

Documenting the Costs Of Slavery, Segregation, and Contemporary Discrimination: Are Reparations in Order for African Americans?

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September 2000

Working Paper 00-10

Center for Social Development
Washington University
George Warren Brown School of Social Work

This paper was commissioned for the Inclusion in Asset Building: Research and Policy Symposium, Center for Social Development, Washington University in St. Louis, September 21-23, 2000.

The symposium was sponsored by the Ford Foundation and the George Warren Brown School of Social Work at Washington University. The organizers and editors were Michael Sherraden and Lisa Morris.

Without significant reparations for African Americans, the nation's deepest racial divide will never be eliminated. As Randall Robinson (2000: 204) has recently put it in his book, *The Debt*, if "African Americans will not be compensated for the massive wrongs and social injuries inflicted upon them by their governments, during and after slavery, then there is no chance that America can solve its racial problems" This is a strong statement, but true.

In this article I examine why large-scale reparations should be made to African Americans and how that task might be done. In a pioneering 1973 book, *The Case for Black Reparations*, a leading Yale law professor, Boris Bittker (1973), argued that the oppression faced by African Americans was more extensive than that faced by other racial groups and thus required major reparations in compensation. At the time, almost no one paid any attention to his analysis. Today, however, the idea of reparations has been resurrected. There are now many voices concerned about the high costs of antiblack oppression over four centuries. It seems ever more likely that reparations of some form will be paid to African Americans over the next half century.¹

UNJUST IMPOVERISHMENT AND UNJUST ENRICHMENT

What are the grounds for large-scale reparations for African Americans? The rationale for group compensation lies in the stolen labor and lives of the millions enslaved, the stolen labor and lives of those legally segregated, and the continuing theft of labor and lives of those who face contemporary discrimination. This theft of labor and lives was carried out not only by whites acting as individuals, but also, for at least its first 350 years, by various local, state, and federal governments. Whites have been involved individually and collectively in the exploitation and oppression of African Americans for nearly four centuries.

In his probing 1946 book, *The World and Africa*, the distinguished sociologist W. E. B. Du Bois (1965 [1946]: 37) argued that the poverty in Europe's African colonies was a "main cause of wealth and luxury in Europe." African resources and development had been sacrificed to make Europe wealthy. There is a similar connection between the immiseration of African Americans and the enrichment and prosperity of European Americans. Over several centuries most whites, as individuals and families, have benefited from antiblack oppression and the transmission of ill-gotten wealth and privilege from one generation to the next. Today, the prosperity, long life expectancies, and high standard of living for white Americans are significantly rooted in centuries of exploitation and impoverishment of African Americans and other Americans of color.

Unjust Enrichment Defined The concept of unjust enrichment is an old legal idea traditionally associated only with relationships between individuals. From a legal perspective, unjust enrichment involves circumstances that "give rise to the obligation of restitution, that is, the receiving and retention of property, money, or benefits which in justice and equity belong to another" (Ballentine 1969: 1320). In U.S. court decisions the defendant has been required to give up the unjust enrichment, including gains later made from it (see Kull 1995). For example, U.S. law does not generally permit a thief's children to benefit from the father's theft. Some have suggested extending the idea of remedies for unjust enrichment to the conditions of group oppression, including that faced by African Americans over several centuries. Whether or not this might make legal sense under current legal institutions,² it is a useful analogy. Indeed, it does make moral sense and might conceivably be one basis for new legal institutions aimed at restitution and reparations for the enrichment stemming from past "crimes against humanity." Under this latter circumstance, group remedies should encompass stopping the unjust extraction of benefits now and in the future as well as the making of

restitution to the victim group for past oppression. Implicit here is the counterpart idea of unjust impoverishment, which describes the conditions of those who have suffered from those being unfairly enriched.

This unjust impoverishment has, on occasion, been recognized by liberal whites. Thus, in a 1984 federal appellate case, *Williams v. City of New Orleans*, appellate justice John Wisdom argued that the anti-slavery amendments and the civil rights act enacted at and just after the Civil War's end were designed to grant federal power "to provide for remedial action aimed at eliminating the present effects of past discrimination against blacks as a class. Wholly aside from the fourteenth amendment, the thirteenth amendment is an affirmative grant of power to eliminate slavery along with its 'badges and incidents' and to establish universal civil freedom. The amendment envisions affirmative action aimed at blacks as a race. When a present discriminatory effect upon blacks as a class can be linked with a discriminatory practice against blacks as a race under the slavery system, the present effect may be eradicated under the auspices of the thirteenth amendment" (Larry Williams et al. 1984: 1554, 1577). Since there are close historical connections between past and present white privileges and black disabilities, it is not surprising that most whites wish to deny the historical linkages with such phrases as "My family and I never owned slaves," or the "slavery was centuries ago." Recognition of historical linkages is essential to build arguments for restitution and reparations for African Americans.

White privilege entails the array of benefits and advantages inherited by each generation of those defined as "white" in U.S. society. These racialized advantages are both material and symbolic, and they penetrate and encompass many interactions among whites and between whites and others over the course of lifetimes. White privilege is ubiquitous and imbedded even where most whites cannot see it; it is the foundation of this society. It began in early white gains from slavery and has persisted under legal segregation and contemporary racism. Acceptance of this system of white privileges and black disadvantages as "normal" has conferred advantages for whites now across some fifteen generations.

Transgenerational Transmission of Wealth Looking at U.S. history, one finds that racial oppression encompasses the intertemporal reproducing of ill-gotten wealth, as well as the organizational structures and ideologies buttressing the reproduction of wealth. Socially reproduced over time are racially structured institutions, such as the economic institutions that perpetuate the exploitation of black labor and the legal institutions protecting that exploitation. Each new generation of Americans has inherited this persisting framework of racial

inequality and privilege. From at least the early 1700s to the mid-1800s much of the surplus capital and wealth of the nation's white families and communities came directly, or by means of economic multiplier effects, from the African slave trade and the slave plantations and related enterprises (see Bateman and Weiss 1981; Lebergott 1984). The worldwide trade generated by British and French plantations in the Americas was the source of much capital for European commercial and industrial revolutions. Much of British, French, and American industry, shipping, naval development, and banking was ultimately grounded in enslaved black labor. From the 1600s to the 1800s the majority of major agricultural exports in the Western-dominated world trade were produced by enslaved Africans. Without this labor, it seems unlikely that there would have been a successful British and U.S. textile industry, and without that first major industry it is unclear how or when Britain and the U.S. would have become industrial powers (Wiecek 1996; Browne 1990). Perhaps the most important technological development of the 18th century, James Watt's improved steam engine, which greatly accelerated industrialization, was bankrolled by British investors with capital accumulated in the West Indies trade in slaves and slave-produced products. Without the often profitable enterprises around African and African American enslavement, it is unclear how or when the United States would have developed as a modern industrial nation (see Solow and Engerman, 1987).

Labor Stolen under Slavery For some fifteen generations the exploitation and oppression of African Americans have redistributed income and wealth earned by black labor to generations of white Americans, leaving the former relatively impoverished as a group and the latter relatively privileged as a group. Consider just the value of the African American labor that was expropriated. The white owner's cost for maintaining an enslaved African American was generally very low, and under many circumstances large profits could be generated off the labor of such a subordinated worker (Du Bois 1992 [1935]). Larry Neal has calculated that the current (1983) value of the slave labor expropriated by whites from 1620 to 1865 ranges from about \$1 trillion to as much as \$97 trillion, depending on the rate of interest chosen (Swinton 1990: 156). James Marketti has estimated the dollar value of the labor taken from enslaved African Americans from 1790 to 1860 at, depending on the historical assumptions, from \$7 billion to as much as \$40 billion. Such a figure roughly indicates what black individuals and families lost in income because they did not control their labor.³ Marketti suggests that, if that stolen income is multiplied by taking into account lost interest from then to the present, the current (1983) economic loss (income diverted) for black Americans ranges from \$2.1 to \$4.7 trillion (Marketti 1990: 118).⁴ Updating these 1983

estimates places the current value of the diverted labor income in the trillions of U.S. dollars.

Numerous white analysts have attacked the idea of white society owing such back wages for slavery; they argue that figuring out the debts of distant history is just too difficult (see Warren 1965: 434-35). Yet such an argument almost always fails to note that the damages done to African Americans did not end with slavery, but persisted for another one hundred years in the form of legal segregation and then for several more decades in present-day discrimination. The era of black enslavement was not followed by a century of justice and equality.

Labor Stolen under Segregation After the Civil War, white southerners used terrorism for a few years to win a major goal of that war--the continued oppression of African Americans. Organizing Ku Klux Klan violence and other coercion, whites in all classes worked to deny the newly freed blacks access to land, credit, political power, and education (see Ransom and Sutch 1981: 150-51). There was much other racial discrimination, and soon legal segregation was established in all southern and some northern states. Significantly, government officials were involved in maintaining racial oppression. Under legal segregation, the economic losses for black Americans were again high. One research study estimated the cost of labor market discrimination for 1929-1969 (in 1983 dollars) at \$1.6 trillion (Swinton 1990: 156). Calculating the cost of antiblack discrimination from the end of slavery in 1865 to the year 1969, the end of legal segregation, and putting that calculation into year-2000 dollars would likely increase that wage-loss estimate to several trillion dollars.

Continuing Theft of Labor Today Since the end of official segregation black Americans have suffered additional economic losses. A number of economic studies have suggested how much African American workers annually lose from continuing discrimination and informal segregation in employment. For one year in the 1970s the estimate of the cost of continuing racial discrimination in employment has been put in the range of \$94-123 billion (Darity 1990: 11). Estimating a dollar figure for the period since the end of segregation to the present day would doubtless bring this figure of lost income and purchasing power from continuing discrimination to another several trillion dollars.

William Darity reminds us that what blacks lose whites often gain: "These are pretty good calculations, but they are all made on the assumption that if racial discrimination were eliminated everything else would be much the same. Discrimination appears as a deadweight loss to all Americans. No attention is given to the interdependence between the incomes of blacks and whites, and the possibility that the

incomes of whites are higher because the incomes of blacks are lower" (Darity 1990: 11). Thus, one can see much of these dollar figures as added and undeserved income for white Americans.

Clearly, the sum total of the worth of all the black labor stolen by whites through the means of slavery, segregation, and contemporary discrimination is staggering--many trillions of dollars. The worth of all that labor, taking into account lost interest over time and putting it in today's dollars, is perhaps in the range of \$5 to \$24 trillion.

Other Economic Costs Labor lost means capital lost, both that directly generated and that which might have otherwise been borrowed. As David Swinton has noted, "Discrimination and racism reduced the historic accumulation [of] capital by blacks and increased accumulation by whites. The resulting disparities in ownership of capital are transmitted intergenerationally. These capital disparities would prevent attainment of racial equality even if current discrimination ended and blacks and whites had identical tastes and preferences" (Swinton 1990: 157).

After the Civil War some congressional proposals were aimed at giving those recently freed arable land--the famous 40 acres and a mule. Yet most black families never got access to the land promised, and the inequality in wealth-generating agricultural land has been a major cause of persisting racial inequalities. Passed under the Abraham Lincoln administration, the Homestead Act provided access to productive land and wealth, mostly for white families, from the 1860s to the 1930s. Some 246 million acres were provided by the federal government, at minimal cost, for some 1.5 homesteads. Research by Trina Williams (in this book see pages XXX-YYY) estimates that--depending on calculations of multiple ownership, mortality, marriage, and childbearing patterns--somewhere between 20 and 93 million Americans are now the beneficiaries of this large wealth-generating program over several generations. Williams (2000) suggests that the most likely figure is in the middle range, perhaps 46 million, a figure equal to about one quarter of the current population.⁵ Almost all of these beneficiaries have been white, as only 4,000 African Americans made entries under the Homestead Act. In order to build successful families and provide for their children, parents need access to significant resources, and land is one major resource. Indeed, Stephen DeCanio's research indicates that those formerly enslaved who were propertyless and emancipated without arable land were fated to endure major longterm economic disparity with whites. The initial gap in land access can be shown to produce the longterm racial gap in income, even without considering other factors

(DeCanio 1981).

Added to the lack of land was the rigid legal and de facto segregation that developed in the decades just before and after 1900. This further prevented black Americans from getting good jobs, buying decent homes, and thereby generating the family assets necessary to compete effectively with whites over many lifetimes. There has been relatively little economic inheritance across generations. In contrast, many white families garnered some economic resources in the past and enhanced those assets over generations. Historically, a majority of whites have accumulated material advantages by the transmission of assets such as savings, land, small businesses, or homes. Many decades of discrimination in employment and housing have resulted in black families being less likely to be homeowners. Discriminatory practices in home sales and insurance have long limited the ability of black Americans to build housing equities that might be used to start a business or help children get a good education (see Oliver and Shapiro 1995: 36-50). Because of racial discrimination in securing mortgages for homes, as well as for businesses, African Americans are losing an estimated 100 billion in equity over this current generation as compared to comparable whites. Moreover, over the last few generations this lost home equity doubtless totals many tens of billions of dollars. In addition, recent research indicates that the current white-black differential in assets is not the result of differences in savings rates (Darity and Myers 1998: 150-52).

The Current Bottom Line: Economic Inequality For recent decades U.S. census data show the black median family income to be consistently in the range of 55-61 percent of the white median family income. Today, as in the past, black families face poverty at a much greater rate than white families and an unemployment rate roughly twice that of whites (Darity and Myers 1998: 7-10). Black workers are often the first laid off during economic recessions and the last to be recalled. Coupled with a high unemployment rate is a high underemployment rate. In recent decades this rate has ranged to one third or more of black workers in many communities, a much greater figure than for whites. Perhaps the most dramatic indicator of generations of white access to the acquisition of material and educational resources can be seen in measures of family net worth. The median net worth of white households is about ten times that of black households. In addition, black families have most of the assets they hold in cars and houses, while white families are far more likely than black families to have interest-bearing bank accounts and to hold stock in companies (U.S. Bureau of the Census 1994: xiii-xiv).