There apparently was limited scope for speculative bubbles in cotton seed prices.

One might think that the discovery that a specific new variety was a humbug would contribute to the negative price trajectory. When we have data, the prices for varieties judged ex post to be humbugs – Twin-Okra and Mastodon, etc. – are lower than those of more lasting value but the price paths are hard to distinguish statistically. The number of observations is small, raising issues of precision. Even in a scatterplot of prices against time since release (see Figure 5) it is difficult to distinguish the humbugs, marked with the hollow diamonds, from the others, marketed with the solid diamonds. A moment’s thought suggests it would be surprising if one could pick out the humbugs in the early part of the diffusion process. Only after a number of years of planting would the results become conclusive. By then, interest in the variety would wane, sales plummet, the price fall near zero, and advertising cease to be profitable. It is likely the humbug effect on demand exists in the later years, but is masked by the way the sample is selected.

50 See Peter M. Garber, Famous First Bubbles: The Fundamentals of Early Manias (MIT Press, 2000), pp. 49-59, 66. The operation of the antebellum cotton seed market inhibited relying on word-of-mouth information flows to stimulate rising demand.
Rationalizing the price path.

Contemporaries often criticized the operation of antebellum cotton seed market because the new variety’s high IPO prices soon collapsed. It was as if the gullible public, caught up in the excitement and speculative environment surrounding the new discovery, paid too much of the seed and then learned it was just a complete humbug. But this pattern of high then sharply declining prices is precisely what would be expected if the new productivity-enhancing varieties were released and replication under a regime without IPRs. Under these circumstances, one might predict that an innovative breeder would seek a new discovery, perhaps build up supplies under their own control, and then recoup their investment by engaging in a one-time release of the seed at a high initial price. Purchasers would rapidly expand supplies of the new seed for their own use and to sell to others and prices would drop sharply. But the breeder would capture at least part of value of the productivity enhancements and of capability of the seed to reproduce itself quickly and costlessly. Such a process of innovation and diffusion, under circumstances specified by Boldrin and Levine (2008), might well be more efficient than one proceeding under a strict regime of IPRs.51

To understand this process it will be useful to sketch out a simple model of the cotton seed market. The market for cotton seed is somewhat special because lint is the main product and seed is a byproduct. Suppose a breeder starts with monopoly over a supply of S bushels of a new improved seed that increases the unit value of lint by v percent over the old seed. That is, given the price of cotton lint is PL from the old seed, it will be (1+v) PL from the new seed. Suppose the unit value of old seed is PS, which may reflect its value for fertilizer, animal feed, or other uses. Suppose the production

51 Michele Boldrin and David K. Levine, Against Intellectual Monopoly (New York: Cambridge Univ. Press, 2008). http://levine.sscnet.ucla.edu/general/intellectual/against.htm argue that the standard justification for establishing monopoly rights in intellectual property is that invention involves high fixed costs and imitation is virtually free. In such an environment, innovators could not appropriate sufficient returns to cover the cost of their investments. But Boldrin and Levine argue that in many cases the situation is reversed: invention is cheap and copying is difficult. The invention side of the equation would hold for cotton if the new varieties were discovered as a result of learning by doing--if, while growing their crops, planters remained on the look-out for exceptionally productive individual plants and saved their seed. It would also hold if “invention” involved importing existing varieties from abroad. The copying side would hold if, due to potential for cross pollination, replicating a sufficient supply of pure seed from a small initial purchase was difficult.
technology is otherwise the same—farmers plant “b” bushels of seed per acre, expend C for other costs, and harvest as a joint product of “y” pounds of lint and m*b bushels of seed, where “m” is the reproduction rate of seed. Let land be of uniform quality and the total acreage devoted to cotton be fixed at A. It would obviously be possible for a new variety to alter yields or changes per acre cost, but one can gain insight into the expected path of seed prices by examining the case where the new seed raises quality. The supply of the new seed is initially limited but grows at rate m. The market price of this seed, \( P_{Nt} \), will depend on whether the stock is in deficit or surfeit of the quantity required to plant the acreage A.

Consider the decision to adopt the seed by a lint producer or planter. The planter could stick with the old technology, spending \( bP_S \) for seed and C for other expenses and then earning \( yP_L \) for the lint and \( mbP_S \) for the seed. Alternatively, the planter could adopt the new technology, spending \( bP_{Nt} \) for seed and C for other expenses and then earning \((1+v)yP_L \) for the lint and \( mbP_{Nt+1} \) for the seed. Letting the one-period discount factor equal \( d \leq 1 \), the planter’s breakeven point will occur where

\[
(1) \quad P_{Nt} = d(vyP_L/b + (P_{Nt+1} - P_S)m) + P_S.
\]

A planter will adopt for any price at this level or below.\(^{53}\)

\(^{52}\) For this era, it is conventional to think of unginned seed cotton as turning out 2 pounds of seed for every 1 pound of lint. Let us call this ratio, \( t \), and also let \( w \) represent the number of pounds of seed per bushel. Then the reproduction or multiplication rate of seed, \( “m” \), can be expressed as \( m = yt/wb \), that is (lb of lint output per acre)*(lb of seed per lb of lint)/(lb of seed per bushel)*(bushels seed applied per acre.)

\(^{53}\) A planter would face difficulties if he sought, either for the sake of experimentation or to build up supplies internally, to grow both the old and new seeds near one another. Cross-pollination and seed mixing threatened the “purity” of the new variety unless the planter devoted extra care. We can add this to the model by incorporating a per-period per-unit cost, \( k \), to keep the new and old seed separate. Such costs can be modeled as increasing proportionally the amount of seed handled but independently of the division between old and new seed if positive amounts of each are handled. Records show that large plantations typically had many fields separated a good distance from one another. At any one time planters experimented with several varieties in different test plots. So even though one seed variety dominated a constant process of experimentation was underway. In addition, planters sometimes preferred to grow varieties which fruited at different times to spread out the harvest and decrease peak-load picking problems. The “\( k \)” of planters was likely higher than that for breeders, creating advantages of specialization. If a planter with total acreage, \( \bar{a} \), bought \( q \) units of seed in year \( t \) at price \( P_{Nt} \), it would require \( t \geq \log(b\bar{a}/q)/\log(m) \) years before the new seed is in surfeit on the farm. Over this period, the planter incur the cost, \( kb\bar{a} \), to keep the old and new seeds separate. The planter’s decision is to choose the \( q \) that minimizes \( kb\bar{a} + qP_{Nt} \). Ignoring integer constraints, a necessary condition for optimization is \( q = kb\bar{a}/P_{Nt}\log(m) \) if seeds are purchased in year \( t \). Saving on the costs of isolating the new seed should induce planters to purchase non-infinitesimal quantities.
Now consider the year \( t=T \) when \( S_{mT} \geq bA > S_{mT-1} \). This is first year when the supply of the new seed is sufficient to plant all of the cotton acreage. Given the surfeit of new seed in the hands of planters, new seed will be worth the same as old seed, \( P_{Nt} = P_S \), in any year \( t > \log(bA/S)/\log(m) \). Now consider year \( T-1 \). There is \( S_{mT-1} \) seed which is sufficient to plant \( S_{mT-1}/b \) acreage. The unit (present) value of seed in \( T-1 \) is then \( P_{N,T-1} = P_S + d_vyP_L/b \). The seed’s premium is the discount value of the higher-quality lint it yields. Now consider \( T-2 \). There is \( S_{mT-2} \) seed with unit value of seed, \( P_{N,T-2} = P_S + (1 + d_m)d_vyP_L/b \). Its premium is the discount value of the higher-quality lint it yields plus the discount value of superior seed for planting in \( T-1 \). By extending this reasoning, one sees the unit value of seed in year \( T-\tau \), for \( \tau \geq 2 \), is

\[
P_{N,T-\tau} = P_S + (1 + dm + \ldots + (dm)^{\tau-1}) (d_vyP_L/b).
\]

In the years prior to \( T \), the premium will decline by more than \( dm \) per year.

Figure 6 graphically displays the relationship between the supply of seed and the acreage planted. The lower panel plots out the demand function for new seed, tracing out the market prices associated with each quantity. After release, the supply of seed is perfectly inelastic (with respect to its price) and grows exogenously at rate \( m \) per year.\(^5\)\(^4\) The quantities may be related back to the temporal analysis discusses above. The period of surfeit is associated with quantities supplied above \( bA \). Quantities in the interval \( (bA/m, bA) \) are associated with a crop season one year before seed surfeit. Quantities in the interval \( (bA/m^2, bA/m) \) are associated with a crop season two years prior. Those, such as the \( S_3 \) in the diagram, which are in the interval \( (bA/m^3, bA/m^2) \) are three years prior; and so on.

The initial value of the seed stock to the breeder at release in year 0 is

\[
S_0P_{N,0} = S_0P_S + (1 + dm + \ldots + (dm)^{T-1}) S_0d_vyP_L/b.
\]

The breeder appropriates all of the returns generated by the new seed during the period it is in deficit (and none generated thereafter). If breeding new seed is costly, this

\(^{54}\) A change in the reproduction rate, “\( m \),” has two offsetting effects on the initial value of the stock: it increases the \( (dm) \) term and lowers the \( T \) term.
sum set the bar on what is worth pursuing under the regime without IPRs. The value of making discoveries would be higher the breeder could, somehow though the operation of IPRs, securely control access to the seed. Compare the outcome above to a regime where the breeder maintains full property rights over the seed and rents its services to the planters. (How the IPRs could be enforced and replication prevented is not addressed.\textsuperscript{55}) The seed will not have a price; instead the seed services will be rented for \(d_{vyP_L}/b\) per unit of seed up to \(T\) and then for \(d_{vyP_L}\) per acre in the period after the seed stock is sufficient to plant the entire acreage.\textsuperscript{56} The net present value of flow of rental payments in a year 0 will be:

\[
\text{NPV}_0 = \left((1+dm+\ldots+(dm)^{T-1})S_0/b + A(d^T+d^{T+1}+\ldots)\right)(d_{vyP_L})<A(d_{vyP_L})/(1-d).
\]

The first term is the equivalent to \((PN_0-P_S)S_0\). The flow of payments after \(T\) raises the NPV from the full IPR-rental regime above the NPV of the initial seed to the breeder in the sales regimes. This would support a wider range of costly investments in seed breeding. One further note about the value of the stock as represented in equation (3). This market provides incentives to release as soon as possible—discounting and price declines punish holding unplanted seed to the next year and unless the breeder can multiply pure seed faster than the planters, the market provides incentives to release the initial seed immediately.

The above model of a seed market without IPRs makes strong assumptions about the demand structure and the inelasticity and exogenous growth of the supply of seed after release. It fixes both the total acreage and value of the added quality from the new seed. Perhaps more heroically, it assumes the quality advantages are known with certainty. The price dynamics work through relaxing supply constraints as opposed to

\textsuperscript{55} Under the assumptions of the model under both regimes, the superior seed does fully diffuse once introduced. Hence there would be no difference in the scope for learning by using. The same acreage would be devoted to the crop and planters could scan the same populations for exceptional individual performers. How an IPR regime would address the development and marketing of offspring seed is not addressed.

\textsuperscript{56} Alternatively the breeder might rent land at the opportunity cost of producing with old seed and instead cultivate under his own control using new seed.
any form of strategic interaction or learning about quality.57 The industrial structure of the breeding sector does not come into play until the period of surfeit when competition reduces the price premium to zero. Introducing a second breeder with a supply $S_2$ of seed of equal (or better quality) would alter the model by hastening the year $T$ of seed surfeit. If the second seed was better ($v_2 > v_1$), it would continue to displace the first after the year $T$ was reached. Beyond this, adding more breeders has no effect.

Using the available evidence, we can gain a sense of the magnitudes involved circa 1850. First, consider the extra annual revenue, $v y P_T / b$, generated by a unit of improved seed. Taking the yield as 200lb of lint per acre, the price of lint as $0.10/lb$, and $b$ as 2.5 bushels (75lb) of seed per acre, then for a new variety that was 5 percent better ($v=0.05$) would generate additional annual lint revenue of about $0.40$ per bushel of seed. Next consider the rate of price declines. If $d=0.93$ and $m=5.33$, then $dm=4.96$. Given these figures, the premium on seed ($P_{T-1} - P_S$) of a variety that was 5 percent improvement would have the following path:

<table>
<thead>
<tr>
<th>Yrs Before Surfeit</th>
<th>T</th>
<th>T-1</th>
<th>T-2</th>
<th>T-3</th>
<th>T-4</th>
<th>T-5</th>
<th>T-6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium in $</td>
<td>0</td>
<td>0.37</td>
<td>2.22</td>
<td>11.37</td>
<td>56.8</td>
<td>282</td>
<td>1399</td>
</tr>
</tbody>
</table>

(The premium would vary in proportion to percentage increase in productivity; a seed offering a 10 percent gain would have double the premium listed above.) The high value of seeds in the early period (T-6) suggests that even without IPRs many breeding opportunities would have been profitable—those growing cotton certainly had strong incentives to be on the look-out for outstanding performers in the fields. More generally, the model predicts very high initial prices for seed offering modest productivity enhancements and then very rapid price declines. Actual IPO prices do not typically reach the levels predicted by the model based on the productivity claims. It is likely that uncertainty over quality tempered initial demand.

---

57 The diffusion path accelerates as the multiplication of seed relaxes the supply constraint on adoption. Instead of a full S-shaped diffusion curve, it is as if only the bottom part occurs.
Informational Problems

Contemporary critics incorrectly interpreted the very high but declining prices as a sign of market failure. They were closer to the mark when they highlighted the serious information problems concerning seed quality. If a breeder or seedsman made a one-time discovery or introduced a foreign variety, the structure of the antebellum seed market created incentives was to make a splash and sell at a high initial price soon after discovery. Playing on the seeders capacity to multiply at high rates, the marketers sold the new seeds in small lots, from a pint (1/64 of a bushel) to even as single seed. But these practices of selling seed of new plants created problems.

Without a lengthy period of experimentation and testing, the new variety was likely genetically unstable. And the high prices would induce small purchases and attempts to multiply the supply internally, near existing production. In the absence of care and isolation, cross-pollination with neighboring cotton plants threatened to compromise the variety. We know that even a dedicated and attentive breeder such as Martin W. Philips planted the different varieties of seed stock in close proximity. It is likely that more typical planters did the same. In accounting for the failure of Mastodon, Richard Abbey blamed the planters and not the plant. In his letter introducing the seed Abbey stressed to planters the necessity to keep the variety pure. He later complained that growers took insufficient care to prevent it from becoming “mixed and crossed.” His brother, M. Ellis Abbey, asserted this showed “the folly of purchasing ‘a few bushels to get a start’....”

A further problem was the lack of control over the use of names. Substitution of lower-quality seed was especially troublesome for Petit Gulf. Advertisements in the southeast soon addressed the quality issues. In early 1835, G. Y. Davis advertising in the Southern Patriot of Charleston, SC, asserted his Petit Gulf seed was “of superior quality,

58 This contrasts sharply to the incentives of a breeder, like Vick, who was engaging in a long-term program; he sought to build up his reputation for maintaining quality. “Letter from M. W. Phillips,” U.S. Patent Office, Annual Report of the Commissioner of Patents, 1848, Part II: Agriculture, pp. 154-155.
60 Southern Cultivator, 4, no. 9 (Sept. 1846), p. 141.
61 American Farmer 2, no. 7 (Jan. 1847), p. 211.
with certificates.” Holcombe, Peck, & Co. sold “valuable SEED, warranted fresh and genuine, selected with particular care, direct from plantations on the Mississippi River.”62 Brand names for Petit Gulf came into common use.63

Advertisements for Okra-Twin-Alvarado also warned about substitutions. "We are aware that many impositions were practiced last season in the sale of cotton seed purporting to be genuine Alvarado or Okra Seed."64 Unsatisfactory results from growing Okra were easily attributed to the planters’ use of bargain seed of spurious character, seed which sold for $2, “while $5 is the price of a quart of the genuine seed.”65

The promoters of Mastodon issued similar statements. As early as the winter of 1845, Richard Abbey printed advertisements under the head: “Mastodon Seed-Caution,” carrying the text: “I hold myself responsible for the purity or genuineness of no Mastodon Cotton Seed unless sold by myself, or my agents…..”66 Besides the production of “vast quantities of mixed seed,” Abbey later complained that “extensive frauds have been committed by the sale of quite different kinds of seed as ‘Mastodon.’ A large commission house in New Orleans has been extensively engaged in this business, and many parts of the country have become flooded with spurious seed.”67 M. Ellis Abbey echoed this charges about extensive frauds in the sale of spurious seed: “thousands of bushels were purchased in Mobile and New Orleans for Mastodon Cotton, which had none of the characteristics of the genuine.” He asserted that the sales of spurious seed exceeded that of the genuine. “They have not scrupled to post up conspicuously flaming bills assuring the public that they have Abbey’s Mastodon seed, and profess to have obtained certificates of the fact.”68 They claimed to offer genuine seed with the Abbey name on each sack sold through a network of authorized distributors.

62 Southern Patriot (2 Feb, 1835), p. 3; (3 March 1835), p. 3.
63 See ads in New Orleans Commercial Bulletin.
64 Southern Banner (9 Nov. 1839), p. 3.
65 Southern Agriculturist (Nov. 1839), p. 615.
66 Mississippi Free Trader (9 Dec. 1845), p. 1. Abbey added that “My present crop is the first and only entirely crop of Mastodon Cotton ever raised in the United States and I have taken the utmost pains to destroy all other seed on the plantation to keep this pure.” This indicates an understanding of the need for isolation. Later ads singled out the Mastodon seed offered by the New Orleans firm of Ringgold and Ferriday as “spurious.” Mississippi Free Trader (12 Feb. 1846), p. 1.
67 Southern Cultivator, 4, no. 9 (Sept. 1846), p. 141; R. Abbey defended his own efforts by declaring Gulf seed a “humbug ” in DeBow’s Review, II:2 (Sept. 1846), p. 132.
68 American Farmer, 2, no. 7 (Jan. 1847), p. 211
There were breeders also selling similar seeds under new names to differentiate their product. Charges of this practice were widespread in the seed wars of late 1840s and early 1850s. In these wars, a select group of breeders who offered steady supplies of improved seed priced at small premia attacked the one-shot introducers such as seedsman, G. D. Mitchell. Philips, one of the steady innovators, said of the “Cluster” variety, it is “known now by as names as there are persons who desire to make money by selling seed.” The prevalence of this practice suggests the late-antebellum marketplace was receptive to innovations—note that Mitchell was not charged with selling his old seed as someone’s else new improved seed, but with buying someone else’s new improved seed and selling it as his own even superior creation.

Information problems remained serious. Cotton seed is closer to what economists call an experience good than an inspection good. Merchants might allow the planters to inspect samples of the lint, seeds, or plant, but it was difficult to ensure the seed was from the same stock as the sample. Some features were subject to inspection—in the 1820s, Mexican highland cottons had white seeds, distinct from green seeds of the prevailing varieties. But seed color lost its salience—soon there were bad white-seeded cottons and good brown-seeded Mexican cottons. Testing a seed, gaining experience, involved the opportunity cost of planting land in the new and uncertain variety. As noted above, going smaller involves greater risk of cross pollination as well as increase the risk of accidental death of the experimental plants. In this regime, marketers could not rely on word-of-mouth information flows from experienced purchasers to their neighbors to advance the diffusion process.

Instead, they resorted to heavy advertising including testimonials from prominent local planters regarding their positive experiences with the seed. But these planters might be interested parties with seed promotions. And as noted by Edward Ruffin in his...

---


70 The one-shot introductions were somewhat akin to blockbuster books or movies. Given this strategy, marketers sought substitutes for special introductory offers. In ads for “Banana” cotton in the Vicksburg Sentinel (13 Sept. and 17 Sept. 1848), the promoters – John Hebron, E. H, Bryan, and David Gibson, Jr. – did offer a novel schedule of wagers that workers cultivating the crops in Warren county, Mississippi would achieve specified production levels in the next season.

71 Cyrus McCormick and other machine manufacturers regularly place ads using testimonials from prominent farmers.
criticism of Grant Thorburn’s “Chinese Tree-Corn,” finding a handful of successful cases out of thousands of adopters meant very little.72 The performance of biological innovation was inherently sensitive to the local environmental; what succeeded in one field in one season did not necessarily fare well in others.

The newspapers and agricultural journals entered into complicated relationships with seed breeders, relationships fraught with conflicts of interest. Seed ads became a valued source of revenue from the late 1830s on. Promotions for new introductions could fill several column inches in the classified section of newspapers or even a full-page in a farm journal. In their own editorial pages, publishers often pointed out the paid advertisements for new seed and reviewed their claims favorably. They accepted letters (along with subscription renewals) from breeders touting their wares or published freely provided content from correspondents with an interest at stake.

One way to raise one’s reputation, both relatively and absolutely, was to point out the sins of others. Much of the agricultural reform literature was devoted to criticism as well as praise. Attacks were especially sharp against those boosters whose promises were too good to be true. Their false claims inhibited true improvement. Thus, in addition to lauding the perseverance and modesty of H. W. Vick, Martin Philip questioned and chided the activities of other so as far as the southern code of honor among gentlemen (and libel laws) would permit.73 Philip repeatedly chastised Richard Abbey, the promoter of Mastodon. And beginning in late 1849, Philip sharply criticized G. D. Mitchell in print for introducing his Pomegranate variety, which Philip thought was just Hogan or Banana under a new name.74 In reply, Mitchell accused Philip of slander and dishonesty.75 The two attempted to settle their difference through an exchange of visits.76

But the dispute would not die as Philip, Jones, and fellow reformers continued to

72 “Grant Thorburn in Defence of Himself and his Chinese Tree-Corn,” Farmer’s Register, 7, no. 11 (30 Nov. 1839), p. 603.
73 H. W. Vick, “Col. Vick on the Improvement of Cotton,” Southern Cultivator 9: no. 9 (Sept. 1851), p. 129. In contrast to the disreputable seed mongers, Vick’s investigations were purportedly driven by a desire to improve cotton “as far as our climate and soil permit.” “No thought of profit, either from increase or quality of crop, or sale of seed” instigated his efforts. He wrote: “I have paid more money for cotton seed, than I received, and have given away more than I have sold.”
74 Improved Cotton Seed,” Southern Cultivator, 7, no. 11 (Nov. 1849), p. 170 and “Varieties of Cotton” DeBow’s Review vo. 10, p. 568,
deprecate Mitchell and his seed. Mitchell would not back down either. He denied committing any deception, stated he sold the seed by specimen, and claimed all his Georgia customers “were entirely satisfied.” He said no one was harmed and charged Philips of being a quibbler and impertinent intermeddler in other’s affairs. In accompanying commentary, W. S. Jones, the Cultivator’s editor, retorted he repeatedly heard Mitchell make deceptive statements. Mitchell, much like Grant Thorburn a decade earlier, learned such controversies generated free publicity and further opportunities to haw his wares.

The agricultural reformers of the antebellum South puzzled over how best to improve the operation of the cotton seed market. They argued that innovative breeders should share in the productivity advance they created and that high prices for newly discovered or developed seed could well be justified. They did not seek to deny anyone the ability to sell their seed at any price and under any name they choose. Yet they counseled that high prices limited diffusion, and that the proliferation of names and the unwarranted claims slowed the cause of improvement. Such practices harmed the innovative breeders and their risk-taking clientele. The repeated examples of humbugs empowered the conservative “good enough” farmers and their slightly more adventurous “show me” colleagues to resist change. The reformers sought through ridicule and embarrassment to exclude from the ranks of honored improvers those seed sellers who made bogus claims, marketed bad seed, or renamed seed from existing varieties to garner premium prices. The reformers advocated devising unbiased means to test the seed and hold the results up against the proponents’ claims. No one advocated for IPRs.

---

79 Farmer’s Register 7, no. 11, (30 Nov.1839), p. 603. Ruffin added that publishing Thorburn’s defense amounted to providing new free advertisement for his corn.
80 “We are aware that the many deceptions practiced upon the public, by seed mongers, are calculated to make planters very cautious in experiments with new cotton seed. This is very proper; but should not go so far as to prevent small experiments, when there is good evidence that it will result in great advantage.” Albany Patriot, 17 Jan. 1851, p. 2
Conclusion

Many historical accounts concerning the operation of antebellum cotton seed market are decidedly skeptical. The treatment by Ulrich B. Phillips (with two “l”s) in *American Negro Slavery* (1918) is representative. After noting the surprising success of the early Mexican cottons, Phillips focuses on the excesses of the later years – the proliferation of new introductions accompanied by great fanfares of publicity, the very high prices at the initial public offering and then their collapse shortly thereafter, and subsequent wave of accusations of fraud and humbuggery. Phillips contrasted the typical planters who passed along his improved seed freely to friends with the flamboyant and less reputable seed promoters. Tellingly, his prime example of the latter was Martin W. Philips. Ulrich Phillips’ praise of the early rounds of Mexican hybrid cottons is well placed, but his dismissal of later innovations missed the mark. As Figure 1 showed the upward march in picking productivity continued into the early 1860s.

Philips (with one “l”) at times adopted a similar scornful tone but he drew the lines far differently. He viewed himself and Vick and Jones as the true friends of progress in the cotton sector, truer than the conservative planters who sold lint but would not market their better seed and far truer than seed mongers such as Richard Abbey and G. C. Mitchell. Despite imperfections in antebellum cotton seed market, Martin W. Philips noted much “good has been done.” “Large prices induce attention to be directed to the production of choice seed.” They could easily be justified by productivity enhancements. As he wrote in 1850, “admit all this humbuggery, and that the U.S. lost $100,000 by it, and a few men pocketed the same—yet, there has been and will be improvements that will enhance the value of cotton estates millions of dollars…” And if the market suffered from problems, it was from too many new cottons, not too few.

---

84 Philips further said while “all can improve,” they could not “all improve seed as cheap as they can buy;” “the man who can sell $500 or $1,000 … can bear the extra labor and expense.” Letter reprinted in Joseph A. Turner, *The Cotton Planter’s Manual, Being a Compilation of Facts from the Best Authorities on the Culture of Cotton; Its Natural History, Chemical Analysis, Trade, and Consumption; and Embracing a History of Cotton and the Cotton Gin* (New York, C. M. Saxton, 1857), p. 99.
Figure 1: Mean Daily Picking Rates by Plantations, 1801-62

Panel A: Upland Cotton (N=468)

Panel B: Sea Island Cotton (N=34)
Figure 2:

Panel A: 400-lb Bales per Slave in Agricultural Labor Force

Panel B: 400-lb Bales per Free Worker and Slave in Agricultural Labor Force
Figure 3: “Hits” in Searches of Advertising in the Readex Newspaper Database, 1801-62
Panel A: Cotton Seed
Panel B: Morus Multicaulis
Figure 4: David Dickson’s Seed Advertisements from 1854 and 1860
IMPROVED COTTON.

Dickson's Select Cotton.

I have selected and improved this Cotton until I have succeeded in raising a stalk with 323 bolls, only 4 feet high, and another with 211, only 20 inches high.

CULTIVATION OF COTTON.

The land should be broken fine and deep before planting, and if planting on high land, it should not be planted on hils, the land should be kept as level in the cultivation bed as the rows as possible, to prevent the cotton from shading in cases of drift.

If planted on an inclined to bank, or on bottom land, it should be planted on hils as high as possible, and the middle furrow should be kept open to drain off surplus water, so that the soils may bear water and drench, as essential to the cotton plant. In a short climate for cotton, it should be planted on hils as high as potato ridges, and kept so in the cultivation by keeping the middle furrow well open, which will increase the warmth of the land fully one-degree, causing it to mature earlier. The land should be planted as shallow as possible, with smart and early skimming to prevent the cotton from making too much weed, and shedding its first fruit, which should be removed when possible.

In all light, lean and sandy soil, cotton should be cultivated with every skimming or light harrow, stirring the ground as shallow as possible, but frequently on the breaking of the young roots or seeders is almost certain to cause the cotton to shed a portion of its first fruit, which might be secured to mature a good crop before early frost. Still lands should be plowed once only, after planting, and then cultivated as above directed. This variety of cotton must be topped. On thin and unarrowed land, it should be topped by the 20th of July—measured from the 1st of August, and cut short about the 10th of August, as too early topping of bottom land will cause it to snout too much. In spring land, it pays outside branches at the ground, which ought to be topped also. This cotton should be left one-fourth thicker in the drill than other cotton, and the rows a little closer.

Price of Seed, 25 per bushel. Address me at Oxford, Ga.

CERTIFICATES.

Evening Star, Nov. 30, 1859.

Mr. Dickson—Sir: I am pleased to state that I have just obtained from you, last spring, 16 bolls of Improved Cotton Seed, a part of them for my neighbors. I have planted them, and they have done splendidly. I have produced 16 bolls of cotton on an area of about 3.3, or 3.4, and my experiments have shown me that this is the best cotton that can be obtained from this land in this country, and I think I can safely say that it will produce more cotton than any other variety of cotton grown on this land. I am sure that the cotton will produce a good crop of cotton, and I shall continue to use it in my future plantations.

Respectfully yours,

JAMES FRICK.


Mr. Dickson—Dear Sir: I have received your letter of the 16th instant, and I am happy to state that I have obtained from you 16 bolls of Improved Cotton Seed, a part of them for my neighbors. I have planted them, and they have done splendidly. I have produced 16 bolls of cotton on an area of about 3.3, or 3.4, and my experiments have shown me that this is the best cotton that can be obtained from this land in this country, and I think I can safely say that it will produce more cotton than any other variety of cotton grown on this land. I am sure that the cotton will produce a good crop of cotton, and I shall continue to use it in my future plantations.

Respectfully yours,

G. W. BUSHEE.

We have raised some of Dickson's Improved Cotton, which has proved to be decidedly the most productive cotton we ever had. I wish to express my highest commendation of Mr. Dickson's Cotton, and to recommend it to all cotton growers.

Yours truly,

G. W. BUSHEE.

WARRENTON, Va., Oct. 12, 1859.

Mr. Dickson—Dear Sir: I am happy to inform you that I have this day planted a vigorous and healthy stalk of cotton, the seed of which I had from you. I am satisfied that it is the best cotton seed that we can plant in this country. I think I shall make a profit of five and one thousand pounds seed cotton on the three bolls I planted.

Yours, I am, etc.,
A. FARMER.

SHANKS, Ga., Aug. 4, 1859.

Mr. Dickson—For the last seven years previous to this, I have cultivated both Cotton and cotton seed, and I am satisfied that your Improved Cotton Seed is the best seed planted in Alabama. I think I shall make a profit of five and one thousand pounds seed cotton on the three bolls I planted.

Yours, I am, etc.,
A. FARMER.

WARRENTON, Va., Oct. 12, 1859.

Mr. Dickson—Dear Sir: I am happy to inform you that I have this day planted a vigorous and healthy stalk of cotton, the seed of which I had from you. I am satisfied that it is the best cotton seed that we can plant in this country. I think I shall make a profit of five and one thousand pounds seed cotton on the three bolls I planted.

Yours, I am, etc.,
A. FARMER.

WARRENTON, Va., Oct. 12, 1859.

Mr. Dickson—Dear Sir: I am happy to inform you that I have this day planted a vigorous and healthy stalk of cotton, the seed of which I had from you. I am satisfied that it is the best cotton seed that we can plant in this country. I think I shall make a profit of five and one thousand pounds seed cotton on the three bolls I planted.

Yours, I am, etc.,
A. FARMER.

WARRENTON, Va., Oct. 12, 1859.

Mr. Dickson—Dear Sir: I am happy to inform you that I have this day planted a vigorous and healthy stalk of cotton, the seed of which I had from you. I am satisfied that it is the best cotton seed that we can plant in this country. I think I shall make a profit of five and one thousand pounds seed cotton on the three bolls I planted.

Yours, I am, etc.,
A. FARMER.

WARRENTON, Va., Oct. 12, 1859.

Mr. Dickson—Dear Sir: I am happy to inform you that I have this day planted a vigorous and healthy stalk of cotton, the seed of which I had from you. I am satisfied that it is the best cotton seed that we can plant in this country. I think I shall make a profit of five and one thousand pounds seed cotton on the three bolls I planted.

Yours, I am, etc.,
A. FARMER.
Figure 5: Scatterplot of Log Real Prices versus Number of Years since Release
Figure 6: The Market for New Seed
Panel A. Relationship between Seed Supplies and Increase Value on Lint Production
Panel B. Demand Function for New Seed

A. Effect on Lint Value

\[ S_3 \]
\[ S_2 = m S_3 \]
\[ S_1 = m^2 S_3 \]
\[ S_0 = m^3 S_3 \]

\[ bA/m^3 \]
\[ bA/m^2 \]
\[ bA/m \]
\[ bA \]

\[ d(1+v)yP_L/b \]
\[ dyP_L/b \]

New seed scarcity
New seed surplus

B. P_{New Seed}

\[ S_3 \]
\[ P_3 + (1 + dm + (dm)^2)dyP_L/b \]
\[ S_3 \]
\[ S_0 \]

\[ bA/m^3 \]
\[ bA/m^2 \]
\[ bA/m \]
\[ bA \]

\[ P_3 + dyP_L/b \]
\[ P_3 \]
Table 1: Price path since release for selected important varieties

<table>
<thead>
<tr>
<th>Year of Release</th>
<th>Year</th>
<th>Mean Price per Bushel by Year since Release</th>
<th>No. of Observ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Release= Yr1)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Obs.</td>
<td></td>
</tr>
<tr>
<td>Petit Gulf</td>
<td>1833</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.8</td>
</tr>
<tr>
<td>Okra/Twin</td>
<td>1837</td>
<td>106</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>Sugar Loaf</td>
<td>1843</td>
<td></td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Mastodon</td>
<td>1845</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.6</td>
<td></td>
</tr>
<tr>
<td>100 Seed</td>
<td>1846</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Boyd Prolific</td>
<td>1847</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Jethro</td>
<td>1848</td>
<td>5</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Hogan</td>
<td>1848</td>
<td>691</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40</td>
<td>1.3</td>
</tr>
<tr>
<td>Banana</td>
<td>1848</td>
<td>672</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>178</td>
<td>2.5</td>
</tr>
<tr>
<td>Pomegranate</td>
<td>1849</td>
<td>448</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.8</td>
</tr>
<tr>
<td>Dean</td>
<td>1853</td>
<td>5</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Dickson</td>
<td>1858</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Notes:
For Petit Gulf, the quotes for "genuine" seed imported from Mississippi Valley; prices in Southeast for locally grown "second crop" are much lower.
A bulk purchase discount of 0.7 was applied to quotes for small lot to convert into full prices; this was the median ratio in advertisements quoting both small lots and whole bushels.
For Okra-Twin, a price for yr 13 is listed under in column for year 10.
Table 2: Empirical Results

A. Summary

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Obs</th>
<th>Mean</th>
<th>St. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Log (Real Price)</td>
<td>197</td>
<td>-0.773</td>
<td>1.994</td>
<td>-3.726</td>
<td>4.516</td>
</tr>
<tr>
<td>Year 1</td>
<td>197</td>
<td>0.132</td>
<td>0.339</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Year 2</td>
<td>197</td>
<td>0.112</td>
<td>0.316</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Year 3</td>
<td>197</td>
<td>0.208</td>
<td>0.407</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Year 4</td>
<td>197</td>
<td>0.147</td>
<td>0.355</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Year 5</td>
<td>197</td>
<td>0.066</td>
<td>0.249</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Year 6</td>
<td>197</td>
<td>0.02</td>
<td>0.141</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Year 7</td>
<td>197</td>
<td>0.066</td>
<td>0.249</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Log (Years Out)</td>
<td>197</td>
<td>1.413</td>
<td>0.847</td>
<td>0</td>
<td>3.332</td>
</tr>
<tr>
<td>Year</td>
<td>197</td>
<td>1849.77</td>
<td>5.69</td>
<td>1834</td>
<td>1861</td>
</tr>
<tr>
<td>Small_Lot</td>
<td>197</td>
<td>0.096</td>
<td>0.296</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Second_Quality</td>
<td>197</td>
<td>0.046</td>
<td>0.209</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Old_South</td>
<td>197</td>
<td>0.548</td>
<td>0.499</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Humbug</td>
<td>197</td>
<td>0.122</td>
<td>0.328</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

B. Regressions

<table>
<thead>
<tr>
<th>Specification</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full</td>
<td>Humbug</td>
<td>Excl. Humbug</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1 Dummy</td>
<td>4.064</td>
<td>--</td>
<td>3.974</td>
<td>--</td>
<td>3.669</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>[0.596]</td>
<td>[0.588]</td>
<td>[0.574]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 2</td>
<td>2.394</td>
<td>--</td>
<td>2.343</td>
<td>--</td>
<td>2.317</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>[0.478]</td>
<td>[0.478]</td>
<td>[0.526]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 3</td>
<td>1.112</td>
<td>--</td>
<td>1.079</td>
<td>--</td>
<td>1.330</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>[0.354]</td>
<td>[0.344]</td>
<td>[0.336]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 4</td>
<td>0.901</td>
<td>--</td>
<td>0.912</td>
<td>--</td>
<td>0.724</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>[0.364]</td>
<td>[0.357]</td>
<td>[0.313]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 5</td>
<td>0.386</td>
<td>--</td>
<td>0.379</td>
<td>--</td>
<td>0.443</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>[0.304]</td>
<td>[0.304]</td>
<td>[0.299]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 6</td>
<td>0.621</td>
<td>--</td>
<td>0.623</td>
<td>--</td>
<td>0.724</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>[0.381]</td>
<td>[0.381]</td>
<td>[0.381]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 7</td>
<td>0.359</td>
<td>--</td>
<td>0.358</td>
<td>--</td>
<td>0.323</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>[0.239]</td>
<td>[0.236]</td>
<td>[0.234]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Log (Years Out)</td>
<td>--</td>
<td>-2.438</td>
<td>--</td>
<td>-2.386</td>
<td>--</td>
<td>-2.166</td>
</tr>
<tr>
<td></td>
<td>[0.345]</td>
<td>[0.343]</td>
<td>[0.366]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.007</td>
<td>0.194</td>
<td>0.0072</td>
<td>0.190</td>
<td>0.017</td>
<td>0.170</td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
<td>-------</td>
<td>--------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td></td>
<td>[0.018]</td>
<td>[0.036]</td>
<td>[0.0175]</td>
<td>[0.036]</td>
<td>[0.017]</td>
<td>[0.031]</td>
</tr>
<tr>
<td>Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small_Lot</td>
<td>1.697</td>
<td>1.95</td>
<td>1.783</td>
<td>2.022</td>
<td>2.312</td>
<td>2.554</td>
</tr>
<tr>
<td></td>
<td>[0.452]</td>
<td>[0.410]</td>
<td>[0.447]</td>
<td>[0.404]</td>
<td>[0.520]</td>
<td>[0.409]</td>
</tr>
<tr>
<td>Second_Quality</td>
<td>-1.339</td>
<td>-1.347</td>
<td>-1.327</td>
<td>-1.340</td>
<td>-1.283</td>
<td>-1.282</td>
</tr>
<tr>
<td></td>
<td>[0.403]</td>
<td>[0.384]</td>
<td>[0.397]</td>
<td>[0.377]</td>
<td>[0.369]</td>
<td>[0.336]</td>
</tr>
<tr>
<td>Old_South</td>
<td>0.202</td>
<td>0.133</td>
<td>0.208</td>
<td>0.141</td>
<td>0.061</td>
<td>-0.007</td>
</tr>
<tr>
<td></td>
<td>[0.165]</td>
<td>[0.178]</td>
<td>[0.164]</td>
<td>[0.178]</td>
<td>[0.170]</td>
<td>[0.182]</td>
</tr>
<tr>
<td>Humbug</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-1.086</td>
<td>-1.010</td>
<td>[0.529]</td>
<td>[0.480]</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>[33.231]</td>
<td>[67.005]</td>
<td>[32.521]</td>
<td>[66.298]</td>
<td>[30.782]</td>
<td>[57.260]</td>
</tr>
<tr>
<td>Categories</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Obs</td>
<td>197</td>
<td>197</td>
<td>197</td>
<td>197</td>
<td>173</td>
<td>173</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.883</td>
<td>0.849</td>
<td>0.885</td>
<td>0.878</td>
<td>0.904</td>
<td>0.900</td>
</tr>
</tbody>
</table>