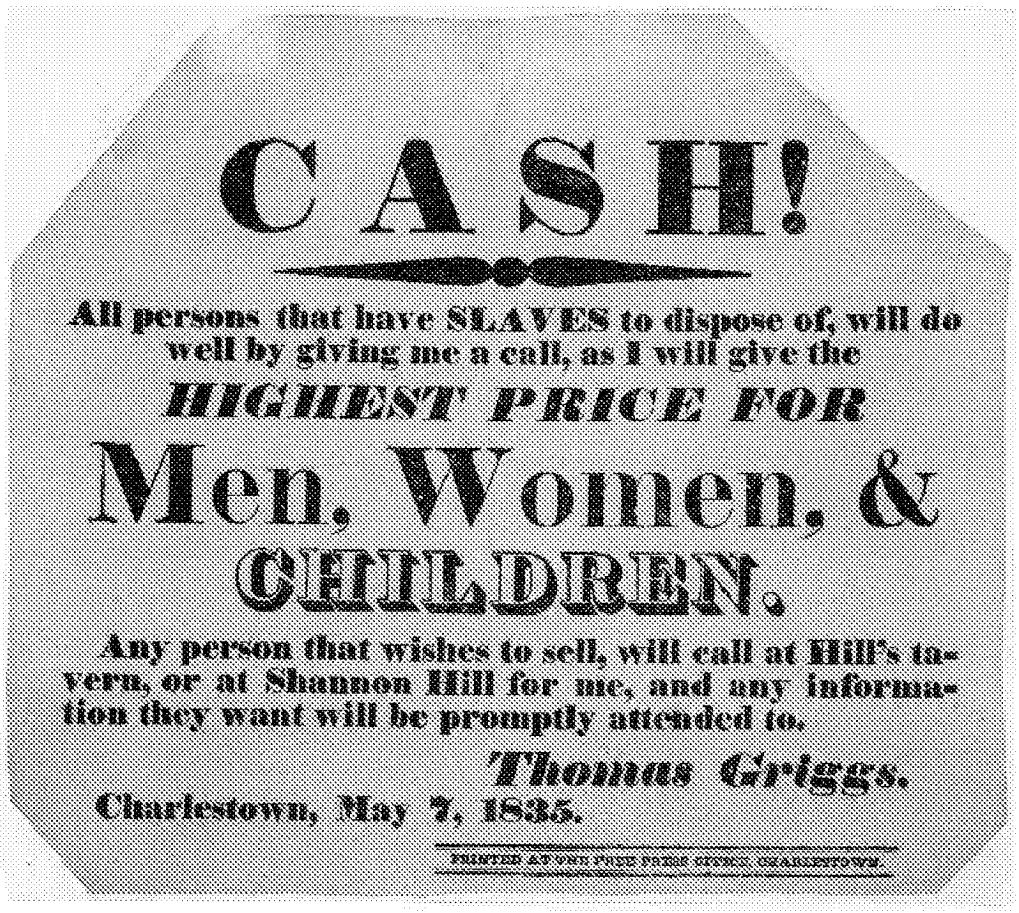
forty acres and a mule: what if america pays reparations?
Dalton Conley
Contexts; Fall 2002; 1, 3; Ethnic NewsWatch (ENW)
pg. 13

feature article ***dalton conley***

forty acres and a mule: what if america pays reparations?

In the present political climate, slavery reparations remain a remote dream of activists. But it is still worthwhile to do the math, if not for the purpose of actual payments, at least for what the numbers reveal about race and equal opportunity in America.



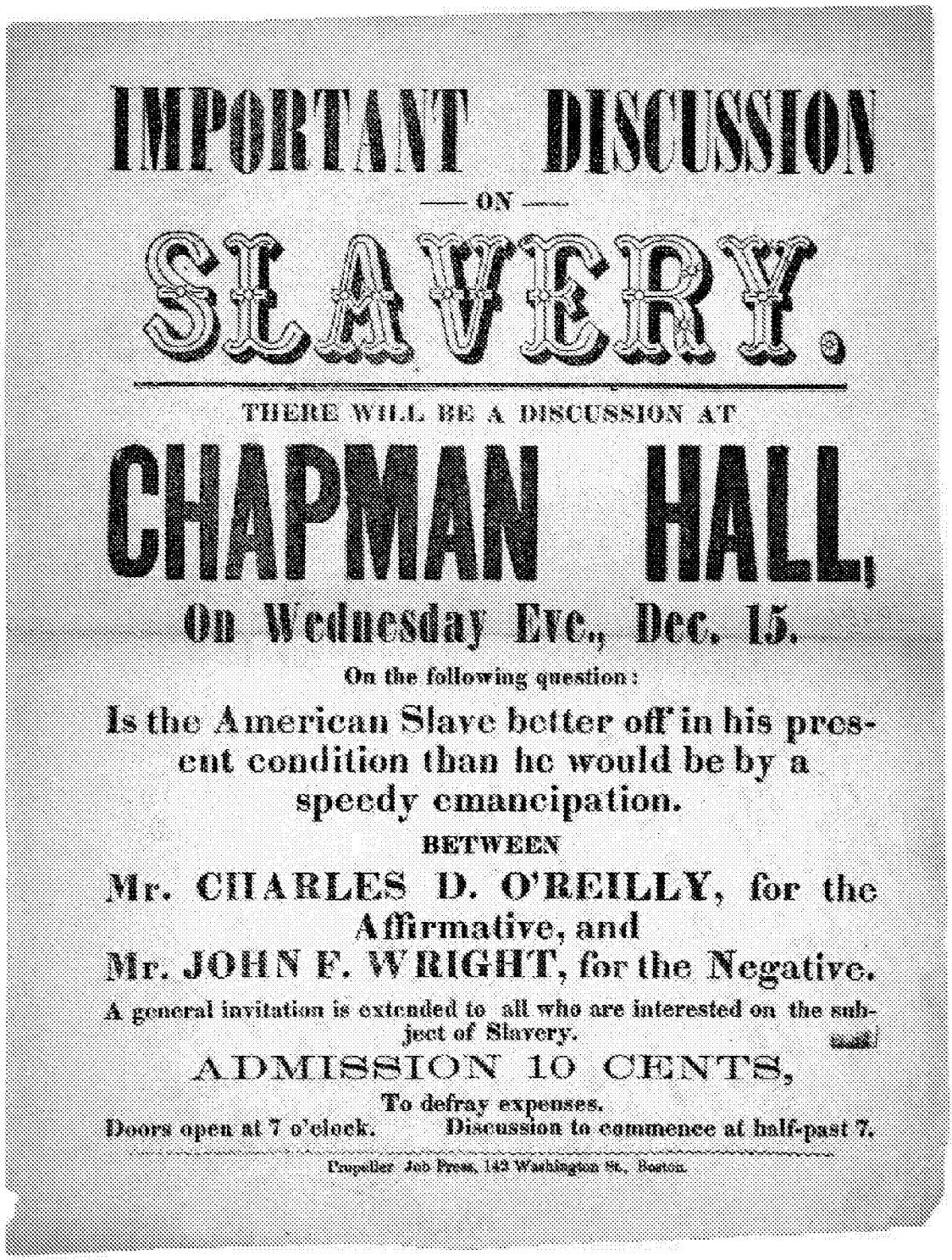
Printed Ephemera Collection, Library of Congress

Broadside published by Thomas Griggs, Charlestown, Virginia, 1835.

Marching across the Confederacy in 1865, Union soldiers seized large amounts of so-called abandoned property. The Freedmen's Bureau, the administrating agency for confiscated property, held an estimated 800,000 to 900,000 acres. Some radical Republicans on the Congressional Committee on Reconstruction hoped to use these properties to provide freed slaves with the now-legendary "40 acres and a mule" as restitution for slavery. This promise of economic self-sufficiency never came close to becoming law.

Instead, the lion's share of confiscated plantations went to white northerners who hired the former slaves to cultivate them, inaugurating the system of sharecropping that disadvantaged so many African Americans over the following century. Not only did former slaves fail to receive significant land or money as compensation for their toil; after the Civil War, Jim Crow regimes in the South and racially biased policies elsewhere led to new institutional barriers to black economic progress. Is now the time to set these accounts straight—

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.



IMPORTANT DISCUSSION

— ON —

SLAVERY.

THERE WILL BE A DISCUSSION AT

CHAPMAN HALL,

On Wednesday Eve., Dec. 15.

On the following question:

Is the American Slave better off in his present condition than he would be by a speedy emancipation.

BETWEEN

Mr. CHARLES D. O'REILLY, for the Affirmative, and

Mr. JOHN F. WRIGHT, for the Negative.

A general invitation is extended to all who are interested on the subject of Slavery.

ADMISSION 10 CENTS,

To defray expenses.

Doors open at 7 o'clock. Discussion to commence at half-past 7.

Propeller Job Press, 143 Washington St., Boston.

Printed Ephemera Collection, Library of Congress

Broadside published by Propeller Job Press, Boston, 1858.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.

providing African Americans with the proverbial "40 acres and a mule" as compensation for the legacy of slavery? Politics will answer that question. However, exploring what 40 acres and a mule would be worth today sheds light on how racial differences emerged and persist in America.

> Would whites who immigrated after slavery ended have to pay? Would their black counterparts be entitled to payments? And what about the descendants of blacks who lived as free individuals during the antebellum period? The free blacks who owned slaves themselves?

contemporary debates

The issue of reparations has recently made another comeback. Armed with precedents such as payments to Japanese Americans for internment during World War II and the claims of Holocaust victims on Swiss banks for lost accounts, the most recent discourse on slavery restitution is more legalistic in tone and, as such, has been the most effective to date. For example, at least 10 cities—including Washington, D.C. and Chicago—have passed resolutions urging the federal government to take action on this issue. A new California law requires insurance companies that do business in the state to research their past to determine whether they offered policies insuring slave capital. Aetna, one of the largest insurance companies in the United States, has issued an apology for having done just that. Editorials and feature stories calling for a serious examination of the reparations possibility have cropped up with increasing frequency. Perhaps most important, a group of prominent legal scholars, litigators and advocates, such as Harvard Law Professor Charles Ogletree and TransAfrica Corporation founder Randall Robinson, have declared their intention to bring class action suits against the government and corporations that benefited from America's "peculiar institution" (the first suit has now been filed against three companies, including Aetna). Even conservative pundits have argued for reparations as a way to end affirmative action. As Charles Krauthammer wrote in *Time* magazine, "It's time for a historic compromise: a monetary reparation to blacks for centuries of racial oppression in return for the total abolition of all programs of racial preference."

There are several important issues to sort out in this debate. Practical concerns—who would receive payments and how



Photo by Arthur Rothstein, Farm Security Administration Collection, Library of Congress

Tenant farmer, Gee's Bend, Alabama, 1937.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.



Photo by Ben Shahn, Farm Security Administration Collection, Library of Congress

Cotton pickers waiting for the workday to start on the Alexander plantation, Pulaski County, Arkansas, 1935.

much they would get—blend with larger issues about race and ascription (that is, assignment to a social status by virtue of birth). Had the proverbial 40 acres and a mule been real rather than rhetorical compensation, many of these issues would not have to be addressed. Back in the mid-19th century, for example, payments could have been extracted from Southern plantations, targeting most directly those who benefited from the chattel labor. Most important, payments could have been made directly to the victims of slavery rather than to their descendants. Fourteen decades later everything gets a lot more complicated.

how much?

Perhaps the simplest argument for reparations is that they are payment of back wages for slave labor. This was the underlying rationale the black power movement used in the 1970s. One researcher took slave prices during the period from 1790 to 1860 as proxies for the value of slave capital and projected that, given compound interest, the total value in 1970 was from $448 billion to $995 billion. Merely adjusted for inflation, this sum would translate to a range of $2 trillion to almost $4 trillion today (which, incidentally, was within budget surplus estimates in 2000, if paid out over six to eight years). The 1970 price happened to match the $400 billion sum that was being demanded around the same time by a prominent black separatist movement called the Republic of New Africa (RNA). The RNA also demanded sovereignty over five southern states: Alabama, Georgia, Louisiana, Mississippi and South Carolina (which the researcher estimated to be worth $350 billion at the time).

If reparations were paid directly to the ex-slaves themselves, one might follow this strategy of imputing a fair wage, or splitting the profits made from the industries in which they toiled, then adding on sums for pain and suffering and lost future earnings. Even one generation later, the heirs of the slaves could be compensated as representatives of the estate.

However, this approach presents a number of difficulties six or more generations later. Using compound interest only works when we assume an unbroken chain of birth from slaves to the current African American population, from slaveholders to today's white Americans. Would whites who immigrated after slavery ended have to pay? Would their black counterparts be entitled to payments? And what about the

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.



Photo by Ben Shahn, Farm Security Administration Collection, Library of Congress

Picking cotton on the Alexander plantation, 1935.

descendants of blacks who lived as free individuals during the antebellum period? The free blacks who owned slaves themselves? Then, of course, there is the issue of racial mixing. Would children born to a white parent and a black parent pay a reparations tax or receive a reparations payout?

is slavery a proxy for race, or race a proxy for slavery?

These questions raise the larger issue of whether being black is a good proxy for descending from slaves and, therefore, being entitled to restitution. On the one hand, Americans of all races have ancestors of various races. On the other hand, the way that race has long been classified in the United States, commonly known as the one-drop rule, suggests that African American racial identity should act as a proxy for slave ancestry since it is socially defined that way by the government. (The one-drop rule states that if either parent of a child has any black "blood" the child is classified as black.) Or, to turn this question around, we could assume that slavery stands for the sum total of oppression and discrimination that blacks have experienced in America, both before and after 1865. Are these other disadvantages not to be remedied through financial restitution as well?

One approach to the question stresses that slavery was a foundation of America's current wealth. Whether people's families arrived in 1700 or in 2000, they benefit today from businesses, such as the cotton garment industry, that profited from slave labor. Conversely, blacks in America, regardless of when their families arrived, live with the stigma and burdens that are the legacy of slavery (while gaining a disproportionately small share of its benefits).

One could persuasively argue that most black-white inequality in contemporary America is a direct result of slavery because it stripped African Americans of their ethnic honor. All other Americans are linked to a particular immigrant (or Native American) group and therefore to a particular nation of peoples. Slavery wiped out this sense of nationhood as slaveholders purposely mixed slaves of various tribal origins. This lack of national heritage and ethnic honor places African Americans at the bottom of the racial-ethnic hierarchy in the United States. Combined with other stigmatizing aspects of

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.

slavery, this loss of ethnicity may make all black-white inequality today directly attributable to slavery, whether or not particular individual blacks or whites had ancestors in the United States before abolition. This wider interpretation of the legacy of slavery would legitimate a claim for "symbolic damages" or "group pain and suffering" in addition to back wages.

calculating reparations from the wealth gap

Given a rationale for paying reparations to 21st-century blacks without having to link particular individuals back to slave ancestors, we can turn to calculating the right amount. Property values offer a potentially simple procedure because they are often used as a direct measure of tort damages. For instance, if a chemical company spills its wares in my community, making my home unlivable, I am entitled to the home's full value (plus some amount for pain and suffering). Similarly, one could choose to view the wealth gap between blacks and whites as a result of slavery, both lost wages and long-term consequences.

In fact, if there were one statistic that captured the persistence of racial inequality in the United States, it would be net worth—also known as wealth, equity or assets. (If you want to know your net worth, add up everything you own and subtract from this figure your outstanding debt.) The typical white family enjoys a net worth more than seven times greater than that of a typical non-white family. The wealth gap cannot be explained by annual income differences alone and is therefore distinct from current racial or class conditions. That is, while African Americans as a group earn less than whites, even when we compare black and white families that earn the same income, differences in assets remain large. For instance, among families earning under $15,000, the typical African-American family has a net worth of zero, while the typical white family holds $10,000 worth of equity. This is also true among the often-heralded new black middle class. The typical white family that earns $40,000 per year enjoys a nest egg of around $80,000. Its African-American counterpart has less than half that amount.

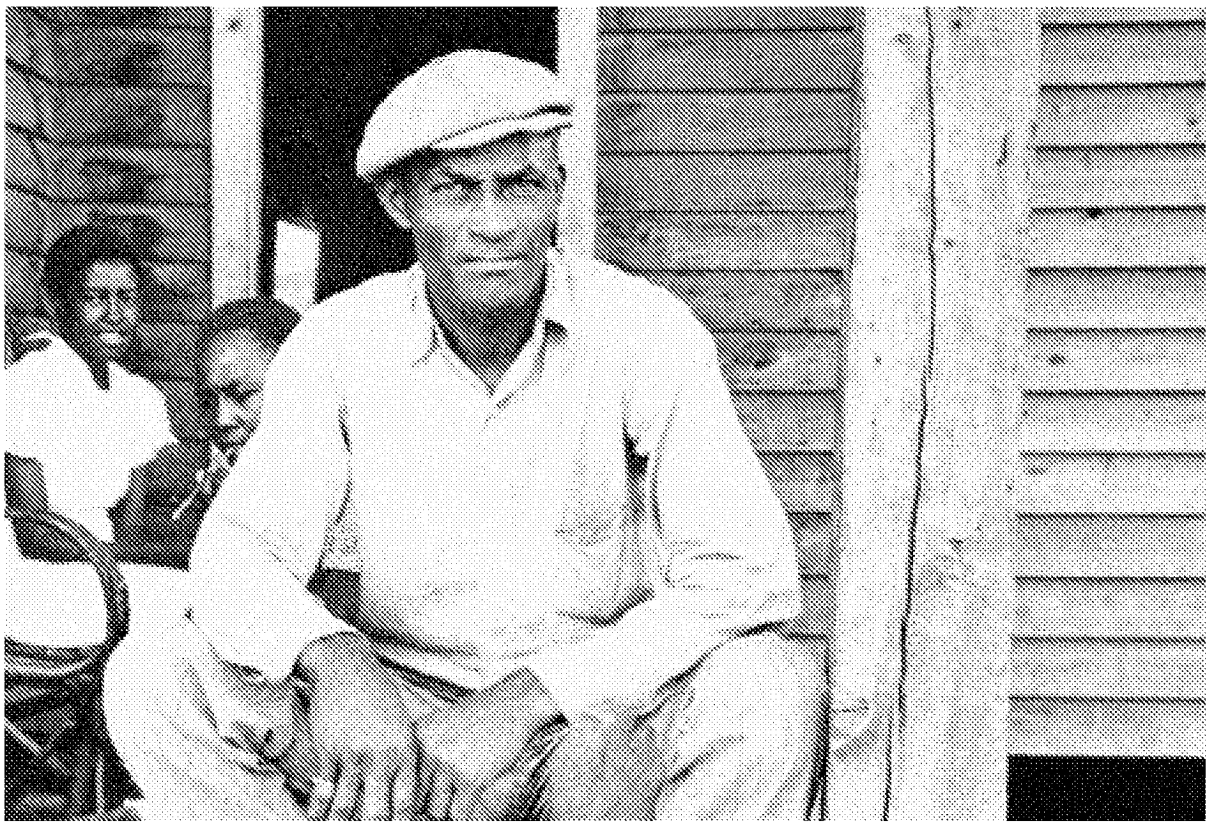


Photo by Ben Shahn, Farm Security Administration Collection, Library of Congress

Sharecropper on Sunday, Little Rock, Arkansas, 1935.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.

Why are these gaps so large, even among families with the same income levels? Some pundits—and many white Americans—believe that blacks perpetuate an oppositional culture that works to their own disadvantage. This culture, they argue, encourages spending at the cost of savings, an anti-intellectual attitude in school, and overall hostility to mainstream social institutions including the financial sector. Some theorists believe that this culture arose from slavery and oppression but has now become self-perpetuating. Others see what they often call "underclass" behavioral patterns as genetically determined. The overwhelming majority of evidence, however, refutes these claims. Several studies have shown that black and white savings rates, for example, are indistinguishable. Surveys also show that blacks value education as much as, if not more than, whites.

If it is not just parental wealth that matters but also other attributes such as parental education and race itself... slavery would continue to find wormholes through which to wiggle its effects into the future.

Rather, wealth, more than other measures of economic status, captures the long-term, multigenerational scars of prior inequality and is not easily erased by measures intended to guarantee equal opportunity. "Equity inequity" is, in part, the result of the head start that whites have enjoyed in accumulating and passing on assets. Whites not only earn more now, but they have always earned more than African Americans—a lot more—which, in turn, feeds wealth differences. Some researchers estimate that up to 80 percent of lifetime wealth results from gifts in one form or another from past generations of relatives. These gifts can range from the down payment on a first home, to a free college education, to a bequest upon the death of a parent. Over the long run, small racial differences in wealth holdings widen rapidly, especially when combined with barriers to black property accumulation (such as the "black codes" of the 19th century and the housing and credit discrimination of the 20th and 21st centuries). Even if equal opportunity was finally here, equal wealth would take a while to achieve.

If we take the broad view that all wealth inequality between blacks and whites today is directly or indirectly a result of slavery, then there might be an argument that whites should transfer 13 percent of their private wealth to blacks to close the gap. However, we may wish to distinguish between the earnings of the current generation and the legacy of past injustice (since we already have some policies in place to address current conditions, i.e. affirmative action). Since about half of the black-white wealth gap is attributable to current income and demographic differences, this would suggest a payment half as large. We could use another, yet more conservative approach. Using the estimate mentioned earlier that 80 percent of our wealth can be attributed in one form or another to our parents' generation, we would find that six generations after 1865, about 25 percent of the distribution of wealth today is explained by the distribution of wealth at the time of emancipation. Correcting for this much of the gap would rectify only the wealth inequalities associated directly with slavery, not with Jim Crow, sharecropping, racial violence, housing segregation, or labor, educational, and credit discrimination that has occurred since 1865.

what if, what then?

Behind each of these numbers is a theoretical assumption and a rationalization for what is essentially an irrational political process. (That includes the number implicit in the present policy: zero.) That said, numbers and logics still matter since they provide the grist for the political process. Each year, Representative John Conyers, Jr. (D-Michigan) introduces a bill to provide slavery restitution to African Americans, and every year, it goes nowhere.

What would it take to get from symbolic resolutions and theoretical calculations to a signed bill with appropriated funds? A lot. Reparations combine two policies that have been wildly unpopular in America: taxes and group preferences. In fact, property taxes—the most logical mechanism by which wealth could be redistributed—are the least popular form of taxation, even though they are generally more progressive than income or consumption taxes. Property tax revolts have occurred in political communities as diverse as Ronald Reagan's California (Proposition 13) and social-democratic Denmark. This is perhaps because private property has come to be seen as a natural right. So, if white resentment of affirmative action is strong and getting stronger, one can only imagine the backlash that would result from racially based wealth redistribution. Reparations activists, therefore, would be wise to launder the money well. That is, to the extent that reparations come from general, existing revenue sources, they would seem less like a direct transfer from individual to individual. Of course, there is a tension between the size of reparations and the ability to finance them without a direct and obviously new tax.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.

But what if America did overcome the political obstacles to reparations? What would be their effect? The answer, of course, depends on which plan we were to opt for and what you believe the effects of money are on life chances. For the sake of argument, let us assume we took the most radical option and completely equalized black-white wealth levels. Some research shows that when you compare blacks and whites who grew up in households with the same wealth levels, racial gaps in children's educational attainment evaporate. For example, my own study shows that when we compare African Americans and whites who come from families with the same net worth, blacks are, in fact, more likely to finish high school than their white counterparts and just as likely to complete a four-year college degree. Similarly, black-white differences in using welfare disappear when parental wealth is taken into account. However, the jury is still out on whether the black-white wealth gap accounts for other racial differences, such as health and life expectancy, test scores, occupational attainment and even wealth levels themselves.

If parental wealth levels really do determine life chances—and it is not just that parents who have wealth also are the ones who can produce good students, for instance—then we should expect racial gaps in education to close in one generation. However, if it is not just parental wealth that matters but also other attributes such as parental education and race itself, then we are back to where we started from—an unlevel playing field in which we slowly accrete greater and greater inequalities over generations. In that case, slavery would continue to find wormholes through which to wiggle its effects into the future. This second possibility argues for equalizing black-white wealth levels and keeping affirmative action policies to address the lingering, indirect consequences of being black in America.

Of course, all policies generate unintended consequences. For example, windfall payments may reduce savings rates among the recipient population. They may also cause people to opt out of jobs they do not like. If large enough, reparations may even cause a big bump in consumer spending. Perhaps the most worrisome, however, is the question of how to turn a one-time payment into a stable and growing equity base for African-American families. This is particularly an issue for the income-poor (among whom blacks are overrepresented), who have enormous day-to-day financial pressures that could soak up the rising tide reparations are meant to provide. As fast as progressives can think up ways to redistribute resources to underprivileged groups, the capital and credit markets are even faster at inventing ways to extract money from them. Predatory lenders target homeowners who may need cash for current expenses, draining their equity away. And check-cashing establishments are the fastest-growing sector of the banking industry. One can only imagine what kind of new financial industries would emerge if significant wealth redistribution were to occur.

That said, it is still important to try and envision what America would be like had the original promise of 40 acres and a mule been more than just words—even if a century or two late. ▩

recommended resources

Browne, Robert. "The Economic Case for Reparations to Black America." *American Economic Review* 62 (1/2) (1972): 39-46. A calculation of the value of slave labor.

Conley, Dalton. *Being Black, Living in the Red: Race, Wealth and Social Policy in America*. Berkeley: University of California Press, 1999. An overview of the centrality of wealth to understanding racial dynamics in other arenas.

Conley, Dalton. "Decomposing the Black-White Wealth Gap: The Role of Parental Resources, Inheritance and Investment Dynamics." *Sociological Inquiry* 71 (Winter 2001): 39-66. Evidence on the persistence of the wealth gap that challenges *Being Black, Living in the Red*.

Kotlikoff, Laurence J., and Lawrence H. Summers. "The Role of Intergenerational Transfers in Aggregate Capital Accumulation." *Journal of Political Economy* 89 (August 1981): 706-32. High-end estimate of the role of progenitors in wealth accumulation.

Menchik, Paul L., and Nancy A. Jianakoplos. "Black-White Wealth Inequality: Is Inheritance the Reason?" *Economic Inquiry* 35 (April 1997): 428-42. A detailed analysis of the role of inheritance, narrowly construed.

Modigliani, Franco. "The Role of Intergenerational Transfers and Life Cycle Saving in the Accumulation of Wealth." *Journal of Economic Perspectives* 2 (Spring 1988): 15-40. A more conservative accounting of the role of past wealth in explaining current wealth.

Oliver, Melvin, and Thomas Shapiro. *Black Wealth/White Wealth*. London: Routledge, 1994. A good summary of the history of the asset gap.

Robinson, Randall. *The Debt: What America Owes to Blacks*. New York: Dutton, 2000. A well-argued polemic making the case for reparations.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.