

# Land & Racial Injustice – Part 1: Slaveholders and Land Monopoly (1619 to 1865)

- by [Stephen Hoskins](#) (2024)

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This is the first piece in an ongoing series that examines the role that control of land has played in racial injustice throughout Black history in the United States:

Part 1: Slaveholders and Land Monopoly (1619 to 1865)      (*you are here*)

Part 2: 40 Acres and a Ghoul (1865 to 1910)

Part 3: Black Exclusion, White Subsidy (1910 to 1970)

Part 4: The Invisible Hand of the Housing Market (1970 to Today)

Part 5: Reaping What Was Sowed

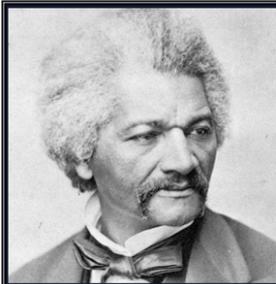
## Introduction

It is Black History Month, a time for us to contemplate the journeys of Black people through American history, to honor their struggles and celebrate their triumphs. In this series of articles, we hope to make a somber yet constructive contribution to this conversation, by focusing on the unique role that control over land has played in aiding and abetting racialized exploitation throughout US history.

Our first four articles will traverse the myriad ways in which land ownership has been a powerful vector for racial injustice over the past three centuries. While this process has taken different forms in each of the four phases we discuss below, the underlying mechanism has remained the same: Black productivity is extracted into the pockets of White landowners. Viewing American history through this lens, we will take a journey through slavery; Black sharecropping & the failed Reconstruction project; subsidized White homeownership & segregated Black tenants; culminating in the self-reinforcing mechanisms of today's discriminatory and unequal housing market.

In article five, we will trace the consequences of these injustices for present-day racial disparities in property ownership, wealth, location, income and expense. We will demonstrate that unequal control over land causes injustice to echo through the generations, and makes it mechanically impossible for racial inequality to heal on its own.

We begin with the first period of this nation's history, a time in which the extraction of Black production into the hands of White slavers was at its most depraved.



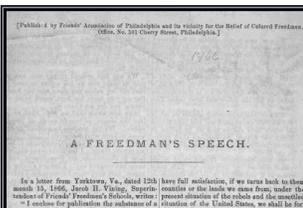
*"Your slaveholder is ever a land monopolist.  
The welfare of the world demands the abrogation of land monopolies.  
Earth, air, fire and water, are essential to human existence, and should be  
free to all men, in virtue of their heaven descended right."  
- The Land Reformer, Frederick Douglass' Paper, 1856*

*Frederick Douglass*  
- Abolitionist leader who escaped slavery

## Phase 1: Slavery (1619 to 1865)

During the founding period of the Republic, African-Americans had their liberties and their labors forcefully stolen from them for the sole purpose of enriching white slavers. Over the [course of 250 years](#), Blacks were forcibly transported to America, enslaved and put to back-breaking work on plantations of cotton, corn, cane and tobacco. They were ripped from their families, over-worked and under-fed, made to live in cramped quarters and punished if they let these inhumane conditions lessen their labors. As Ta-Nehisi Coates [puts it](#) in his canonical piece 'The Case for Reparations', Black slaves were "*plundered of their bodies, plundered of their families, and plundered of their labor*".

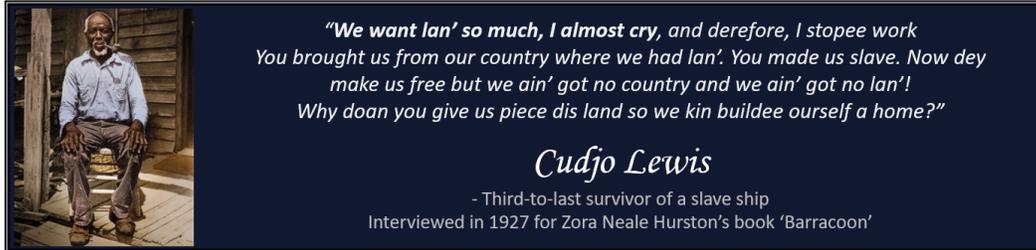
The commodification of Black lives and Black labor returned massive profits for plantation owners. In the seven states of the [Cotton Belt, one-third](#) of all White income came stolen from Black slaves. Over the first six decades of the 19th Century, cotton produced by slave labor constituted [60%](#) of US exports. On the eve of the Civil War, the Mississippi River Valley had [more millionaires per capita](#) than any other region. Little of this wealth was earned by the productive efforts of the plantation owners themselves, [preferring instead](#) to grow rich by their state- and violence-backed capacity to appropriate the productive capacities of their slaves.



*"Our wives, our children, our husbands, has been sold over and over again to purchase the lands we now locates upon;  
for that reason we have a divine right to the land."  
Bayley Wyat  
- A Freedman's Speech, Philadelphia, 1866*

An [1856](#) article published in Black abolitionist Frederick Douglass' Paper explained that slaves could not be truly free without access to land, and sought limitations to land ownership such that "*earth, air, fire and water ... should be free to all men, in virtue of their heaven descended right*". And so

it was that by the time that Lincoln finally ended this horrific period with the 1863 Emancipation Proclamation, political representatives of the Freedmen understood the importance of land ownership, arguing that they should have a right to the lands they had [worked](#): “Our wives, our children, our husbands, has [sic] been sold over and over again to purchase the lands we now locates upon; for that reason we have a divine right to the land.” The vision of Reconstruction was being born, and universal access to land ownership was right at its core.



## Land & Racial Injustice – Part 2: 40 Acres and a Ghoul (1865 to 1910)

This is the second piece in an ongoing series that examines the role that control of land has played in racial injustice throughout Black history in the United States:

### [Part 1: Slaveholders and Land Monopoly \(1619 to 1865\)](#)

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This article explains that having their own land was of paramount importance to free Black folk immediately following emancipation, most famously through the Reconstruction policy of ‘40 acres and a mule’. Shockingly, President Andrew Johnson’s swift reversal of this policy would force Freedman back into exploitative sharecropping arrangements, working for and renting from White plantation owners, many of whom were themselves former slavers. Despite these setbacks, Black leaders continually asserted their right to a fair share of America’s land, organizing around ‘Reconstruction Land Taxes’ to help redistribute access to this vital resource.

### Special Field Orders No. 15

Recognizing that control over land was a prerequisite for building prosperity, Freedmen in the aftermath of the Civil War saw land redistribution as fundamental to the Reconstruction project and their fight for equality of opportunity in a post-slavery America.

Black pastor [Garrison Frazier](#) met with General William Sherman in 1865 and explained that “*the way we can best take care of ourselves is to have land, and turn it and till it by our own labor*”. This inspired Sherman’s [Special Field Orders No. 15](#), which called for freed slaves to each be given 40 acres of land on which to live and work, on the Sea Islands in Georgia. Following in this spirit, Congress passed the [Freedmen’s Bureau Bill](#) in 1865, giving the Bureau the power to grant 40 acres of land to freed slaves in the South.



*“The way we can best take care of ourselves is to have land,  
and turn it and till it by our own labor—  
that is, by the labor of the women and children and old men;  
and we can soon maintain ourselves and have something to spare.”*  
- From the 1865 ‘Forty acres and a mule’ colloquy with General William Sherman

*Garrison Frazier*  
- Baptist minister during US Civil War

An alternative America was being built, one where Blacks would at least be given a basic level of the opportunity provided by their own slice of land, freedom from the extractive power of White landowners, and the ability to keep the fruits of their own hard work. But this promising vision of a more equal future would turn out to be a mirage.



*“Land Hunger: this absolutely essential thing to any real emancipation of the slaves—was continually pushed by all emancipated Negroes and their representatives in every southern state”*  
- Black Reconstruction in America (1935)

*W.E.B. DuBois*  
- Sociologist, historian, civil rights activist

## Andrew Johnson’s Betrayal

After Lincoln’s assassination, President Andrew Johnson issued an [amnesty proclamation](#), restoring many former Confederates and slavers to their pre-war land holdings. Land [redistribution ground to a halt](#) and in many cases was replaced by the explicit [theft](#) of land from those scant-few Blacks who had managed to obtain some. There were [239 documented thefts](#) of Black property between 1890 and 1910 in Mississippi alone, and [24,000 acres of farms and timberland](#) were stolen from Black landowners in the first three decades of the 20th Century. While the Southern Homestead Act of 1866 did [enable](#) one quarter of Southern Black farmers to acquire land (before being repealed in 1876), others such as the Oregon Land Donation Act of 1850 explicitly [barred](#) Black and Indigenous populations from owning real estate.



*"Emancipation left the planters poor, and with no method of earning a living, except by exploiting black labor on their only remaining capital—their land"  
"The plantation land should have gone to those who worked it, and the former owner should have been compensated in some part for a lost investment made with the social sanction of the nation. To this, should have been added economic opportunity and access to the land for the poor whites"*

- Black Reconstruction in America (1935)

*W.E.B. DuBois*

- Sociologist, historian, civil rights activist

Southern states proceeded to pass Black Codes which simultaneously [limited](#) Blacks' property ownership rights and [punished vagrancy](#), effectively [forcing](#) freedmen to sign labor contracts on many of the same plantations they had worked before the war. The slave owner was replaced by the employer-landlord as the new mechanism for extracting Black production into the pockets of White landowners. Ta-Nehisi Coates [explains](#) that in Mississippi: *"black farmers lived in debt peonage under the sway of cotton kings who were at once their landlords, their employers, and their primary merchants"*.



*"Black farmers lived in debt peonage under the sway of cotton kings who were at once their landlords, their employers, and their primary merchants"*

- The Case for Reparations, The Atlantic (2014)

*Ta-Nehisi Coates*

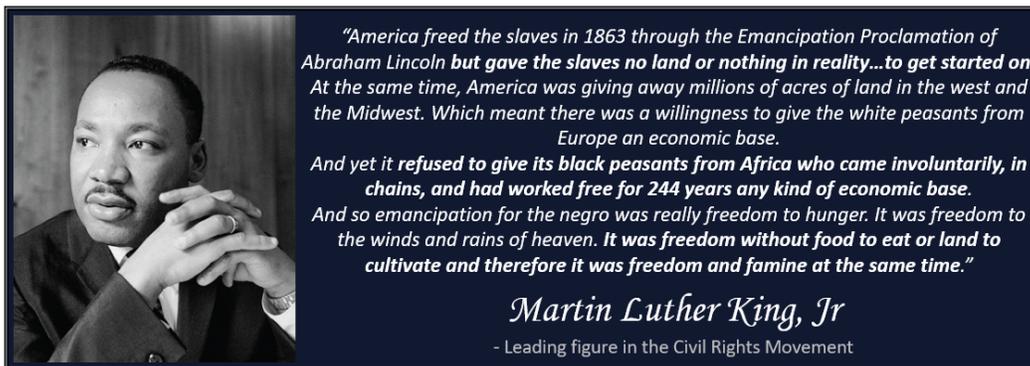
- Author, journalist, activist

Recognizing their economic dependence on Black labor, White planters [fought hard](#) to prevent Blacks from fleeing north during the Great Migration. Even apparent supporters of Black worker's rights such as [Leroy Percy](#), only found racist violence by the Klu Klux Klan unacceptable when it threatened the empires that they had built on the backs of their Black workers.

Blacks seeking to educate themselves and invest in their own businesses encountered an insurmountable obstacle: the land around them was already owned by whites. With limited property rights and no [physical possibility](#) to create new land for themselves, Black workers found themselves having to work for White planter landlords, and so their economic conditions stagnated. Christopher England [characterizes the conditions of the period](#): *"if emancipation had not appreciably improved the economic condition of Southern freedmen, it was because land monopoly had forced them into sharecropping."*

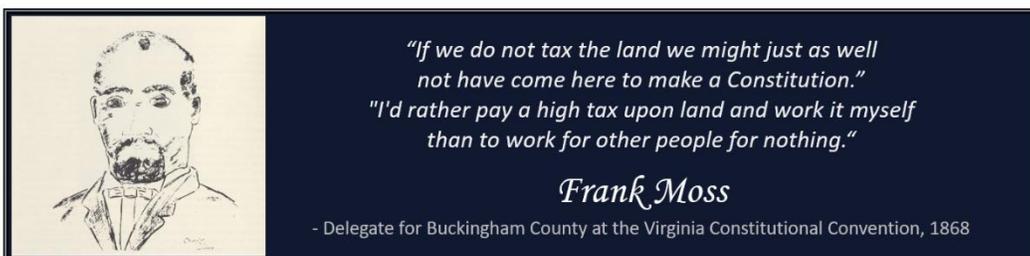
By contrast, where Blacks did manage to acquire land, they thrived. Freedmen provided with free land by the Cherokee Nation quickly produced [higher levels](#) of physical and human capital and lower levels of racial inequality. On the Sea Islands, the short-lived [Port Royal Experiment](#) saw freedmen purchase 2,000 acres of land for cotton

harvesting and growth of the all-Black town of Mitchelville, before President Andrew Johnson reversed course and ordered lands returned to their previous White owners.



## Reconstruction Land Taxes

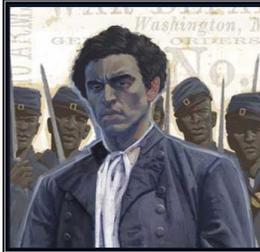
Black leaders, [recognizing](#) that land is wealth and that White landowners were hoarding it, began to vigorously pursue land taxes as a mechanism to break-up large landholdings and redistribute access to this vital resource. Frank Moss, a Black delegate to Virginia's 1868 constitutional convention, [argued that](#) *"if we do not tax the land, we might as well not have come here to make a Constitution."* Moss was so obsessed with land redistribution that the press in Richmond VA labeled him 'Francis Forty-Acres-of Land-and-a-Mule Moss'. Likewise [Abraham Galloway](#), an influential politician in North Carolina: *"if they can't pay the taxes, sell their property to the highest bidder... and then we Negroes shall become land holders"*.



Many Black leaders were inspired by the [contemporary writings](#) of Henry George, which identified land monopoly at the heart of social iniquity and called for the government to be entirely funded by a single tax on land values. Timothy Thomas Fortune applied these principles to the plight of the Black community in his 1884 [book](#) *Black and White: Land, Labor, and Politics in the South*, writing that land monopoly [curtails](#) *"the productive energies of the people and diverting into the coffers of individuals rental which should flow into the common treasury as taxes"* and [advancing](#) the single tax on land as the necessary remedy.

*"Men have as much right to monopolize the air we breathe and the sunshine that warms us as the land that by God's ordination feeds our families... His improvements are his. The lands belong to the sovereign people... we recommend to our people the principles of the single tax"*

party... land, if carrying all the taxes necessary to support the government, would not be held by speculators as it is now and would soon become abundant and cheap.” – General R. M. Humphrey, Superintendent of the Colored Farmers National Alliance and Co-operative Union, at the 1890 Ocala convention.



*“I want to see the man who owns one or two thousand acres of land, taxed a dollar on the acre, and if they can't pay the taxes, sell their property to the highest bidder... then we negroes shall become land holders.”*

*Abraham Galloway*

- Formerly enslaved North Carolina State Senator

Where property taxes were implemented, they were successful in their goals: Mississippi saw over six million acres of land [forfeited](#) by plantation owners who could not pay their tax bill, helping Black land ownership [peak](#) at 2 million acres by 1910. Likewise, Louis Post observed that on St. Helena island in South Carolina, “Reconstruction land taxes” were [responsible](#) for widespread Black ownership. In a more recent empirical analysis, Dr Trevon D. Logan of Ohio State University has [found](#) that property taxes were indeed higher in areas with more Black officials and that this had downstream benefits for Black literacy and land tenure.

The dying vision of Reconstruction was being put on life support by these Reconstruction land taxes. By recognizing all citizens’ equal moral right to the land, Reconstruction land taxes were, in Dr. Logan’s [words](#), “a plan for wealth redistribution without confiscation.” Unfortunately, white landowners knew how their bread was buttered, responding to increased property taxes with heightened levels of violence against Black politicians. Dr. Logan again: “*Racial violence has always been targeted and purposeful, these political attacks were about Reparations.*”



*“Black politicians understood two things:  
(1) land was wealth and (2) there was plenty of it.  
After the war, they had a plan for how to use this land as a building block for Black wealth...They wanted to raise property taxes on land as a means of forcing it onto the market. This was a plan for wealth redistribution without confiscation. The basic idea was not to seize property for non-payment of taxes, but to alter the opportunity costs of large landholding.”*

*Dr Trevon D. Logan*

- Hazel C. Youngberg Distinguished Professor of Economics at Ohio State University

## **Land & Racial Injustice – Part 3: Homeownership: White Subsidy, Black Exclusion (1910 to 1970)**

This is the third piece in an ongoing series that examines the role that control of land has played in racial injustice throughout Black history in the United States:

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Part 5: Reaping What Was Sowed

In this article we explore the period of urban and suburbanization during the early 20th Century and trace the historical roots of racial disparities in both homeownership rates and home values. We explain how New Deal public policies subsidized White homeownership even while redlining and discrimination systematically denied Black families the same privileges. Blacks were segregated out of White suburbs by use of racial covenants, exclusionary zoning, white flight and outright violence. Last, we discuss how public funds further subsidized suburban land values, all while neglecting and devaluing Black neighborhoods. This period built the foundation for today's enduring racial wealth gap. As we conclude, the American Dream of wealth built through homeownership has always been a mirage for Black families.

### **White Picket Fences & Red Lines**

At the dawn of the 20th Century, the [Great Migration](#) saw millions of Black families flee the South in pursuit of the economic opportunities offered by the burgeoning industrial cities in the North and West. But if they hoped to find a progressive society where they might be able to become homeowners and retain all the fruits of their own labors, they were to be sorely disappointed yet again.

Seeking to build a “homeownership society,” the US government was eagerly getting to work helping White families into their own homes. Under the New Deal, the [Home Owners' Loan Corporation](#) (HOLC) set about refinancing underwater mortgages at below-market (subsidized) interest rates, and the [Public Works Administration](#) started building segregated housing projects. The [Federal Housing Administration](#) (FHA) began to insure home loans, eventually leading to the low-down-payment, 30-year fixed-rate mortgage. After WWII, the [GI Bill](#) handed-out \$95 billion worth of low interest mortgages with zero downpayment. Described as “[affirmative action for whites](#)” by Ira Katznelson, these policies helped [make](#) homeownership widespread among White households.



Meanwhile, Blacks were intentionally and systematically excluded from these programs. The FHA [published](#) underwriting guidelines which explicitly sought racial segregation and was happy to [subsidize](#) housing developments only under the condition that they be covered by deeds which prohibited sale to Black residents. Fewer than 2% of all FHA-insured loan funds were allocated to Black Americans [between](#) 1945 and 1959. HOLC surveyors ['redlined'](#) Black neighborhoods, labeling them as too risky to insure due to the presence of "undesirable populations", [effectively](#) "excluding black people from most legitimate means of obtaining a mortgage." [Discrimination](#) by Veterans Administration offices and banks [functionally](#) precluded Blacks from accessing funds from the GI Bill. Black [homeownership rates](#) increased from 23% in 1940 to only 38% by 1960, meanwhile White homeownership rates rose from 46% to 64%. A society with widespread homeownership was being gifted to White America, even as Blacks were systematically excluded from the same privilege.



Even where Black families did make the leap into homeownership, what little wealth they had was maximally extracted in the process. Desperate, Blacks trying to buy in a White neighborhood had to pay a [premium of roughly 28%](#) relative to what Whites were paying on the same block. They were targeted by predatory land installment contracts whereby the prior owner would [retain title](#) and cancel the contract if a single payment was missed. One estimate suggests that up to 75% of homes sold to Blacks in Chicago were [sold](#) this way.

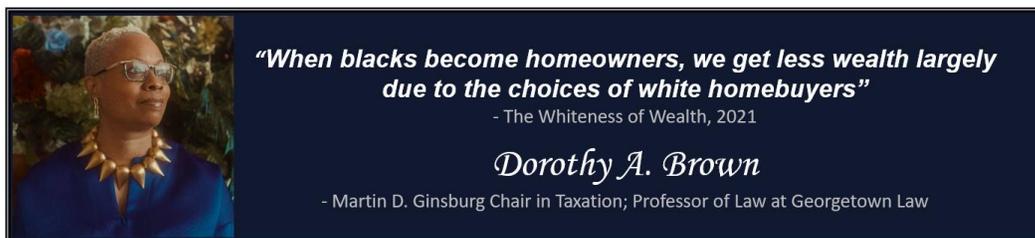
## Separate and Unequal

Blacks and Whites were rapidly funneled into separate neighborhoods. After the Supreme Court [ruled in 1926](#) that private owners could legally engage in explicit racial discrimination, racial covenants [proliferated](#) in the

lily-white suburbs, effectively banning homeowners from selling or renting to Black families. The HOLC [rewarded](#) these racially-restrictive covenants, often refusing to insure mortgages unless such a covenant was in place. The nation's prototypical suburb, [Levittown](#), whose president once [told Congress](#) that "we are 100 percent dependent on Government", grew to a population of 70,000 by 1953 but with zero Black residents. Homeowner associations (HOAs) were [further used](#) in White suburbs to block Black entrants. If they failed, they were backed by racial violence, such as the [three nights of rioting](#) after a few Black veterans moved into the suburb of Fernwood in Chicago.

Exclusionary zoning emerged as a weapon of racial segregation, with White neighborhoods being down-zoned to effectively ban the types of dense, multi-family housing that would have been within reach of Black families. The [evidence](#) is [clear](#) that zoning [rapidly segregated](#) American cities in ways which [persist today](#); over half of the differences in levels of segregation between Houston & Boston can be explained by zoning. As explained by Nolan Gray in [Arbitrary Lines](#): "*Since zoning first took root in the early twentieth century, it has invariably been used to enforce and perpetuate a uniquely American form of apartheid, shrouded in a fog of planning jargon and obtuse code.*"

Racial prejudice meant that Whites would rapidly [flee](#) neighborhoods when racial minorities grew to exceed 15% of the population, and home values would [decline](#) by 10% as a block transitioned to become majority Black. In [summary](#): "*Because of the segregated housing market, Black families faced dual barriers to wealth accumulation: they paid more in rent for similar housing while the homes they were able to purchase rapidly declined in value.*"



## Subsidized Suburbia

Having been forcibly clustered into urban communities and cut-off from access to credit, Black neighborhoods subsequently [suffered](#) disinvestment. Public housing projects exacerbated the problem by [concentrating poverty](#), resulting in [self-reinforcing cycles](#) of deprivation and what Massey & Denton (1993) describe as 'American Apartheid'. Consequently, even where Black households did manage to become homeowners, they enjoyed [slower](#) house price appreciation, hindering their ability to accumulate wealth.

By contrast, White homeowners had their property values [subsidized](#) by public spending. Investment in the highway system [boosted](#) suburban land values by connecting them to employment hubs, often [smashing through](#) Black neighborhoods in the process. Likewise, suburbs were protected from polluting industries, which were [pushed](#) into Black neighborhoods instead, destroying both property values and quality of life.

### **Fair Housing?**

All of these policy choices combined to handhold White households into homeownership and subsidize their land values upwards. Conversely, Black families were systematically excluded from homeownership, burdened by rent payments and segregated into deprived locations. Even as the Civil Rights movement reached its zenith in 1968, the damage had already been [done](#): *“suburban housing that whites bought with government mortgage insurance and loan guarantees appreciated substantially before the Fair Housing Act of 1968, accounting for large parts of the racial wealth gap.”* Over the course of the past century, suburban land ownership served as a golden ticket into both the middle class and a secure retirement. Without equal access to homeownership, the American Dream was, for Black families, a mirage.

## **Land & Racial Injustice – Part 4: The Invisible Hand of the Housing Market (1970 to Today)**

This is the fourth piece in an ongoing series that examines the role that control of land has played in racial injustice throughout Black history in the United States:

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Part 4: The Invisible Hand of the Housing Market (1970 to

Today) *(you are here)*

Part 5: Reaping What Was Sowed

In this article, we examine the period following the Civil Rights Movement, during which it was hoped that a combination of fair housing policy and inclusion in the housing market would promote racial equality. Alas, the government failed to promote the former, and discrimination ran rampant in the latter. Advantages acquired by White households of the past were passed down through generations, enhanced by tax policies which favored homeowners, and a ‘financialized’ housing market constructed novel mechanisms through which to continue funneling Black incomes into the hands of White owners of real estate.

## Unfair Housing

So far, this series has mostly focused on explicitly racist policies which directly erected barriers to Black land ownership while deliberately privileging their White counterparts. Many readers may feel that this unjust story drew to a close with the passage of the Civil Rights and Fair Housing Acts of 1968, which prohibited housing discrimination and required the Department of Housing and Urban Development (HUD) to take meaningful actions to repair past injustices. America entered her neoliberal era, riding high on expectations that the free market would serve as the 'great equalizer' by rewarding those who worked hard, regardless of their race.

But this was not to be. As detailed by Keeanga-Yamahtta Taylor in her book "[Race for Profit](#)", HUD failed to meaningfully move the needle towards fair housing, being blocked at every turn by local opposition to 'economic integration' or the construction of '[low-income housing](#)' in suburban communities. When George Romney's '[Open Communities](#)' initiative sought to build affordable housing and end exclusionary zoning in predominantly white suburbs, President Nixon fired him. Further, where Blacks were brought into the housing market, it was through what Taylor describes as '[predatory inclusion](#)', on terms favorable to "*profit-motivated interests aware that housing value depended on the absence of African Americans*".

Racial discrimination remains rampant throughout the housing market to this day. Black borrowers are more likely to be denied [mortgage credit](#) than their White counterparts, even where their credit history, income and wealth are accounted for. When they do get a loan, Black borrowers are given interest rates 3-8 basis points [higher](#). '[Racial steering](#)' directs prospective Black homeowners into different neighborhoods. Black homeowners face a double-whammy in property appraisals, finding their homes [overvalued](#) when it comes time to pay [property taxes](#), and [undervalued](#) by an average of \$48,000 when it comes time to sell. When shown video footage of identical neighborhoods with actors of different races playing the role of residents, [test subjects](#) rate all-white neighborhoods as the most desirable. All of these factors contribute to an 'appreciation gap' between Black and White homeowners:



***"There has not been an instance in the last 100 years when the housing market has operated fairly, without racial discrimination. From racial zoning to restricted covenants to LICs to FHA-backed mortgages to the subprime mortgage loan, the US housing industry has sought to exploit and financially benefit from the public perceptions of racial difference."***

- Race for Profit, 2019

***Keeanga-Yamahtta Taylor***

- Professor of African American Studies at Northwestern University

Tax policy continued to subsidize homeownership, to the disproportionate benefit of wealthy White households. Seeking to entrench their ill-gotten property values, White homeowners sought to cut and constrain property taxes during the 1960s and 1970s 'tax revolts'. For example, Proposition 13 passed in California in 1978 and severely curtailed the property taxes faced by incumbent property owners, **ultimately** "undermining equality by entrenching property wealth across generations".

Likewise, the 1986 Mortgage Interest Deduction (MID) allowed homeowners to deduct mortgage expenses from their taxable income, with the effect of **raising house prices**. In 2012 more than three quarters of the **benefits** of the MID went to homeowners with incomes over \$100,000. Analysis by the **Tax Policy Center** concluded that the MID is "the largest tax expenditure for home ownership... zip codes with high claiming rates tend to be disproportionately White."

## Injustices Passed

All of the privileges handed to White homeowners by 1970 would return dividends not just for themselves, but this "intergenerational wealth" would also transfer advantages to their children and grandchildren. In their recent study, 'Investigating the U.S. Racial Wealth Gap', Kathryn A. Edwards and Jonathan W. Welburn of RAND Corporation detail the myriad ways in which wealth disparities persist between generations. Black and White children begin life at different socioeconomic levels, enjoy different volumes of parental investment during childhood, different levels of support when trying to purchase a home, leading to different reliance on debt, and ending with different amounts of parental bequests. These massive divergences are exacerbated even further by **racial discrimination** in employment, credit markets, education and housing. No wonder then, that studies find that intergenerational transfers are a **key driver** of the racial wealth gap, nor that parents' economic status is so **highly predictive** of the outcomes experienced by their children.

*"Even if mortgages are secured, Black and Hispanic homeowners experience higher rates of foreclosure and housing distress than White families, in part because they receive riskier loans. Further, home equity for Black homeowners has not increased at the same rate as it has for White homeowners (...) Other research suggests that inheritance and other intergenerational wealth transfers often benefit White families more than Black families." – Pew Charitable Trust*



*"Plunder in the past made plunder in the present efficient."*

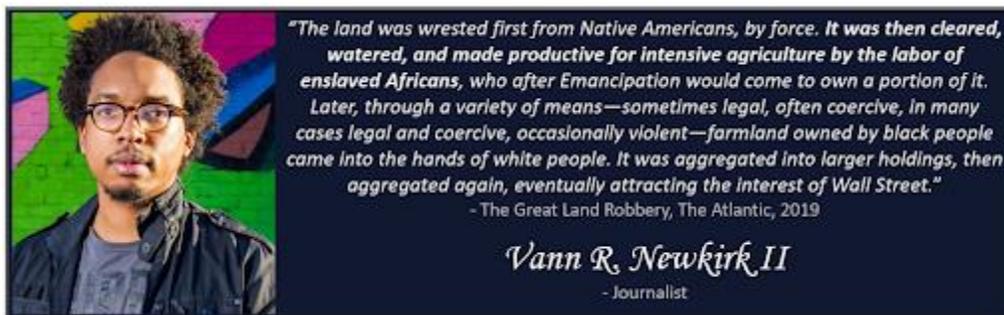
- The Case for Reparations, The Atlantic (2014)

*Ta-Nehisi Coates*

- Author, journalist, activist

## Free (Market) at Last

Over the past fifty years, the housing market has becoming increasingly “[financialized](#)” as access to mortgage credit has expanded and real estate investment has shifted from direct ownership of individual properties to the trading of packaged financial products through REITs, CDOs, MBS, and so-on. While these market mechanisms may have been expected to expand access to homeownership and real estate investment among Black families, they have instead continued to facilitate the extraction of their wealth into the hands of wealthy White investors. During the run-up to the global financial crisis, subprime [lenders disproportionately targeted Black borrowers](#), resulting in [foreclosure](#) rates among Black households being [nearly twice as high](#) as those experienced by white families during the 2008 market crash. Black-owned homes [appreciated more slowly during the boom](#), and experienced [higher rates of devaluation](#) during the bust. New legal structures, like [Limited Liability Companies \(LLC\)](#), are disproportionately owned by [wealthy & white investors](#), have elevated rates of [building code violations](#), and help facilitate [speculative land banking](#) and the institutionalized extraction of wealth from tenants, who are [disproportionately black](#).



## Conclusion

Working in tandem, government failures to further fair housing, tax subsidies for homeowners, discrimination in the housing market, and baked-in systems of intergenerational privilege, have continued to [funnel funds](#) out of the pay packets of Black families and into the pockets of White real-estate investors. It should therefore be no surprise that homeownership continued to serve as the [single largest contributor](#) to the racial wealth gap between 1984 and 2009.

Having completed our exploration of the relentless waves of past injustices which prevented Black Americans from obtaining their fair share of the nation's land bounty, the next article in this series will explore the many ways in which this history shows up in present-day socioeconomic indicators of racial inequality.

## Land & Racial Injustice – Part 5: Reaping What Was Sowed

This is the fifth piece in an ongoing series that examines the role that control of land has played in racial injustice throughout Black history in the United States:

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Part 5: Reaping What Was Sowed

As we have detailed over the past four articles in this series, century after century of racist policy and practice have helped to erect barriers to Black land ownership, enabling the extraction of Black productivity into the hands of White landowners, leaving behind a yawning chasm of racial inequality. In this article we detail the current state of various socioeconomic indicators as they relate to the benefits bestowed by ownership of land and access to high-opportunity locations.

Today, Black households have a mere fraction of the wealth held by and the opportunities available to White families, a reality largely driven by disparities in property ownership. Black children grow-up in markedly-different neighborhoods than their White peers, with heavy consequences for social mobility. Lastly, Black individuals earn a greater share of their income from labor than their White counterparts, and spend a great portion of it on their rent, sending it straight back into White hands.

### Homeownership and the Racial Wealth Gap

Given our discussion thus far, it should be no surprise that the median white household has [wealth](#) of \$189,000, nearly eight times the \$24,000 owned by the typical Black household. Crucially, the majority of this \$165,000 gap is driven by differences in property ownership: the typical White household [holds](#) \$51,000 more equity in their primary residence, and \$83,000 more in other real estate investments than their Black counterparts. Much of the remaining gap consists of managed assets and retirement accounts, which will also contain a healthy share of financialized claims on real estate. White Americans are nearly [two times](#) more likely to own their own homes, and years of homeownership [explain](#) the largest part of the racial wealth gap. Clearly, disparities in property ownership are a crucial component of America's racial wealth gap.

FIGURE 1  
Persistent Racial Wealth and Income Gaps

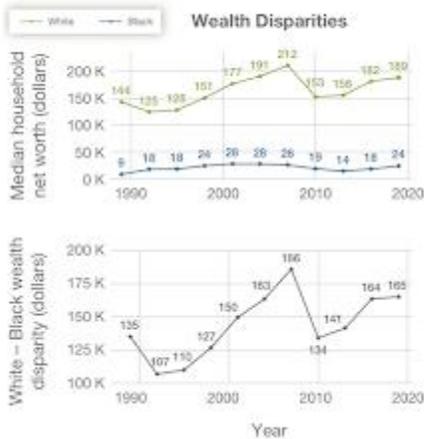
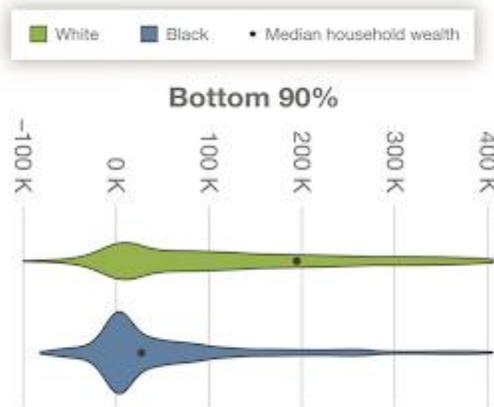


FIGURE 2  
U.S. Household Wealth Density Estimates, by Race, as of 2019



## Locational Inequality

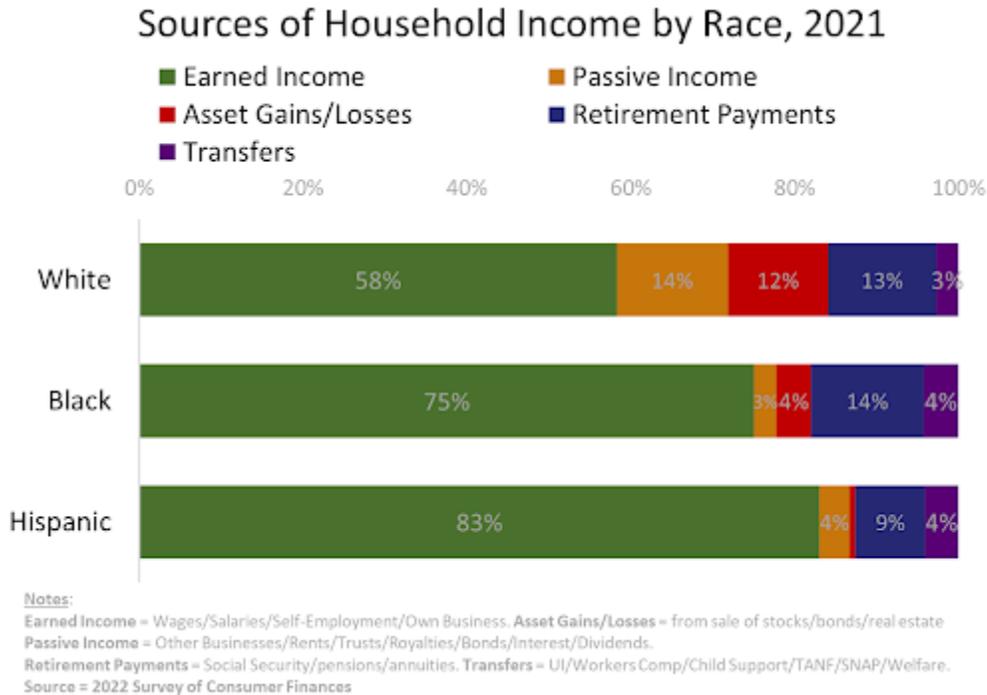
Black Americans' unequal access to the benefits generated by land also show up in measures of locational inequality. In a system that Brookings has called "separate and unequal" Black families are much more likely to live in neighborhoods beset by disadvantage: lower-quality institutions (such as school and social support organizations), under-investment in infrastructure, and [concentrated poverty](#). Sociologist Patrick Sharkey [explains](#) how predictive childhood location is of future outcomes in life: "*Experiencing high neighborhood poverty throughout childhood strongly increases the risk of falling down the income ladder.*" Among individuals born between 1985 and 2000, [two-thirds](#) of Black children grew up in the poorest-fifth of neighborhoods, compared to only 6% of White children. These statistics were unchanged from their parents', indicating that locational disadvantage is persistent over generations. Black students are [seven times](#) more likely than Whites to attend high-poverty schools.

*"Parental wealth can also determine neighborhood and, by extension, peers, environment, and physical safety; networks; aspirations for education and careers; food security and insecurity; and many other determinants"* – Kathryn A. Edwards & Jonathan W. Welburn in [Investigating the U.S. Racial Wealth Gap](#).

## Earned and Unearned Income

Another legacy of the history we have outlined above is that Black and White families differ both in the amount and types of income flowing into their households. Data from the [Survey of Consumer Finances](#) reveals that median household income for White families was \$81,000 in 2021, nearly double the \$46,000 earned by the typical Black household. Further, as we reveal in the figure below, White households derive far more of their income from pre-existing wealth, whereas Black households earn more of their income through hard work. Specifically, earned income (from wages,

salaries or self-employment) made up three-quarters of Black household income in 2021 compared to only 58% for White households. Conversely, 14% of White income is passive (including dividends, interest & rents) and 12% comes from asset appreciation (in the value of stocks, bonds & real estate), compared to only 3% and 4% respectively for Black households.



## Spending and the Rent Burden

Past racism also influences the expenses faced by White & Black households. Unsurprisingly, Black households are less likely to own their homes, meaning that more of their hard-earned income is being eaten-away as rent. Nationwide, **six in ten** Black households continue to rent their home, more than twice the rate for White families (three in ten). Even among renter households, Blacks were **more rent-burdened**, with 30% spending more than half of their income on rent, compared to only 22% for White households. Research from Los Angeles **demonstrates** the way in which rent payments cause wealth to be extracted out of Black neighborhoods, flowing out to enrich White inhabited suburbs. Land continues to serve as the key mechanism by which Black wealth is extracted into the hands of White landowners.

## Where Do We Go From Here?

As we look forward towards solutions to these injustices, let us be clear that these disparities simply *will not resolve on their own*. While the history surveyed thus far should thoroughly reject the premise that Black

Americans have failed to work as hard as their White slaveowners, sharecroppers and landlords, let us consider what would happen if Black Americans were to respond to calls to “pull yourselves up by the bootstraps” with even higher effort in study, work and savings. Rising Black incomes would cause rents to rise in the neighborhoods around them, eroding progress towards closing the wealth gap. Black households seeking to become homeowners will frequently find themselves buying from a White seller, with Whites over-represented among owners of the banks that would lend them a mortgage. This is the ‘Kafka trap’ that American history has laid for Black inhabitants by depriving them of ownership of a fair share of the land.

*“Given the inertia of past and current disparities, it is unclear how the racial wealth gap could ever close over a meaningful time horizon in the absence of new governmental policies that directly target the wealth gap”*—  
Kathryn A. Edwards & Jonathan W. Welburn in [Investigating the U.S. Racial Wealth Gap](#).

We have observed that inequalities in both location and land-ownership definitively reproduce themselves across generations, and we have no reason to believe that they will resolve on their own. Thus, it is clear that *deliberate policy changes are needed* to rebalance the scales, and that this remedy must ensure that all Americans can at the very least enjoy an equal share of the value of natural resources like land.

### **A Vision of Land Rent Reconstruction**

Access to land and location are deeply embedded in the heart of American racial injustice, so the remedy necessarily entails capturing and sharing the rich bounty of this nation’s land. As an immediate goal, this project must seek to expand the share of [land rents](#) which flow into the hands of Black families, backed by the more comprehensive final vision of a nation where ill-gotten land wealth is redistributed, ensuring that every single American family enjoys their fair share of the [value](#) embodied in her most precious resource: land.