



BlackEconomics.org

“Sundering Reparations from the Black-White Wealth Gap and Spotlighting a More Important Gap”

In a July 12, 2020 submission to [The Guardian](#), Dedrick Assante-Muhammad, an important shaper of thought on Black Americans issues, suggested that the easiest way to deliver reparations to Black Americans in 2020 was to cut checks for \$20K for 20 years. Putting aside for a moment the absolute requirement for Black Americans to press the United States (US) successfully to pay reparations for the systematic exploitation of Black folk in the US, Muhammad’s proposal represents extreme exploitation, itself. If we followed Muhammad’s recommendation, we would be endorsing the further exploitation of Black people in the very instrument that should reconcile the historical exploitation suffered by generations of Black Americans.

The reason the US Government is liable to pay is because the government facilitated and legalized economic exploitation of Black people under the conditions referred to as chattel slavery, sharecropping in the period following so-called liberation or emancipation, Jim Crow, and the period most characterized as separate but equal.

Understanding Muhammad’s proposal to cut \$20K checks for 20 years seems counter-productive, but could very well lead to a more effective strategy for guaranteeing that the government pays reparations to Black people to repair damage caused by the government.

First, Muhammad’s proposal—if implemented—benefits the government and disadvantages and exploits black people. How? Walk with me.

\$20K for 20 years.

This idea is almost unbelievably unsophisticated. Let’s just look at Joe Blow, 49 years old. This brother lives in Louisiana along the Petrochemical Corridor or the Cancer Alley. Why do you think he is going to be around for 20 years? Let’s say he lives ‘til 59 and collects a whopping total of \$200,000. Well, in that instance the government just made \$200,000. So, the same government that exploited Joe Blow’s great-great-granddaddy as a slave on a Louisiana plantation gets to exploit Joe Blow himself, who at least was supposed to get paid what his great-great-granddaddy didn’t get.

But that’s not it. Not really.

Paying \$20K a year for 20 years = \$400K.

Paying \$400K in one lump sum in 2020 translates into \$488,560 at the end of 2040 at an interest rate of 1.0% compounded daily.¹

That calculation reveals the real advantage to the government—\$88,560.

We have no clue as to how Muhammad decided to award \$20K per year for 20 years. For the sake of our discussion we will presume that \$400,000 is far too small a payment for 400 years of slavery, Jim Crow, sharecropping, convict-leasing, separate-but-equal, segregation (apartheid), integration and mass-incarceration. All of these stages represent a series of unique state-sponsored exploitations that cost Black Americans trillions of dollars. Trillions! So, until a special task force of Black American economists, sociologists, psychologists, and other professionals from related disciplines gather the data to determine how much Black people are owed by this government, we will use this \$20K for 20 year arrangement to complete our argument. And, if we do, then what the government should actually pay to each American who qualifies as an Afrodescendant person who suffered ancestral historical or current government exploitation is \$488,560.

We cannot accept Muhammad's proposal. Not just because, if implemented, it would continue the record of exploitation. This is dangerous because, look how it would appeal to so many Black folk who don't have anything, or very little. We must attack this concept vigorously, not so much because the money will be back in the hands of the already rich, but because it is massively exploitative and we have to be smarter than that.

Don't Muhammad's proposal of the government engaging in a 20-year payment plan for reparations sound like a government plan? You already know that somebody will make money on that deal. Paying out the trillions of dollars owed to Black people is supposed to hurt. The government is supposed to learn from it: Don't do it again. Ever. The US Government is not supposed to make money from doling out reparations. And the money to pay for it should come from the rich. Black people should not pay for reparations with their own tax dollars. The people who pay for reparations should be the rich and the super-rich. They and their predecessors disproportionately benefited from the slavery, Jim Crow, and all the rest.

And that leads us to the second particularly important problem inherent in Muhammad's proposal.

Muhammad conflates reparations with the "racial wealth gap."

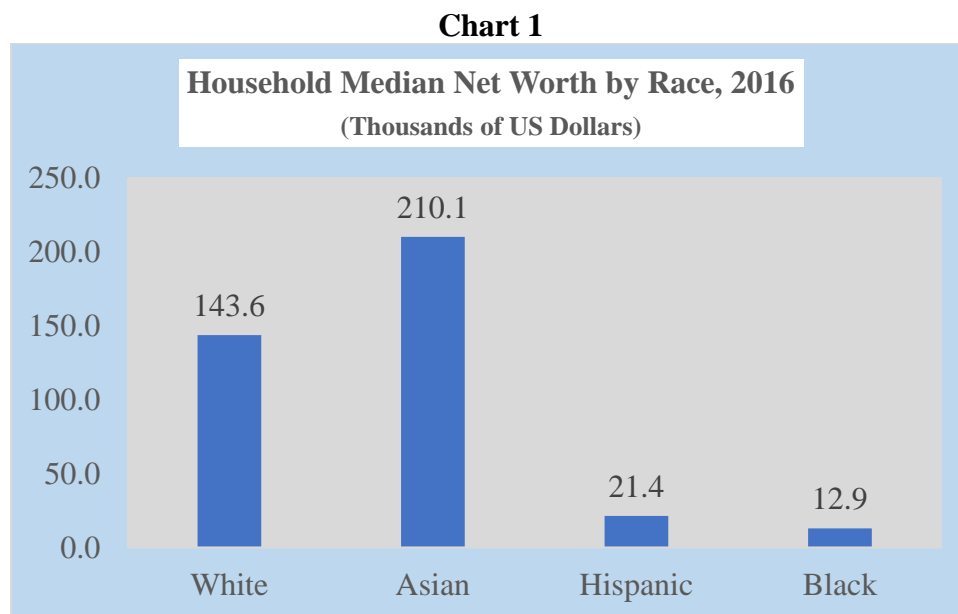
This is an old trick of the devil. The reason Donald Trump has gotten away with it so far is because it's old, it's a trick, and it is the devil.

I would love to tell you that there is no such thing as a racial wealth gap. Because there is no such reality as race, I would be correct. But saying there is no such thing as race is like saying that there is no such thing as Santa Claus. But he is real—to four- and five-year-old kids—unless you taught them, "There is no such thing as Santa Claus."

Muhammad highlights the difference in median household wealth for Whites and Blacks. You don't need to be a world-renown economist to tell us that Black people's household wealth is a small fraction of White people's household wealth. You already know—just like you know that

¹We use a 1.0% rate of return because 20-year US Treasury Bonds are now reflecting that yield.

ten is more than one. Don't need to collect or analyze data. But for exposition purposes, we collected US Census Bureau data on median net worth (wealth) of households for 2016 and present them in Chart 1.²



Source: Statistics from US Census Bureau;³ and chart by BlackEconomics.org.

The ratio for White-to-Black household wealth was $\$143.6 / \$12.9 = 11.13$ in 2016. In other words, White wealth is slightly more than 11 times greater than Black wealth (as measured by the Census Bureau's Survey of Income and Program Participation (SIPP)).

Now Muhammad keys on this concept, this one measure, to provide justification for Black people receiving reparations. We gon' wait for the light to change, but let's go through this while we wait.

The lowest 25% of households have less than zero wealth.

You got that, right? According to the Federal Reserve Board, in 2016, the lowest 25% of American households, didn't have any wealth—matter of fact they were on average, \$12.1K in debt.⁴ On a graph we would write their wealth as -\$12.1K. They don't have wealth, and they owe \$12.1K to credit card companies.

Then—you think about it and then tell me: What percentage of that 25% (the lowest 25%) do you think would be Black? Okay. Yes, a significant percentage would be Black. So, with a significant percentage of Black folk not having any wealth and indeed, in debt, yet the median (middle) Black household had \$12.9K in wealth in 2016. This means in spite of how the statistics work—median,

² 2016 is the most recent year for which a complete set of statistics on wealth holdings is available.

³ The statistics are from the Census Bureau's "Wealth, Asset Ownership, & Debt of Households Detailed Tables: 2016; <https://www.census.gov/data/tables/2016/demo/wealth/wealth-asset-ownership.html>.

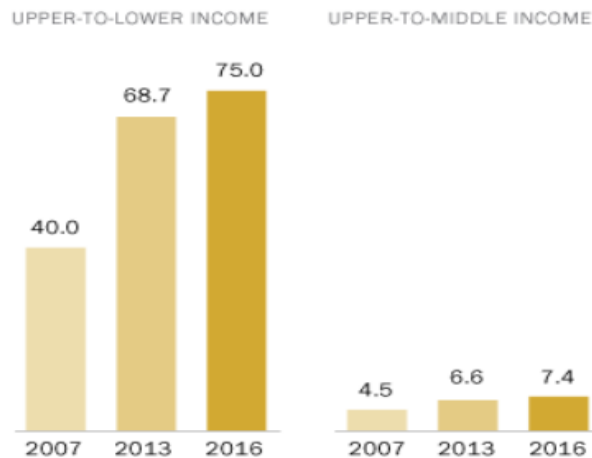
⁴ See Jesse Bricker *et al*, "Changes in U.S. Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances," (p. 13); <https://www.federalreserve.gov/publications/files/scf17.pdf>

average, etc.—that there was a very substantial number of Blacks with household wealth far above \$12.9K.

Now Muhammad’s obsession with this Black-White wealth gap is quite misplaced but it is quite the exact obsession desired by Muhammad’s benefactors—the liberal people with the kind of money to contribute millions (\$1.9 million in 2017) to his Institute for Policy Studies’ (IPS’) budget. Yeah, they are so-called liberal, but they are rich before they are liberal and, ultimately, they want the status quo to remain. They want to distract with this Black-White education gap, the Black-White incarceration gap, and in this one, the Black-White wealth gap. Remember: The White-Black wealth gap shows White median household wealth is 11 times greater than that for Blacks. But please just look at Chart 2 below. There you see that for the US—no race, neither Black nor White—the wealth gap between upper income and lower and middle-income is up to 75 times greater.⁵ Clearly the gap widened between 2007 and 2016. This is the gap we should be focused on and it has nothing whatsoever to do with race. Muhammad knows this, IPS knows this, and the conservatives and neo-conservative know this, too.

Chart 2
Wealth gaps between upper-income families and lower- and middle-income families are at highest levels recorded

Median net worth of upper-income families is ___ times greater than that of middle- and lower-income families



Source: Pew Research Center analysis of Survey of Consumer Finances public-use data.

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The elites that run this country, they are the ones who are determined to keep you and me distracted, and with good reason. Chart 2 above showing that upper income household wealth is

⁵ Chart 2 is from the Pew Research Center. Rakesh Kochhar and Anthony Cilluffo, “How Wealth Inequality Has Changed in the U.S. Since the Great Recession, by Race, Ethnicity and Income,” (November 1, 2017); <https://www.pewresearch.org/fact-tank/2017/11/01/how-wealth-inequality-has-changed-in-the-u-s-since-the-great-recession-by-race-ethnicity-and-income/>.

75 times that of middle-income household wealth is stark enough to promote action, and that is exactly why academics at think tanks churn out article after article alerting us to the Black-White wealth gap. But the most potentially devastating gap is the one that measures the gap between the wealth of the top 0.10% versus the rest of Americans, Black or White.

According to the Census Bureau, here's what net worth looked like for the top wealth holding households in 2016.

Table 1.—Net worth of the Top 10%, 5%, 1.0%, and 0.1% Households: 2016

Percentile Thresholds	10.0%	5.0%	1.0%	0.10%
Net Worth in Thousands of US Dollars	\$985.4	\$1,735.6	\$4,379.5	\$11,732.3

Source: US Census Bureau⁶

Now you remember what the median household wealth was from Chart 1 above—\$143.6K. That's for White people now. Okay? And remember Black median household wealth was \$12.9K and that calculates out to just a little more than 11 times greater for Whites than Blacks.

But look at Table 1 again. Net worth or wealth for the top one-tenth of one per cent (0.10%) is a little more than \$11.7 million (highlighted in yellow). I know that I don't need to prove to you that almost all of these are White people, White households. How many people is it with a wealth of over \$11 million in the American population?⁷

According to the Census Bureau, there were 82,184K households in the US during 2016.⁸ That means less than 100K households (i.e., about 82,184 households) are among the top 0.10%, and have net worth in the \$12 million range. Now remember that these are virtually all White people. People like Jeff Bezos, Bill Gates, and the Waltons. And we about to compare them to White people. White on White. Remember White people have a median household wealth of \$143.6K. So, we divide that into the \$11.7 million and the answer is:

$$\text{\$11,732.3K} / \text{\$143.6K} = 81.7$$

Let's wrap this up. Muhammad wants to convince you to lean on this Black-White income and wealth gap as a rationale to support reparations. But the wealth gap between median income Whites to Black is a ratio of **11** times as much for Whites as Blacks. Meanwhile when we compare only White people—apples and apples, even the median White household has nearly **82** times less wealth than a (White) household in the top 0.10%. It's an old trick of Satan.

⁶ These estimates were derived from the SIPP public use data for 2016.

⁷ It is worth mentioning that the \$11,732.3K net worth for the top 0.10% of the population is most likely an understatement of wealth. The SIPP methodology reflects shortcomings in capturing well the level of net worth in the right-most tail of the wealth distribution.

⁸ These statistics are from the Census Bureau's Current Population Survey. See America's Families and Living Arrangements: 2016, Table F.1; <https://www.census.gov/data/tables/2016/demo/families/cps-2016.html>.

That's what they (rich, White people) **do not** want you to know. They also know that if everybody gets it, they would be taxed to obtain the money to pay reparations—not Black people and middle- and lower-class White people.

Thank you. The distraction is over.

We circle back to Muhammad and his ill-advised conflation of reparations and wealth.

The government owes Black people who suffered ancestral-historical and current-day exploitation because the government caused it, endorsed it and without the government slavery, Jim Crow, the Fugitive Slave Law, lynching, apartheid, and integration would not—could not—happen. The government paying you reparations has nothing to do with your income or your household wealth. We are making the government pay to repair damage done—that the government caused or allowed to happen—in the hopes that government will learn to not do that again. Ever. Oh, some of y'all don't believe the US government would put Black people in slavery again.

In my most calm and understated voice, yes I am very disappointed that Muhammad took the government's position and: (1) Conflated reparations and the racial wealth gap; and (2) presented a reparations payment system that arbitrarily sets the bar so extremely low, perpetuating the exploitation of Black people.

Before we get out of here, let's consider how the Japanese Americans (so-called) achieved reparations. You may remember that Ronald Reagan signed the legislation termed the Civil Liberties Act of 1988. The research says Reagan had to confront himself—in a speech while he was a Democrat—praising the Japanese who literally left the “internment” camps to fight for the U.S. during WWII. That was leverage. But what was the real leverage in Congress? It looks to me that this thing pivoted on a word. What word? Concentration.

As in “concentration camp.”

When I first learned that Franklin D. Roosevelt ordered the Japanese American citizens and permanent residents into these so-called internment camps my first, naïve, reaction was: Why did they call them internment camps and not concentration camps? And the answer is: They were concentration camps. The U.S. government was not going to call them concentration camps—that's what the Germans and Hitler did to the Jews. But bye and bye, the morning was fittin' to come when the Japanese American activists were about to start to use the “C” word on the world stage.

The Japanese activists were quick to acknowledge the Civil Rights Movement as inspiration for their twenty-year battle for reparations. But they never put reparations in the title of the legislation, and indeed, for many, the \$20K check was not as important as the government's acknowledgment that it had done wrong to its own citizens. It is time Black folk figure out how to make this government repair the wrong it has done to Black Americans.

Rob Robinson

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