

The Wrenching Reparations Question

Michael D. Tanner

June 26, 2019

With America's contentious racial history serving as subtext for the 2020 presidential campaign, it is no surprise that the idea of "reparations" has become an issue — at least among Democratic contenders.

So far, around a dozen Democrats have endorsed some form of reparations, at least conceptually. This includes senators Warren, Sanders, Booker, Harris, Klobuchar, and Gillibrand, former Colorado governor Hickenlooper, former HUD secretary Julián Castro, and former Texas congressman Beto O'Rourke. Fringier candidates, such as former Alaska senator Mike Gravel and self-help guru Marianne Williamson, have also backed the legislation.

Warren, in fact, has extended her call for reparations to include Native Americans and members of the LGBTQ community. For the others, most of their backing for reparations extends to legislation, H.R.40, sponsored by Representative Sheila Jackson Lee (D., Texas), that would establish a Commission to Study and Develop Reparation Proposals for African-Americans Act in order to "study and consider a national apology and proposal for reparations for the institution of slavery [and] its subsequent de jure and de facto racial and economic discrimination against African-Americans."

Of the major candidates, only Biden and South Bend mayor Pete Buttigieg have opposed reparations, although both remain open to some sort of "conversation" on the subject. Biden, who vocally opposed reparations in a 1975 interview, continues to distance himself from his past. A spokesperson for the candidate said the former vice president believes in gathering the data needed "to have an informed conversation about reparations." Buttigieg acknowledges that "we need to have some kind of accounting for the persistent racial inequities today there by design because of past and present racism," but also says he hasn't "seen a proposal for a cash transfer that people would be able to come together around and view as fair." We will have to see if that reluctance survives his current difficulties with racial tensions in South Bend.

Politically, support for reparations would seem to be a pretty big gamble. Polls show only about a quarter of Americans supporting the idea, though larger numbers of African Americans (not surprisingly) and young people support it. This hardly seems like an issue designed to win back those blue-collar Trump supporters in the Midwest or Trump-reluctant independents and Republicans in the suburbs.

Still, issues like this are about more than politics, and the animating sentiment behind reparations is not one that can be easily dismissed.

Reparations are far from unprecedented. There are numerous examples, both internationally and in the United States, of government providing recompense for past injustices. Ronald Reagan signed legislation in 1986 to compensate Japanese Americans for lost property and other abuses stemming from internment. Notably, that law specifically states that Japanese Americans were harmed as a group and therefore should be compensated as a group. There have also been some sporadic efforts to compensate African Americans. Under Obama, the Department of Agriculture paid black farmers \$1.25 billion as a settlement for years of past discrimination by the agency. There have also been payments by some states for past crimes. For example, Florida compensated survivors of the infamous Rosewood massacre.

But would reparations for African Americans be justified? It must be clear that systematic government action has deprived African Americans of wealth and property that would otherwise be theirs. This much seems incontestable. From slavery to Jim Crow and beyond, the unfair treatment of African Americans could not have occurred without the active participation of the U.S. government.

Of course, it is impossible to go back and compensate the actual victims of that history of abuse, though there are people alive today who lived through Jim Crow and who can remember grandparents who were slaves. But the legacy of that history lives on. Although the methodology behind such calculations is spotty, economists estimate that slavery and the years of discrimination that followed deprived the African-American community of more than \$10 trillion. Nor should we ignore the cultural impact of years of racially motivated mistreatment.

In addition, it must be admitted that much white wealth was unjustly derived from the unjust treatment of African Americans. This includes insurance companies that sold insurance on the value of slaves, banks that made loans against the value of slaves, newspapers that ran advertisements for slave auctions, railroads that made use of slave labor, and even universities that funded their early endowments on the slave trade. While it is impossible to put a dollar value on the amount of white wealth that can be traced back to slavery, it is hard to deny that whites as a group are better off because slavery existed.

And, similarly, discrimination against African Americans, from the end of slavery until today, has increased white opportunities, wages, and business profits. None of this is to say that whites haven't worked for what they have, but clearly the playing field hasn't been level.

Yet even if one could make a legitimate moral case for reparations, implementation would pose extraordinary problems to which none of the Democratic candidates appear to have given any thought. In fact, the gaps are obvious enough to suggest that the sudden support for reparations actually amounts to little more than pandering.

For example, the taxes necessary to pay the billions and even trillions of dollars being casually discussed would totally wreck the economy. (Recall that reparations taxes would be on top of the taxes already announced by Democratic contenders and the additional taxes needed to finance their grandiose spending plans.) In what way would African Americans gain from higher unemployment, slower wage growth, and less entrepreneurship? The goal should be to move the poor and people of color into the mainstream of a growing economy, not to make economic growth harder to come by.

Nor have the candidates wrestled with the thorny issue of culpability and victimhood. Who should pay and who should be eligible for benefits? How should we even define "African American," given the widespread history of rape during slavery and intermarriage since? Modern research suggests that at least a third of African Americans have at least one white ancestor. Do we want to return to the "one drop" rule?

Consider, for instance, Vincene Verdun of the Moritz College of Law at Ohio State University, who wrote one of the earliest law-review articles on reparations. As she herself notes, as the descendant of both slaves and slaveholders, she is both a victim and a wrongdoer. For that matter, records of slavery are incomplete and inaccurate, meaning that it will often be difficult to trace ancestry accurately. Reparations would be an invitation to perpetual litigation.

There is also the question of whether and how to treat descendants of free blacks or black immigrants who arrived post-slavery. Should they be recompensed for injustice under Jim Crow even if they didn't endure the worst abuses of slavery? On the flip side, what about whites who have no slave-owning forebears, who have ancestors who fought for the Union side in the Civil War, or who immigrated post—Civil War? How should their degree of historical culpability be apportioned? Answering such questions is far more likely to tear Americans apart rather than contribute to the racial healing necessary to move forward.

In the end, most discussion of reparations seems to boil down to little more than traditional taxand-spend policies, prettified with new rationales. But government social-welfare programs have a dismal track record when it comes to bridging the racial divide and empowering African Americans. Doubling down on failed programs is not really making reparations.

Clearly, this country needs to do more to make up for its history of racism. There are policies that would go a long way toward overcoming America's legacy of racism and would benefit African Americans in substantial ways. Those policies range from criminal-justice reform to school choice to an end to racially motivated zoning. But unless they are willing to answer some hard questions, the Democratic candidates should not be allowed to pretend that reparations are one of those policies.

<u>MICHAEL TANNER</u> is a senior fellow at the Cato Institute and the author of <u>THE</u> <u>INCLUSIVE ECONOMY: HOW TO BRING WEALTH TO AMERICA'S POOR</u>. You can follow him on his blog, <u>TANNERONPOLICY.COM</u>. <u>@mtannercato</u>