



UHASSELT

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Faculteit Bedrijfseconomische Wetenschappen

master in de handelswetenschappen

Masterthesis

Desegregation in the form of reparations to stimulate economic opportunities for Black Americans

Barnabas Tepliczky

Scriptie ingediend tot het behalen van de graad van master in de handelswetenschappen, afstudeerrichting ondernemerschap en management

PROMOTOR :

Prof. dr. Eric CAERS



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"Injustice anywhere is a threat to justice everywhere."

- Martin Luther King Jr., 1963

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I. Abstract

The Black population in the United States is 48.2 million, approximately 15% of the total population. Due to historical circumstances, most Black Americans lack the means to improve their living environment. More specifically, the median annual income for Black Americans is 42,208 dollars compared to 70,784 dollars for the entire population. The research aims to gather insights into possible reparations in the form of policy guidelines to promote desegregation and equal economic opportunities.

Historical Framework

To conduct an initial quantitative investigation into the current demographic situation and shortcomings in American communities, several databases from the federal government will be consulted. The focus lies on information about income, well-being, and the level of segregation in the United States. An in-depth analysis of the historical framework of slavery and structural racism is integral to this research, exploring how different historical events impacted contemporary inequalities.

After the current context of demographic statistics is established, a qualitative approach is deployed to understand the underlying reasons behind the observed data. Hereby, Peer-reviewed scientific publications are examined to obtain relevant results, with emphasis on the history of Black Americans in the United States.

The literature review first explores the history of Black Americans. Africans first arrived to the American continent in the 16th century. Approximately 12.5 million Africans were transported to America against their will to be used as slaves without rights. However, only 10.7 million Africans survived the journey by boat due to its length and the lack of health precautions.

For 200 years, African slaves were deployed at various types of plantations and in different industries across the American continent. During this period, American citizenship was not granted to African slaves, even if they were born in America. Slavery often involved excessive violence due to slaves being seen as inferior by White slave masters.

After the Civil War (1861-1865), a series of progressive laws were introduced in the United States under President Abraham Lincoln. During this period, also known as the 'Reconstruction' era, residents of African descent were granted various progressive rights. Slavery was officially abolished, and everyone born on United States territory was granted American citizenship with rights to safety and freedom.

However, despite this progress, the introduction of these new laws encountered serious opposition from the southern parts of the United States. This led to the overturn of multiple Civil Rights Acts by the Supreme Court, resulting in the legalization of discriminatory and segregating measures within the judicial context. The laws known as 'Jim Crow Laws' manifested through segregated schools and train wagons for White and Black Americans, actively exercising segregation.

These measures set off a prolonged process in which Black Americans faced systemic racism in their own country. In addition to direct legal limitations, indirect barriers were imposed regarding housing, starting of businesses, and education.

Furthermore, multiple racist and violent hate groups were founded during this period, with the Ku Klux Klan being an infamous example. The goal of these groups was to intimidate Black Americans and to control activities in their region, extending discrimination beyond legal boundaries.

These circumstances limited the accumulation of personal wealth among Black Americans, resulting in restricted intergenerational mobility on a financial level. This explains the persisting significant disparities in income and wealth between Black and White Americans, more than 150 years after the official abolition of slavery.

Reparations

The second part of this research initiates a dialogue on insights into possible reparations, aiming to stimulate desegregation and offer equal economic opportunities for all Americans. To formulate realistic and effective policy proposals, various perspectives are studied. During the evaluation of possible policies, there will be focused on the contrasting party positions of the Democratic and Republican Parties, as well as the potential costs for governments.

To assess the current political landscape, statements from politicians and numerous news articles are analyzed. This involves examining views on inequality, racially based income gaps, and reparations. The analysis focuses specifically on the viewpoints of various politicians, as communicated in campaigns, public speeches, and on their official websites. Additionally, quantitative datasets on the opinions of American voters are analyzed.

To obtain a holistic view on the perspectives, it is crucial to not only study centrist sources (such as Reuters, Associated Press, or The Economist) but also politically left-leaning (such as The New York Times, ABC News, or CNN) and right-leaning news sources (such as Daily Wire, The Wall Street Journal, or Fox News). This approach ensures that insights and viewpoints across the entire political spectrum are recognized. This leads to the establishment of possible common ground for certain economic measures and identification of areas where the consensus is particularly divergent.

Analysis of both left-leaning and right-leaning perspectives indicates that most Democrats (left) acknowledge existing inequality and support the idea of reparations. Republicans (right) also recognize the outcome of historical discrimination, although they view reparations as generally ineffective. More specifically, Republicans believe that providing a monetary sum will have little to no impact on the wealth of Black Americans. Republicans often prioritize limited government intervention and endorse political freedom at a smaller, local level.

Nonetheless, some mutual understanding exists between both parties regarding the influence of historical discriminatory measures on contemporary society. Some right-leaning politicians even advocate for substantial measures to reduce inequality between Black and White Americans, potentially paving a way for compromise.

The policy measure arising from this research is a government-funded universal child savings account. More precisely, it's a modified version of the American Opportunity Accounts Act, also known as Baby Bonds. The goal of this measure is to narrow the economic wealth gap between Black and White Americans and provide Black Americans with the means to invest in higher education, businesses, or housing at the age of young adults.

The idea of Baby Bonds was introduced to Congress by New Jersey Senator, Cory Booker. According to his plan, every child born in the United States would receive 1,000 dollars in their investment account at birth, with an annual interest rate of 3 percent. This state-managed account would receive an annual deposit based on the family's income level. This annual amount varies between 0 dollars and 2,000 dollars, with children in families below the national poverty line receiving the maximum amount and children in families with an income five times above this threshold receiving no annual deposits. Beneficiaries could access their funds when they turn 18. The funds can also remain in the account, yielding the annual 3 percent interest. Estimates suggest that the Baby Bonds program would generate 50 billion dollars revenue for the federal government within 10 years.

The entire cost of the measure would be funded through incrementations in two types of taxes. There would be higher taxes applied on long-term dividends, together with adjustments in tax brackets of estate inheritance.

In the modified version, states would get the responsibility to provide financial education to young individuals. With the surplus of 50 billion dollars, the federal government could establish a sustainable budget for developing a plan to sponsor financial education. To ensure youth participation in these programs, the government could mandate that funds can only be accessed when participating in the prescribed education programs. This approach would ensure the responsible use of Baby Bonds funds.

In addition to the technical aspects of the policy proposal, transparent and honest communication is essential. Currently, the policy is endorsed by the sponsors as improving opportunities for Black Americans, but the focus should be on aid based on income rather than race. Only by communicating this message clearly can support be obtained from the Republican party.

Based on the results of this research, this form of reparations has the highest chance of success as it aligns with most criteria valued by both political parties. This form of Baby Bonds holds great potential to positively contribute to creating economic opportunities for marginalized Black Americans and Americans in general.

II. Introduction

The modern American society is defined by its complex history. From the Civil War, Reconstruction, and Civil Rights Acts, to segregation, bipartisan politics and affirmative action, this study delves

into various historical, sociological, and economical topics of American history. Focusing on Black American history and present-day consequences, this research initiates discussion on different moral dilemmas.

Asking, and answering the questions as to whether reparations to Black Americans are appropriate, how much responsibility the government has for past injustices, and what role taxpayers should assume in these issues.

Moreover, this study offers a contextual framework for how Black Americans could be compensated for past unfairness that aligns with the views of the Democratic and Republican parties.

Comparisons between possible reparations are reviewed, with contemporary examples of successful implementations.

Additionally, a compelling form of universal assistance is analyzed in Baby Bonds. Its possible implementation is discussed, along with estimated future benefits.

Essentially, this study aims to disclose the historical context of discrimination against Black Americans, with their implications for the current societal situation, while addressing possible future measures to administer intrinsic disparities.

III. Methodology

The research problem 'Desegregation in the Form of Reparations to Stimulate Economic Opportunities for Black Americans' is a complex issue with no obvious answer. This study's methods reflect the complexity and nuance of this dilemma.

Because this study aims to provide an in-depth understanding of the research question and its possible implications, it takes both a qualitative and a quantitative approach drawing from a wide range of peer-reviewed secondary sources. The diversity of approaches to conceptualizing segregation are surveyed, compared, and weighed based on the strength of their results. This approach helps guarantee a holistic view of the options available to contemporary policymakers.

The term 'Black American' in this study is based on the U.S. Census definition, which is the following: A person having origins in any of the Black racial groups of Africa (U.S. Census Bureau, 2022)

Economic opportunity in this study refers to possibilities that one can obtain with wealth. Because the term is broad, this study will narrow it down to inequalities in wealth based on historic events. The research will take an in-depth look at historical segregation and systematic racism. Additionally, the study will propose possible feasible solutions on how desegregation and integration of Black Americans can be stimulated in the current political climate.

To evaluate the degree of existing economic deficiencies in Black neighborhoods, several governmental databases and peer-reviewed quantitative studies will be examined. The main sources of these government-owned datasets are [usa.gov](https://www.usa.gov), [federalreserve.gov](https://www.federalreserve.gov), and [goa.gov](https://www.goa.gov) (U.S

Government Accountability Office). The peer-reviewed sources will be recovered from the academic search engine Google Scholar. The search terms which are used to find the related data include but are not limited to: racial segregation, systemic racism, critical race theory, racial inequality, wealth disparity, and discrimination.

Subsequently, the study will look at current political events and attitudes based on news articles and publications. For the news articles, it is beneficial to not only look at centrist publications (e.g., Reuters, Associated Press, or The Economist) but also both the politically left (e.g., The New York Times, ABC News or CNN) and right news sources (e.g., Daily Wire, The Wall Street Journal or Fox News) to understand the views of the whole political spectrum. This way, this study will determine the common ground where certain economic measures may take place and also where the consensus is particularly divergent.

The classification of news sources based on political ideology will be realized by analyzing usual text characteristics used by either the left- or right-leaning media and reviewing them by using resources that specialize in evaluating the political leanings of news sources. In this study the reviewing resources will be: Pew Research Center and AllSides.

Pew Research Center focuses on data-driven research based on the collection of large datasets and computational techniques for empirical analysis (Pew Research Center, 2023). AllSides media bias ratings can be considered a dependable source since they use Blind Bias Surveys and independent reviews. In a Blind Bias Survey, random Americans read headlines and articles from a media outlet and provide an overall bias rating for the source, without knowing what source they are rating (AllSides, 2022).

When analyzing publications from the political left and right, it is important to note that the visions and values of the Republican and Democratic parties in the United States have shifted over time. According to Students of History (n.d.) Democrats were formerly conservative while Republicans were liberal, a clear contrast to their present-day positions. The shift began during the Great Depression in the 1930s when Democrats supported government intervention while Republicans opposed it.

The passage of the 1964 Civil Rights Act marked a key turning point, leading to many Black voters supporting the Democratic Party due to their advocacy for equality. Additionally, in the 1980s many Southern conservatives aligned their values with the Republicans, which solidified the two parties' present ideological stances. (Students of History, n.d.)

With knowledge about the sources of the collected data and the positions of the political parties, the analysis can be more accurate. The emphasis of this analysis will be on finding possible solutions for realizing adequate economic support for Black Americans to repeal racial and structural inequality by comparing different scenarios and their possible consequences.

The main source of error in this study is based on the gathering of data. All the analysis will be carried out based on existing secondary data and opinions. While this approach enables the collection of diverse theories, it may cause possible solutions to be missed, which could be avoided

by analysis based on primary data collection. The cause for circumventing primary data collection is that it would be practically inconceivable because of geographical constraints.

The usage of third-party sources also introduces the possibility that the used data is flawed. The reasons may be personal biases or naturally random errors. Discussing politics and socioeconomic issues may often pose the risk that the author includes personal opinions and biases. Therefore, the secondary data recovered from these authors may be an improper representation of reality. While the sources of data used in this study will be thoroughly examined, there may be a possibility that such data pass through the evaluation.

IV. Literature Review

To provide an accurate illustration of the current economic state of Black Americans, it is essential to first review the history of discrimination against them in the United States, with significant events that have led to it. This literature review will examine three noteworthy historical occurrences regarding Black history: slavery (in general and in America specifically), reconstruction and segregation, and affirmative action; and three present-day aspects of possible compensations: wealth gap, reparations, and Baby Bonds.

Furthermore, besides studying these historical events, this review will examine the current state of infrastructure in Black communities in more detail. The focus of this part of the review will be on one hand to identify the specific deficiencies in opportunities of self-development of Black Americans in these communities. On the other hand, the need for infrastructural improvements will be evaluated to understand which may help in providing a better outlook on the self-development of Black Americans. To ward off these ends, this study will look at the following types of infrastructures: schools, youth centers, libraries, and sports establishments.

Slavery

This chapter about slavery will describe a short history of its origins, the slave trade in the United States, and the eventual abolition of slavery in the country.

Legal historian, Paul Finkelman (2012), described the intricacy of the status of slaves during the founding stages of the United States in his book called 'Slavery in the United States: Persons or Property' (p. 115). In the following segment from his book, he illustrates the existing ambiguity during that period about whether slaves should be considered persons, or property:

"At the end of July 1776, just weeks after the Continental Congress agreed to the Declaration of Independence, the delegates debated how to allocate taxes to support the new government. [...] A central issue in this debate was whether to count slaves as well as free people when allocating these taxes. [...] The Constitutional Convention ultimately settled on the Three-Fifths Clause, which counted slaves for representation but on a three-fifths basis. This was a political compromise, between those Southerners who wanted slaves counted fully for representation and Northerners

who did not want to count them at all. The debates over that document, and its final wording, illustrate the complexity of defining slaves as persons or property.” (Finkelman, 2012, p. 115)

As the context of the word ‘slavery’ has been put into perspective at the time of the United States’ founding, the study will now continue with the history of slavery. Hereby, the next part of this literature review will explore the origins of slavery, with a highlight on the slave trade which is a crucial part of the history of slavery in the United States.

The first writings of slavery trace back even before ancient civilizations such as the Greeks, Romans, and Egyptians. The Mesopotamians already had legal writings that specified slavery as an established institution. The Mesopotamian Code of Hammurabi, which dates back to circa 1750 BC, described laws that ought to be followed by its residents. Among many, there were also laws describing slavery and the slave trade. An example of this is law §281 which states: “If they are citizens of a different land the purchaser shall state the amount of silver he paid in the presence of the god and the owner of the slave, or the maid shall pay the silver and redeem his slave or his slavegirl.” (Dedović, 2022). With this evidence, it can be concluded that slavery traces back to at least 1750 BC.

According to Klein (2010), the concept of slavery was an institution in many historical societies. However, this earlier form of slavery was more oriented at minor, very specialized work in the labor force, most notably at domestic service within elite households. Most of the crucial production of goods and services was executed by peasants, who held a higher legal status as slaves (Klein, 2010).

The acquisition of slaves in these early societies was often realized after acts of violence. The Romans, for example, provided about 500 thousand slaves for Rome every year as a result of fruitful military conquests in Africa and Northern Europe (Walvin, 2007).

But African slaves were not only enslaved in Europe during that time, slavery in African countries was also present since those earlier days. Based on Schneider and Schneider (2007), Africans often enslaved their enemies, criminals, and even debtors in order to stimulate their labor output or population. Slaves in Africa during those times also held a monetary value in society. They were often used as a means of exchange, much more than metals or any form of bank notes. While slavery in Africa was prominent and present in many different communities in day-to-day life, the treatment of domestic slaves was significantly different compared to the way Europeans treated them. Schneider and Schneider (2007) credit this due to the fact that slave owners in Africa did not regard their slaves as people who were born to be inferior (like many Europeans did) as you could become a slave due to merely being a resident of a fallen city.

It is also important to note the economic development that occurred in Africa between the seventh and fifteenth centuries. It was fueled by an increase in the intracontinental trade of luxury goods such as gold and copper. As a result, smaller-scale societies sought to promote their independence by boosting their population through the acquisition of slaves. The reason for this was that each region in Africa had multiple minor communities, each with its own limited societies. The amount

of influence these small-scale societies held was heavily dependent on the size of their population (Lovejoy, 2012).

Additionally, following the spread of Islam in the seventh century, multiple Northern and Eastern African countries converted to the new religion. This resulted in an increase in the prevalence of slavery within African societies. Similar to Roman slave owners, African countries began adopting practices of slavery that were defined in the Islamic sacred law codes, such as the Shari'a and The Holy Quran, which permitted and regulated the practice. The Shari'a defines slaves as property, akin to livestock, and affords them no rights (Clarence-Smith, 2006).

This new type of definition brought an innovative take to the African continent which caused slavery, the owning of slaves, and the slave trade to be more widespread. As a result of the growth of Islam, the African region became more connected to the wider world as new ideas and technologies began to circulate (Kusimba, 2004). Moreover, the demand for exported African slaves through the slave trade between the seventh and fifteenth centuries was mainly from Muslim territories in the Mediterranean regions (Inikori, 1982). This led to the creation of a significant number of slave markets in Africa, including the slave markets of Zanzibar and Timbuktu (Rodney, 1972).

This brief review of the history of the African continent explains the factors that contributed to the fact that there were already established slave trade organizations in Africa by the time Europeans arrived in the fifteenth century.

Slavery in America

According to the widely recognized Trans-Atlantic Slave Trade Database *SlaveVoyages.org*, between 1525 and 1866, approximately 12.5 million Africans were forcibly transported to the American continent as part of the Transatlantic Slave Trade and were subsequently enslaved. However, from this 12.5 million, only approximately 10.7 million slaves survived the journey from Africa to America (which could take anywhere from 6 to 12 weeks) as many of them died during the voyage due to diseases or starvation (Klein, 2010).

According to the book "Time on the Cross: The Economics of American Negro Slavery" by Fogel and Engerman (1995), one of the main reasons why slaves were needed in America, was the economic benefits that slavery brought to the agricultural industry. Plantation owners were able to purchase slaves at a relatively low cost and use them to cultivate crops such as tobacco, rice, and cotton, making slavery a profitable enterprise. Fogel and Engelman (1995) state: "Slavery was a rational, profitable institution, never more profitable than immediately prior to the Civil War, and was maintained by Southerners who were optimistic about both their own future and that of the slave system." The reason for this optimism was that the labor of enslaved Africans allowed for the mass production of crops, which was a significant factor that led to a substantial increase in exports and revenue for the American economy (Blackburn, 1997).

According to Blackburn (1997), the slave trade in America became a well-established industry that operated through various markets. These markets were situated in different locations across the country, including New Orleans, Richmond, and the largest slave market in America: Charleston,

South Carolina. The slaves were sold at auctions and were often purchased by plantation owners or other individuals who required their labor.

Blackburn (1997) states that slaves were sold at auctions and were marketed like any other commodity. The demand for slaves was high, and the prices were determined by various factors such as age, gender, and physical condition. Generally, young, and healthy males were the most valuable on the slave market.

Furthermore, slavery can also be linked to the expansion of the American frontier right before the Civil War. As the demand for land increased, plantation owners needed more labor to cultivate their new territory. The availability of slaves enabled plantation owners to expand their operations and increase their wealth. Therefore, the spread of slavery was an important factor in the expansion of the American economy, with an emphasis on the Southern economy (Genovese, 2012). Thus, slavery became an essential component of the country's economy, fueling its growth and expansion.

The map below (Encyclopedia Britannica, 2023) shows the territorial situation in the United States in 1861. The light green and yellow states mark the eleven states which seceded from the United States at the beginning of the Civil War and formed the Confederate States of America. Encyclopedia Britannica is considered a Pro-Science source with a high grade of factual reporting according to Pew Research Center.

It is also important to note that four Slave States stayed in the Union (orange on the map): Delaware, Kentucky, Maryland, and Missouri. This meant that slavery remained acceptable and practicable for the time being in these states. According to the Library of Congress (n.d.), these four states stayed in the Union because of a combination of political maneuvering and Union military pressure.



(Encyclopedia Britannica, 2023)

Undoubtedly, slavery was a thriving and well-established industry that spanned multiple markets across America, generating considerable profits. Despite its economic significance, the institution of slavery and the owning of human beings came under significant scrutiny after the American Civil War, which ultimately led to the abolition of slavery in 1865. The end of the Civil War marked a significant turning point in American history, reshaping the country's societal landscape in many ways.

James McPherson (1988) implies that the Civil War played a pivotal role in bringing about the abolition of slavery. The collective experiences of enslaved individuals and the fundamental ethics of the new foundations of the republic suggested that Black Americans deserved the same rights and freedoms as White Americans. "To many Americans, human bondage seemed incompatible with the founding ideals of the republic. If all men were created equal and endowed by the creator with certain inalienable rights including liberty and the pursuit of happiness, what could justify the enslavement of several millions of these men and women?" (McPherson, 1988).

There is no doubt that slavery has been a substantial part of mankind in various parts of history in geographically independent regions. While the focus of this study is not on contemporary slavery in the world, it is interesting to note that such a practice of owning others is still present in certain areas in the modern day (Nolan & Boersma, 2019).

Reconstruction and Segregation

The abolition of slavery and the later introduction of diverse Civil Rights Acts were significant first steps for Black Americans, however, their fight for equality has just begun. One of the main

reasons was the segregation that followed in the Southern states. This part of the literature review will examine the laws and movements that granted Black Americans a broader sense of freedom and the legislations that took them away to illustrate the context that led to the current circumstances that Black Americans live in.

First, it is fundamental to look at certain political events which followed the abolishment of slavery, also called the Reconstruction period. This part of the study will first explore the various historical policies that were implemented during the Civil War and several years after 1865. Specifically, this study will focus on the Emancipation Proclamation, Plessy v Ferguson, and Redlining.

The first policy this study will investigate is the Emancipation Proclamation. This Proclamation was issued in 1862, during the Civil War, by former US president Abraham Lincoln and stated that "all persons held as slaves are, and henceforward shall be free." (National Archives, n.d.) The Proclamation was primarily a recommendation instead of a law and aimed at the Southern states. However, it did convey the values and vision of the in-office president at the time and the leader of the northern states. (National Archives, n.d.)

In the years following this decree, as the Civil War came to an end, it became clearer which direction the country would go in regarding slavery. The ratification of the 13th Amendment in 1865 was a stepstone for the future of Black Americans, as it marked the official abolition of slavery. It states: "Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction." (Constitution Annotated, n.d.).

As a result of the introduction of the 13th amendment, around 4 million slaves were freed, who represented approximately one eighth of the entire United States population at the time (Jack Miller Center, 2021). In the aftermath of Reconstruction, former slaves faced different challenges in finding their place in the newly reformed United States. According to the Library of Congress (n.d.), some freed slaves moved away from the neighborhood of their former slave owners, while others became wage laborers on the same plantations.

The testimony of a freedman, Houston Hartsfield Holloway, makes the context of the situation of freed slaves apprehensible: "For we colored people did not know how to be free and the white people did not know how to have a free colored person about them." (Library of Congress, n.d.)

In the years following the ratification of the 13th Amendment, there were several political notions to grant civil rights to Black Americans, most notably the Civil Rights Acts of 1866 and 1875.

The Civil Rights Act of 1866 declared citizenship for Black Americans. "All persons born in the United States, [are] hereby declared to be citizens of the United States. [All citizens are granted] full and equal benefit of all laws and proceedings for the security of person and property." (History, Art & Archives, n.d.)

The Civil Rights Act of 1875 on the other hand focused on equal treatment and rights for all United States citizens, including Black Americans:

"Whereas, it is essential to just government we recognize the equality of all men before the law, and hold that it is the duty of government in its dealings with the people to mete out equal and exact justice to all, of whatever nativity, race, color, or persuasion, religious or political; and it being the appropriate object of legislation to enact great fundamental principles into law: Therefore, Be it enacted [...] that all persons within the jurisdiction of the United States shall be entitled to the full and equal enjoyment of the accommodations, advantages, facilities, and privileges of inns, public conveyances on land or water, theaters, and other places of public amusement; subject only to the conditions and limitations established by law, and applicable alike to citizens of every race and color, regardless of any previous condition of servitude." (National Constitution Center, n.d.)

These Civil Rights Acts were later disputed by the Supreme Court and will be discussed in a further section.

As the Reconstruction was not supported by the Southern states, it quickly became apparent that there was a lot of opposition to be expected to these new laws. The Library of Congress (n.d.) explains this as follows:

"After the Civil War, with the protection of the Thirteenth, Fourteenth, and Fifteenth Amendments to the Constitution and the Civil Rights Act of 1866, African Americans enjoyed a period when they were allowed to vote, actively participate in the political process, acquire the land of former owners, seek their own employment, and use public accommodations. Opponents of this progress, however, soon rallied against the former slaves' freedom and began to find means for eroding the gains for which many had shed their blood." (Library of Congress, n.d.)

The most prominent instance of this opposition was segregation in the form Jim Crow laws. These laws refer to regulations that were enforced in the United States to impose racial segregation and discrimination aimed at Black Americans. (Iowa Department of Human Rights, n.d.)

According to the Library of Congress (n.d.), Jim Crow laws started to take a prominent social position in the Southern United States as early as 1865, the year of the ratification of the 13th Amendment. More specifically in the eleven states (Mississippi, Florida, Alabama, Georgia, Louisiana, Texas, Virginia, Arkansas, Tennessee, and North Carolina) that seceded from the United States of America in 1861.

Besides judicial discrimination against Black Americans, the separatist sentiment in the Southern states propagated multiple white supremacist groups like the Ku Klux Klan (KKK) and Knights of the White Camelia. (Long, 2021)

The KKK has had two separate organizations in history with the same name and agenda. The first group was founded after the Civil War in 1865 by Confederate veterans in Tennessee, a state which seceded from the United States in 1861. The goal of the organization was to form a resistance against the Reconstruction and had some success as the group installed white rule in North Carolina, Tennessee, and Georgia around 1870. (Encyclopedia Britannica, 2023)

However, as the actions of the group often involved “terrorizing black citizens for exercising their right to vote, running for public office, and serving on juries”, they were non-compliant with the 13th, 14th, and 15th Amendments of the United States. (United States Senate, n.d.)

In these amendments, it is stipulated that the disenfranchisement of voting rights based on race, color, or criminal history is prohibited by every state. This led to the activities of the KKK being investigated by Congress in 1871, which was concluded by the following findings:

“During the whole session we have been engaged in investigations of the most grave and extraordinary character—investigations of the crimes committed by the organization known as the Ku Klux Klan. The evidence elicited has been voluminous, gathered from the victims themselves and their families, as well as those who belong to the Klan and participated in its crimes. The jury has been shocked beyond measure at the developments which have been made in their presence of the number and character of the atrocities committed, producing a state of terror and a sense of utter insecurity among a large portion of the people, especially the colored population.” (Encyclopedia Britannica, 2023)

The results of this investigation led to the creation of a series of Enforcement Acts with the goal to end violence against Black Americans and grant the president the possibility to use military force to protect them. (United States Senate, n.d.)

The third Enforcement Act (also known as the Ku Klux Klan Act of 1871) is a particularly relevant example of fighting racism against Black Americans. This Act provided the government with the power to protect the civilian and political rights of individuals, as every American has the right to equal protection of the law according to the 14th Amendment.

The same year in 1871, President Ulysses S. Grant used the newly formed power to protect the rights of Black Americans in South Carolina by sending federal troops to several areas and installing commissioners. These actions led to the arrest of hundreds of ‘conspirators’ in the region. (History, Art & Archives, n.d.; Encyclopedia Britannica, 2023)

In 1882, however, the Ku Klux Klan Act was declared unconstitutional by the Supreme Court as according to the same 14th Amendment, the government has no right to regulate the activities of individuals. But because the initial goal of the KKK was widely achieved by reinstalling White supremacy in the Southern states, the group was disbanded, and the effect of the abolition of the act was essentially insignificant regarding the KKK. (Encyclopedia Britannica, 2023)

Additionally, multiple other rulings have pushed back the Civil Rights movement. The National Archives (n.d.) describes the events as follows:

“In 1883, the Supreme Court struck down the 1875 act, ruling that the 14th Amendment did not give Congress authority to prevent discrimination by private individuals. Victims of racial discrimination were told to seek relief not from the federal government, but from the states. At the same time, state governments were passing legislation that codified inequality between the races. Laws requiring the establishment of separate schools for children of each race were most common.” (National Archives, n.d.)

Besides the Supreme Court ruling, there were different state-level discriminatory rulings. Examples are the 1887 Florida law and the 1890 Louisiana law that required railroads to generate separate accommodations for different races. When Homer Plessy, a mixed-race man seated himself in a 'White' carriage, he was charged for violating state laws. Plessy's legal representation later argued to the Criminal District Court of Louisiana that separatism based on race was unconstitutional, and the case went to the Supreme Court.

In 1896, the Supreme Court issued the following decision (National Archives, n.d.):

"We consider the underlying fallacy of the plaintiff's argument to consist in the assumption that the enforced separation of the two races stamps the colored race with a badge of inferiority. If this be so, it is not by reason of anything found in the act, but solely because the colored race chooses to put that construction upon it... The argument also assumes that social prejudice may be overcome by legislation, and that equal rights cannot be secured except by an enforced commingling of the two races... If the civil and political rights of both races be equal, one cannot be inferior to the other civilly or politically. If one race be inferior to the other socially, the Constitution of the United States cannot put them upon the same plane." (National Archives, n.d.)

The decision of the Plessy v. Ferguson case of 1896 was an important event that petrified segregation between Black and White Americans in accommodations. More specifically, it meant the official beginning of the 'separate but equal' doctrine as it ratified the Jim Crow laws in the Southern states. (National Archives, n.d.)

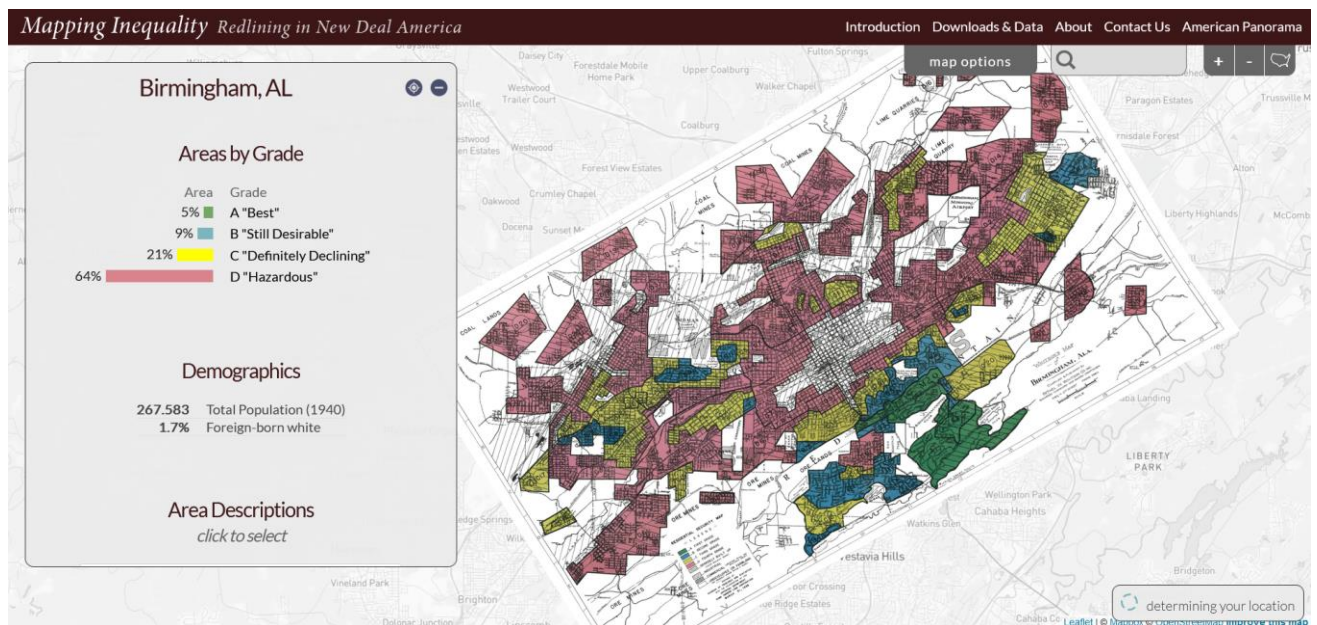
It is essential to recognize the juridical background upon which Jim Crow laws were based. The Iowa Department of Human Rights states that the United States Supreme Court was inclined to support White supremacist legislations as the Civil Rights Act of 1875 was declared unconstitutional. This made it lawfully acceptable to create legal separation by race and continue the discriminatory measures against Black Americans. (Iowa Department of Human Rights, n.d.; Tischauser, 2012)

Specifically, Jim Crow laws paved the way for a more structural form of racism called 'redlining'. This term refers to charging different loan, mortgage, and insurance rates to people living in 'poor areas' (Cambridge Dictionary, 2023).

Swope et al. (2022) conducted a study on the relationship between historical redlining and present-day well-being. They found that redlining contributed to segregation, disinvestment, and racial inequities in homeownership and wealth accumulation opportunities. Swope et al. (2022) trace redlining back to the end of the Great Depression in the 1930s when it was used as a method to determine investment risks in certain neighborhoods. The Home Owners' Loan Corporation (HOLC) and Federal Housing Administration (FHA) were the federal agencies responsible for creating the housing maps (Mitchell & Franco, 2018).

Mapping Inequality is a website that provides an interactive map of the United States and its area descriptions as constructed by the HOLC between 1935 and 1940. The project was created by researchers from four U.S. universities: University of Richmond, Virginia Tech University, University of Maryland, and Johns Hopkins University (Mapping Inequality, n.d.).

The figure below shows the housing map of Birmingham, Alabama. This map and its descriptions were created by the HOLC and sourced from Mapping Inequality (n.d.).



(Mapping Inequality, n.d.)

Different colors mark the investment risk in each area, and they all have their own meaning. The HOLC constructed four grades: A, B, C, D.

Grade A was the best grade for investment: "hotspots where good mortgage lenders with available funds are willing to make their maximum loans, [...] perhaps up to 75-80% of appraisal."

Grade B was categorized as 'still desirable': "they are neighborhoods where good lenders will have a tendency to hold commitments 10-15% under the limit."

Grade C was characterized by 'definitely declining': "Due to obsolescence and infiltration of lower grade population, good mortgage lenders are more conservative in C areas and hold commitments under the lending ratio of grade A and grade B areas."

Finally, grade D was considered hazardous: "characterized by detrimental influences in a pronounced degree, underdesirable population or an infiltration of it. Lenders refuse to make loans in these areas [or] only on a conservative basis."

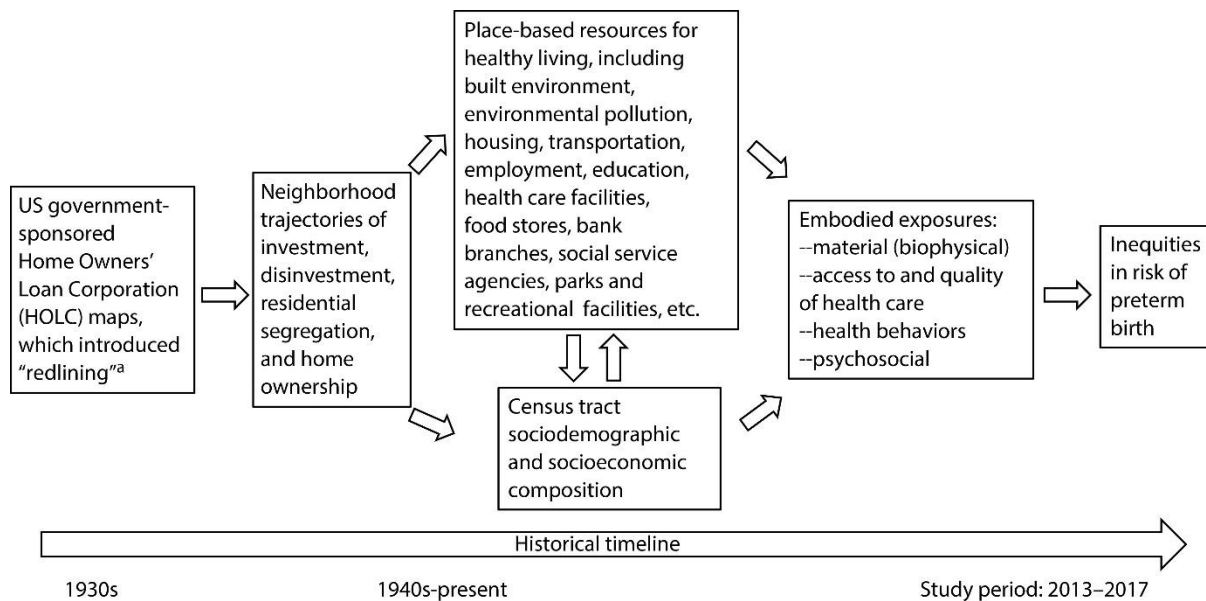
All the descriptions were accessed from Mapping Inequality (n.d.), which was formerly provided by the HOLC.

It is estimated that more than 68% of the inhabitants of Birmingham, Alabama were Black in 2022 (U.S. Census Bureau, 2022), and only 14% of the properties in said region have been marked as 'desirable' to invest in.

Krieger et al. (2020) examined the relationship between redlining and birth complications (more specifically preterm birth) in the United States. They found that historical redlining could have

been a significant determinant of complications at birth, as regions with lower grades had more chances of hazardous preterm births than regions with better grades.

Additionally, Krieger et al. (2020) suggest that HOLC maps “encouraged lending in predominantly White and more affluent areas and discouraged lending in areas with residents of color.” (Krieger et al., 2020) The figure below from their study shows the influence of redlining on current health issues. The study suggests that residential segregation caused by redlining has exposed Black communities to poor health and psychological conditions.



(Krieger et al., 2020)

The study describes that redlining is a clear example of segregation that was initiated and organized by the United States federal government. The structured segregation caused neighborhoods dominantly inhabited by Black Americans to be neglected from government support and barred them from infrastructural developments. These measures had multiple health implications for Black Americans like higher risk at preterm birth. (Krieger et al., 2020)

Additionally, Dickman et al. (2017) state that “health-promoting resources are inadequately invested into [Black] neighborhoods. Healthcare infrastructure and services are inequitably distributed, resulting in predominantly Black neighborhoods having lower-quality facilities with fewer clinicians than those in other neighborhoods.” (Dickman et al., 2017)

The New York Times, which is considered left-center by Pew Research Center and Allsides, describes modern-era ‘redlining’ as: “many types of historic race-based exclusionary tactics in real estate — from racial steering by real estate agents (directing Black home buyers and renters to certain neighborhoods or buildings and away from others) to racial covenants in many suburbs and developments (barring Black residents from buying homes).” (Jackson, 2021)

Based on the article in the New York Times, redlining has played a considerable role in shaping today’s United States, mostly in a negative way.

CNN (2023), which is a news agency even more left-leaning than The New York Times (according to Pew Research Center and Allsides), reports on redlining as follows: "During the early 20th century, US banks routinely engaged in a racist lending practice known as redlining, which denied loans and insurance to people of color seeking to purchase houses outside undesirable areas of cities. The practice began in the 1930s, amplifying segregation, and was eventually banned in the late 1960s."

"Black adults living in zip codes historically impacted by redlining have an 8% higher risk of developing heart failure than Black adults in non-redlined areas." (Gamble, 2023)

The CNN article goes into detail about health complications associated with being a resident of historically redlined communities.

Based on the information from articles by left-leaning news agencies, it is safe to assume that the political left sees historical redlining as a problem that needs to be resolved in our current age.

Right-leaning newspapers have also reported on redlining. The Daily Mail, a UK-based news agency that is considered right-leaning by Pew Research Center and Allsides, writes articles about infrastructural redlining with similar negative undertones as left-leaning sources. In a 2018 article, The Daily Mail that racial segregation persists in the United States, partly because of historical redlining.

"Segregation of black communities is a part of American history that at one time was formalized through exclusionary zoning and restrictive covenants that explicitly barred black families from moving into white neighborhoods. Redlining – the historic practice of denying a home loan to minorities deemed a poor financial risk – also helped shape the current state of segregation.

The legacy of those practices is evident by where segregation was most pronounced - cities with populations that have grown the least since 1970." (Bauman, 2018)

Fox Business is considered to be another right-leaning news agency by Pew Research Center and Allsides. In a 2018 publication (Glantz & Martinez, 2018), Fox Business writes about the persisting racial segregation which is a result of historical redlining. This article sends a similar message as the previous Daily Mail publication:

"Fifty years after the federal Fair Housing Act banned racial discrimination in lending, African Americans and Latinos continue to be routinely denied conventional mortgage loans at rates far higher than their white counterparts.

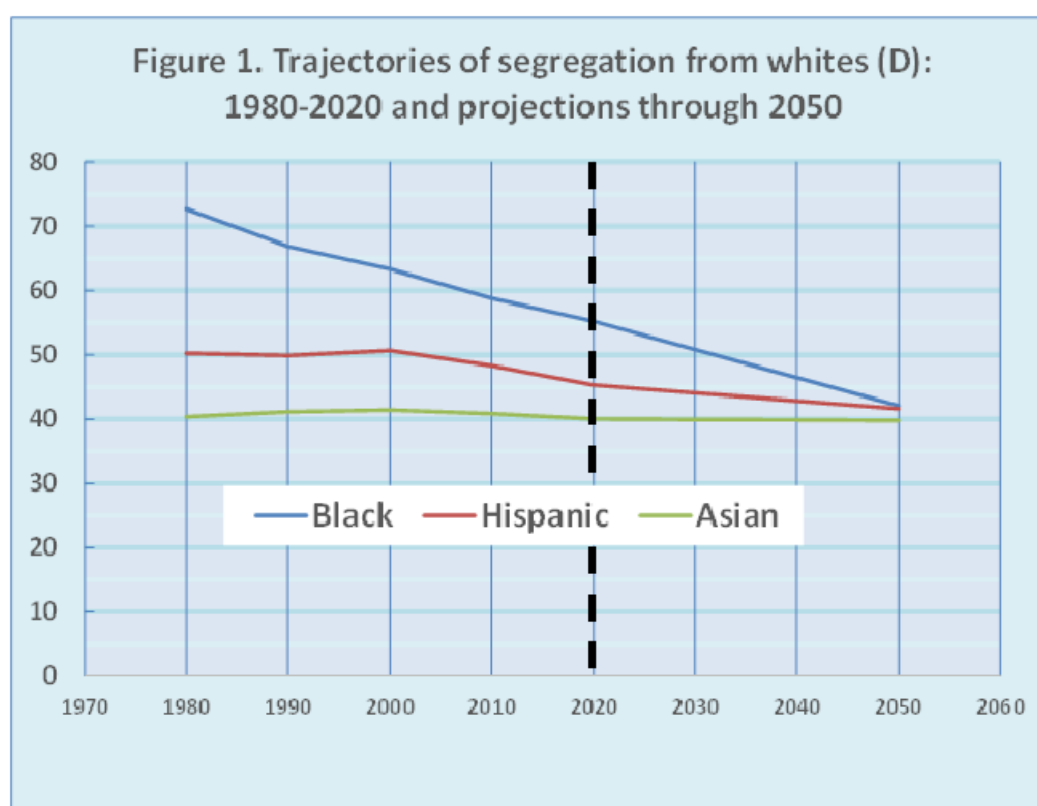
This modern-day redlining persisted in 61 metro areas even when controlling for applicants' income, loan amount and neighborhood, according to millions of Home Mortgage Disclosure Act records analyzed by Reveal from The Center for Investigative Reporting." (Glantz & Martinez, 2018)

Based on the four previous news articles, it can be hypothesized that both the political left and the political right acknowledge the existence of historical redlining and its modern-day negative

implications in segregation. This may prove to be a middle-ground for further political discussion on the need for structural improvements in Black neighborhoods.

To estimate the future of American segregation, researchers from Brown University and Florida State University conducted a study (2022) based on publicly available data from U.S. Census Bureau. They investigated residential segregation trends between 1980 and 2020 and calculated future trends by extrapolation.

The metric used to measure physical segregation is called the Index of Dissimilarity, a measurement expressing the percentage of a minority group's members living in neighborhoods where they are over-concentrated compared to White Americans (Logan & Stults, 2022). This shows the level of physical segregation of the population within cities in the United States. The graph of this evolution is shown below:



(Logan & Stults, 2022)

One of the key takeaways from this graph regarding the residential segregation between Black and White Americans is that ever since 1980, the amount segregation has been declining. While it is still the highest compared to all the other ethnic groups, it had reached an all-time low in 2020 with a value of 55%. This number implies that more than 5 in 10 Black Americans live in neighborhoods which are mostly populated by other Black Americans.

Still, the projected value of 43% (extrapolated for 2050) will only be a level of segregation that is experienced by other races like Hispanics and Asians. While it would be a significant improvement, it is only expected to be reached by 2050.

The study also named the cities with the highest level of segregation in the United States based on 2020 data, among which were: Detroit, MI; New York, NY; Chicago, IL; Miami, FL, and Philadelphia, PA. (Logan & Stults, 2022)

In the 1900s, groups of White supremacists were on the rise again. The rejuvenation of the KKK came in 1915 when Southern patriots wanted to form a resistance against the Protestant uprising in smaller towns of the United States and protect their values. Along with other alt-right groups formed that year, the reformed KKK had the same incentive for racism and violence as the former. (Encyclopedia Britannica, 2023)

The number of members of the second clan reached four million in the 1920s. During this time, members of the KKK also served in different levels of government (McAndrew, 2017). The political power of the KKK was nationwide, as mentioned by historian David Chalmers (1987). Further discussion will cover the specific instances of (former) KKK members serving in public roles.

As the KKK kept growing in the early 20th century until the Great Depression in the 1930s, it piqued the interest of the recently founded Federal Bureau of Investigation (called the Bureau of Investigation during that period). While issues like cross-burnings were in the jurisdiction of local authorities, the activities of the KKK also posed a domestic security threat which made it a federal violation. (Encyclopedia Britannica, 2023; FBI, n.d.)

Finally, in the 1960s KKK had another resurgence in members as the White supremacist felt pressure to act quickly and rebuild their organization once again. This was predominantly caused by anti-discriminatory measures which were endorsed by President John F. Kennedy. The details of these proposals will be discussed in the 'Affirmative Action' section. (Encyclopedia Britannica, 2023; National Archives, n.d.)

According to a 1976 report on the KKK by the Illinois Legislative Investigating Commission, besides the known murders that almost reached a thousand in 1976, the KKK also coerced Black Americans in various ways to extort their will on them. Usually, the KKK would use fear to control activities in their territory. These activities ranged from who was able to run shops to who could purchase land. (Illinois Legislative Investigating Commission, 1976)

Excerpts from the report of the Illinois Legislative Investigating Commission can be found below.

"Although it is known that close to 1,000 murders were committed by Klansmen, this figure represents only a very small part of the Klan terror. Normally, murder was used as a last resort. There were exceptions to this rule, however, such as in the case of a black accused of assaulting or raping a white woman, or when a Klansman violated his oath of secrecy. In such instances, the Klan would not hesitate to immediately impose the ultimate penalty." (Illinois Legislative Investigating Commission, 1976)

"In most cases, the local Klans would employ methods against an individual in escalating severity. For example, a local Klan group might issue an anonymous threat against an individual warning him to cease activities repugnant to the Klan, or warning him to leave the county or state. If the person failed to heed such warnings, several Klansmen in disguise might pay him a midnight visit

to warn him in person. If that failed, the next midnight visit would result in the person being beaten or whipped. Generally speaking it is believed that the Klan resorted to murder only when all these other forms of intimidation failed. It is also believed that in the vast majority of cases subjects of threats bowed to the will of the local Klans before they became victims of violence.” (Illinois Legislative Investigating Commission, 1976)

Essentially, the KKK was operating its own legislative, judicial, and executive powers. Montesquieu had an interesting view on the merging of powers and its effects on liberty: “When the legislative and executive powers are united in the same person, or in the same body of magistrates, there can be no liberty.” (Vile, 1967)

The all-time murder toll of the KKK is disputed. According to HuffPost, a news agency that is categorized as leftist by Pew Research Center and Allsides, the KKK has murdered at least 3960 Black Americans. (Craven, 2015)

A relevant example of KKK members being involved in United States politics is the longest-serving senator in United States history, Robert C. Byrd, who was an officer in the KKK during his twenties and became a United States senator from West Virginia at the age of 42 in 1959. Based on a 2005 Washington Post article, although Byrd has apologized for his wrongdoings and expressed his disinterest in the KKK, it was later revealed that years after reportedly quitting the organization, Byrd sent a letter to the leader of the KKK articulating his continuous support for the group: “The Klan is needed today as never before, and I am anxious to see its rebirth here in West Virginia,” (Pianin, 2005) (United States Senate, n.d.; Encyclopedia Britannica, 2023; Pianin, 2005)

Additionally, CNN wrote about Byrd using racial slurs in a nationally broadcasted interview on Fox News Sunday in 2001, at the age of 84, for which he later apologized as well. (CNN, 2001)

Fox News (right-leaning according to Pew Research Center and Allsides) reported in 2015, after Robert C. Byrd has passed, that “the senator did apologize numerous times over the years for his Klan connections and for countless — countless racist comments.” (Fox News, 2015) Hereby acknowledging the racism-packed history of the longest-serving senator of the United States.

The influence of the KKK is also noticeable in the current political climate. Another example of a politician who holds prevalent racist values, even in the 21st century, is David Duke, former leader of the KKK. In 1991, David Duke ran for governor of Louisiana as a Republican. In the open Primary elections, Duke came second in the race, which granted him the right to the general elections. (Suro, 1991)

The following quote from David Duke demonstrates his vision for the United States:

“Racial idealism, or racialism, is the idea that a nation's greatest resource is the quality of its people. It means examining all questions of government on the basis of whether the proposed measure is good or bad for our race. [...] Neither Communism, Capitalism, nor any other materialistic doctrine can save our race; our only racial salvation lies in a White racial alliance uniting our people with the common cause of racial idealism.” (The Southern Poverty Law Center, n.d.)

Though David Duke represented the Republican Party, his run was criticized by both the Republican and the Democratic parties, as well as the president in office. President George H.W. Bush called Duke a 'racist and charlatan' and expressed his renouncement of Duke's candidacy. (Suro, 1991)

Ultimately, as multiple organizations threatened an economic boycott of Louisiana in case Duke won, his support declined, and Duke lost the election to Democratic candidate, Edwin Edwards. (Encyclopedia Britannica, 2023)

However, Duke's political career did not end in 1991. In 2016, Duke ran for a seat in the United States Senate. In an interview with left-leaning NPR (according to Pew Research Center and Allsides), Duke expressed his support for then-presidential candidate Donald Trump and stated that "nobody will be more supportive of [Trump's] legislative agenda, [Trump's] Supreme Court agenda, than [he] will." (Domonoske, 2016)

According to the same 2016 NPR article, Donald Trump has disavowed Duke's support multiple times. (Domonoske, 2016)

Fox News (right-leaning according to Pew Research Center and Allsides) reported about Duke's 2016 candidacy for Senate in a similar manner. As for the reason why Duke considered the application, Fox News referred to Duke's website where he stated that he has been "urged by enormous numbers of people" to run for Congress. (Fox News, 2016) The article also mentioned that David Duke called the Black Lives Matter movement a terrorist organization as they 'enforce racism against European Americans'. (Fox News, 2016)

According to Encyclopedia Britannica, the KKK has again decreased in numbers during the 21st century, but the rise of different other White supremacist groups like Neo-Nazis has ensured the persistence of racism in the United States. An example of a contemporary activity of the alt-right movement was the 'Unite the Right' demonstration in Charlottesville, Virginia in 2017. The violence during the protest resulted in 1 dead and 19 injured victims. (Encyclopedia Britannica, 2023)

NBC News (left) and The New York Times (left center) reported that White nationalist protesters were gathered to show their disagreement with the removal of a statue of a former Confederate general. The city of Charlottesville decided to dispose of the statue as members of the community expressed their concern with the message that the statue conveyed. As a response to the White supremacist rally, another group of protesters assembled to express voice their support for the city's decision. When a member of the 'Unite the Right' rally drove into the anti-protesters with his vehicle, it caused a death and injuries to multiple people. (McCausland et al, 2017; Spencer & Levenson, 2021)

Based on a Fox News (right) report, multiple government officials condemned the act of violence during the protests. In their publication, Fox News mentioned President Donald Trump's remarks regarding his condolences to the victims and criticism of violence on both sides. The article also mentions the statement from the director of the Anti-Defamation League's Center on Extremism, where he mentioned that "multiple white power groups had gathered in Charlottesville, including members of neo-Nazi organizations, racist skinhead groups and Ku Klux Klan factions." (Fox News, 2017)

The historical and ongoing presence of the KKK is proof that despite slavery ending more than 150 years ago, Black Americans had to endure multiple unjustifiable hate crimes and lack of representation for solely being deemed 'inferior' based on their skin color and heritage. This highlights that the transition from slavery to modern civilization was not straightforward.

Affirmative Action

During the 1960s, President John F. Kennedy introduced significant progressive perspectives to the United States by publicly advocating for Affirmative Action of equal treatment of all Americans and the ratification of the Civil Rights Act of 1964. (Encyclopedia Britannica, 2023; National Archives, n.d.)

The Civil Rights Act of 1964 was particularly significant in the fight against discrimination as it prohibited discrimination in public spaces, such as theaters, restaurants, and workplaces. This act also opened the doors to integrated education, and federally assisted programs for many Black Americans. (National Archives, n.d.) Below is an excerpt from the Civil Rights Act of 1964, where its objectives are summarized:

"SEC. 202. All persons shall be entitled to be free, at any establishment or place, from discrimination or segregation of any kind on the ground of race, color, religion, or national origin, if such discrimination or segregation is or purports to be required by any law, statute, ordinance, regulation, rule, or order of a State or any agency or political subdivision thereof." (National Archives, n.d.)

Besides making discrimination illegal, the Civil Rights Act of 1964 also made clear action plans to make the goal of the act a reality. More importantly, it entrusted government officials with the responsibility to inspect and report about the developments to the president. For example, the Commissioner of Education received the following task to supervise the integration of education:

"SEC. 402. The Commissioner shall conduct a survey and make a report to the President and the Congress, within two years of the enactment of this title, concerning the lack of availability of equal educational opportunities for individuals by reason of race, color, religion, or national origin in public educational institutions at all levels in the United States, its territories and possessions, and the District of Columbia." (National Archives, n.d.)

The Attorney General was authorized with the task to report cases where the freedom of Americans may be endangered, so a protective action can take place:

"SEC. 206. Whenever the Attorney General has reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of resistance to the full enjoyment of any of the rights secured by this title, [...] the Attorney General may bring a civil action in the appropriate district court of the United States by filing with it a complaint, [...] requesting such preventive relief, including an application for a permanent or temporary injunction, restraining order or other order against the person or persons responsible for such pattern or practice, as he deems necessary to insure the full enjoyment of the rights herein described." (National Archives, n.d.)

History.com (2023) ties the passage of the Civil Rights Act of 1964 to the end of Jim Crow laws and the 'separate but equal' doctrine.

The following year, in 1965, President Lyndon B. Johnson issued Executive Order Number 11246. This Executive Order made it a requirement for all government contractors and subcontractors to expand job opportunities for minorities by using Affirmative Action. (American Association for Access, Equity and Diversity, n.d.)

The United States Department of Labor describes the goal of Affirmative Action in employment as follows: "The purpose of affirmative action is to ensure equal employment opportunities for applicants and employees." (U.S. Department of Labor, 2023)

Encyclopedia Britannica (2023) defines the term as follows: "an active effort to improve employment or educational opportunities for members of minority groups and for women."

The Legal Information Institute (n.d.) recognizes the case of Brown v. Board of Education as a catalyst for the creation of Affirmative Action.

In the verdict of Brown v. Board of Education (1954), the Supreme Court ruled racial segregation between Black and White students in public schools to be unconstitutional based on the 14th Amendment (Duignan, n.d.): "No State shall [...] deny to any person within its jurisdiction the equal protection of the laws." (Constitution Annotated, n.d.)

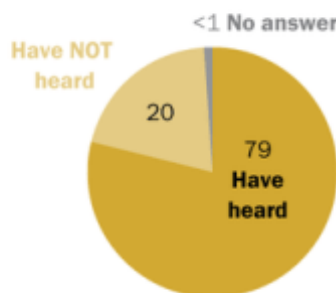
The results from Affirmative Action were directly measurable, as the percentage of Black students in colleges was 7.8% in 1970, 9.1% in 1980, and 11.3% in 1990. The program was also effective in employment. Examples are the increase in the amount of Black officers in the San Francisco Fire Department from 7 to 31 between 1964 and 1987, and the ratio of women in the San Francisco Police Department that rose from 4% in 1979 to 14.5% in 1985. (Clinton White House, n.d.)

However, as provided by Regents of the University of California v. Bakke (1978), Affirmative Action does, and should not imply 'reverse discrimination'. The Supreme Court concluded in 1978 that the use of quotas in employment or education to ensure a specific number of positions exclusively for minority applicants is prohibited. While the reservation of places was deemed illegal, the minority status of applicants could still be used to evaluate admissions. (Encyclopedia Britannica, 2023)

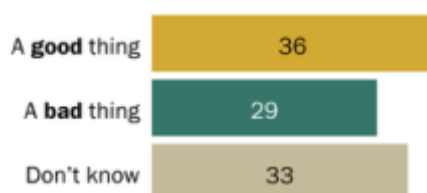
However, the public opinion on Affirmative Action is divisive. The figure below from Pew Research Center (2023) shows the results of a 2022 study on the awareness and perception of Americans on Affirmative Action. The conclusion was that most Americans have heard of Affirmative Action programs, but only 36% of them see it as a positive thing in general. 62% of respondents were either against the idea of Affirmative Action or had no strong opinion. (Pew Research Center, 2023)

Most Americans have heard of affirmative action; opinions about it are mixed

% of U.S. adults who _____ the phrase “affirmative action”



Among those who have heard the phrase “affirmative action,” % who say it is ...



Source: Survey of U.S. adults conducted Dec. 5-11, 2022.

PEW RESEARCH CENTER

(Pew Research Center, 2023)

The division in opinions on Affirmative Action is also clear in recent Supreme Court cases. The issue of quotas and the valuation of race during college admissions instigated two lawsuits: *Students for Fair Admissions, Inc. v. President and Fellows of Harvard College* (2023) and *Students for Fair Admissions, Inc. v. University of North Carolina* (2023). The plaintiffs in both cases argued that using a point system valuing race during the college admission process makes way for intentional racial discrimination. (Encyclopedia Britannica, 2023)

The practice of this point system at Harvard College was described as the following Supreme Court Syllabus (2023):

“At Harvard, each application for admission is initially screened by a “first reader,” who assigns a numerical score in each of six categories: academic, extracurricular, athletic, school support, personal, and overall. For the “overall” category — a composite of the five other ratings — a first reader can and does consider the applicant’s race.” (Supreme Court, 2023)

Ultimately, the Supreme Court overturned the decision from *Regents of the University of California v. Bakke* (1978), that permitted the use of Affirmative Action in college admissions in the form of point systems. Effectively deeming Affirmative Action in college applications illegal.

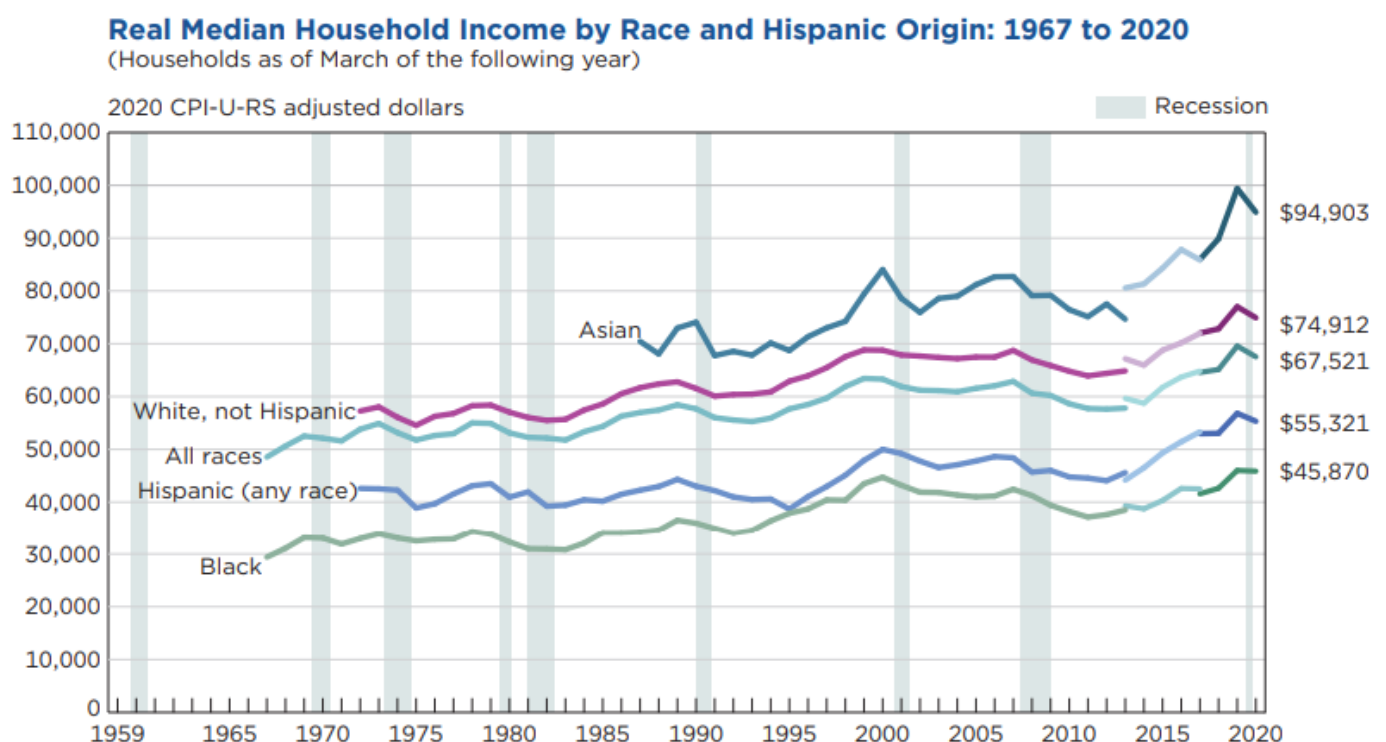
Given the outcome of these cases, it can be hypothesized that the judicial landscape in the United States is shifting in a direction that restricts race-based legal and civil actions. Consequently, Affirmative Action programs in the future ought to be non-discriminatory and impartial, extending inclusivity to everyone.

Wealth Gap

While Black Americans attained various rights in recent years that limited discrimination, an unceasing trend of economic inequality is still present in the United States.

The following graphs from the U.S. Department of the Treasury and The Federal Reserve respectively display the situation of income and wealth gaps between Black Americans and other Americans. (Bowdler & Harris, 2022; Aladangady & Forde, 2021).

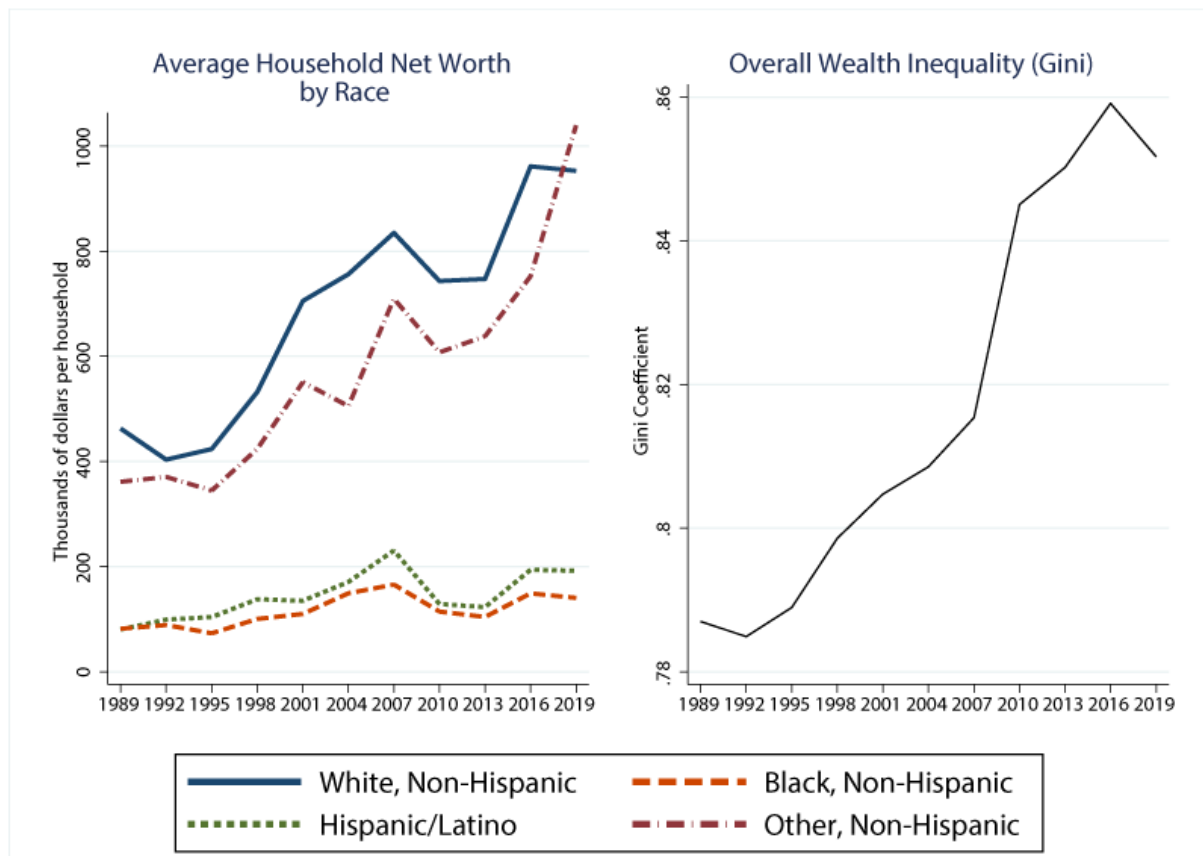
The first graph (Bowdler & Harris, 2022) shows the median household incomes for Asian, White, Hispanic, and Black Americans. It is interesting to note that Black Americans have the lowest median household income among all the included races. The median Black household income is merely 67.93 percent of the median household income of all races.



(Bowdler & Harris, 2022)

Cassidy et al. attribute the current wealth inequality between Black and White Americans to the outcome of "centuries of government-sponsored activities that structured American policy, political economy, and society to create and expand white wealth-building opportunities at the expense of others." (Cassidy, et al., 2019)

The second graph (Aladangady & Forde, 2021) presents the average household net worth by race. Once again, it can be concluded that, on average, Black Americans have a fraction of the net worth of all the other races. The second part of the graph displays the Gini Index for the average household income. This is a number between 0 and 1, where 0 means that every citizen earns the same amount and 1 that one citizen earns all the income while others make nothing. Essentially, the higher the Gini Coefficient, the more inequality there is in a country. In the case of the United States, the coefficient fluctuated between 0.84 and 0.86 in the last 10 years. The global average is 0.67. (Hayes, 2023; World Inequality Report, n.d.)



(Aladangady & Forde, 2021)

It can be concluded that wealth inequality in the United States is significantly higher than in the rest of the world and that this inequality has increased over recent years. Because Black Americans are the lowest-scoring members of the average wealth chart, it can be interpreted that their wealth experienced the most disparity in comparison to other Americans.

Finally, it is worth mentioning that the data from the previous graphs indicate that Hispanic Americans, who make up 19.1 percent of the United States population, are close to the income and wealth numbers of Black Americans (U.S. Census, 2022). For future research, it may be interesting to look at possible improvements in the economic power of Hispanic Americans.

Fox Business is a news agency that is considered right leaning by Pew Research Center and Allsides. In a 2021 publication, Fox Business wrote an article about the growing wealth inequality in the United States. The publication mentioned that the level of inequality is the highest among the G7 countries. This suggest that the political right acknowledges the problem of the wealth gap within the United States. (Henney, 2021)

In 2022, Fox News discussed the need for specific solutions to tackle economic inequality between Black and White America. The article suggests that local solutions would be more beneficial to Black communities than proposals from the federal government. (Bruce, 2022)

"For five decades and counting, big-government intervention has failed to create a level economic playing field for Black communities to reach their full potential. Untold billions of dollars have flowed from taxpayers, through the hands of well-heeled lawyers and lobbyists, and into mismanaged one-size-fits-all programs that fail to address the actual needs of the people they're supposed to help."

"If you talk with people of color, especially those living in disadvantaged neighborhoods, you're likely to find that a lot of them are simply disenchanted with the federal government's track record of failure and ineptitude. It's not because of racism, or even because of politics. It's just that the federal government isn't properly equipped to provide the sort of help we need. They may have plenty of money to splash around, but federal lawmakers and bureaucrats simply don't have the specific knowledge of local needs and concerns that would allow them to implement effective solutions." (Bruce, 2022)

This publication proposes that there is a need for more direct discussion between Black communities and the federal government. Fox News suggests that city council members and community leaders should have a significant voice in local politics as they are the ones who know what their community needs instead of the federal government.

The article also mentions that the reason for ineffective political measures from the government is not underlying racism but inadequate knowledge of specific situations.

The concept of municipalism in politics is a well-established theory. This concept refers to local leaders getting the authority and freedom to operate in community programs where the citizens are playing a central role in decision making, also called direct democracy. According to Murray Bookchin (1991), American political philosopher, top-down politics where the governing bodies are far removed from the citizens often leads to the prioritizing of hierarchies and bureaucracy where the real issues in local communities are ineffectively addressed or ignored. (Bookchin, 1991; Encyclopedia Britannica, 2023)

Bookchin (1991) argues that political parties often identify their goals using broad labels and ultimately bring little actual improvements to oppressed communities. He suggests that politics should be organized by directly communicating with citizens at a local level and entrusting community representatives, who are familiar with unique problems in their region, with government funds to realize efficient and effective programs.

More specifically, to realize a working political system at municipal level, Bookchin (1991) advocates for confederation which he describes as follows: "the interlinking of communities with one another through recallable deputies mandated by municipal citizens' assemblies and whose sole functions are coordinative and administrative." (Bookchin, 1991)

Bookchin (1991) concludes that direct democracy, local decision-making authority, and confederacy, offer a framework for upward communication that supports the development of solutions at both the local and broader levels.

The political right tends to prioritize granting autonomy to smaller communities instead of assigning the centralized government to resolve regional concerns. This inclination suggests that Republicans might favor a bottom-up approach in addressing wealth distribution equality in the United States. This type of politics may prove to be an important element of discussion when talking about reparatory proposals.

NBC News which represents the left side of the political spectrum according to Pew Research Center and Allsides also published an article about racial segregation and possible political approaches (Menendian, 2021). The article highlights that merely investing in the integration of different racial groups, or investing in the redistribution of resources separately may not be the most optimal way to reduce unequal opportunities. NBC News calls for a joint effort of both integration and redistribution to achieve compelling results.

NBC News argues that empirical evidence suggests the unlikelihood of diminishing racial disparities and improving the quality of life of marginalized groups in a society that remains segregated.

The article also points out that equalized funding of schools may have insignificant effects on eliminating disparities if disadvantaged students are concentrated in larger groups.

"Many anti-racism treatises today are skeptical of integration as a solution to structural racism, calling for redistribution of resources and equalizing school funding instead."

"Racial residential segregation also undermines the possibility of a national community with a sense of shared purpose and common destiny. As the Kerner Commission wrote in its landmark report of 1968, integration is "the only course which explicitly seeks to achieve a single nation" rather than a dual or permanently divided society.

More to the point, redistribution without integration is tantamount to pursuing the notoriously flawed dictum of Plessy v. Ferguson: "separate but equal." As the Supreme Court ultimately recognized in Brown v. Board of Education, separate can never be equal. And even if it were somehow possible to transform Plessy's transparent fiction into social fact, it would merely cement the balkanized nation the Kerner Commission feared, moving us ever further away from a nation where everyone belongs." (Menendian, 2021)

Additionally, NBC News claimed that racial segregation in the United States leads to Black Americans living in regions with fewer opportunities than White Americans in the same income bracket:

“Even affluent and middle-class people of color disproportionately reside in lower-opportunity neighborhoods, while lower-income white people have access to higher-opportunity communities.” (Menendian, 2021)

A Washington Post (2022) article described that based on calculations, there should be 5 million more Black homeowners in the United States to create equal homeownership in numbers between Black and White Americans. The article mentions a 7-step program from the Black Homeownership Cooperative to achieve this goal by 2030, including down-payment assistance programs, and homeownership counseling and sustainability. This indicates that in order to achieve the reduction of the housing wealth gap between Black and White Americans, the government should invest in awareness creation and investment aids. (Brooks, 2022)

Based on the aforementioned studies and news articles from both sides of the political spectrum, it can be deduced that the income and wealth gap in the United States is a contemporary and serious issue. When addressing possible improvements in

Reparations

Historically, there were aims at installing a balance in wealth between Black and White Americans within the Reconstruction period, like the ‘40 acres and a mule’ policy.

The National Archives (2010) calls the policy an attempt to install economic freedom for Black Americans. But as the policy was never implemented, and Black Americans did not receive financial resources, property, or quality education, National Archives sees the ‘40 acres and a mule’ policy as a blockade to such freedom. (Perry, 2010)

“Without federal land compensation—or any compensation—many ex-slaves were forced into sharecropping, tenancy farming, convict-leasing, or some form of menial labor arrangements aimed at keeping them economically subservient and tied to land owned by former slaveholders.” (Perry, 2010)

The Washington Post (left-leaning according to Pew Research Center and Allsides) sees the ‘40 acre and a mule’ policy as the first attempt at reparations for Black Americans and calls its failure a ‘betrayal’, as “thousands of Black people left without land were eventually forced into sharecropping and peonage.” (Brown, 2021)

The view on reparations is polarized in the current political climate between the Democratic and Republican parties.

The consensus of the left in general is that reparations should be discussed and studied as slavery and structured racism have an impact on the current lives of Black Americans. (Lockhart, 2019)

An example of measures initiated by Democratic politicians is the H.R.40 bill which was introduced to the 116th Congress in 2019 and cosponsored by 119 representatives. The title of the proposed bill is the “Commission to Study and Develop Reparation Proposals for African-Americans Act”. Its objectives are to examine the impacts of slavery and historical discrimination from the 17th century

until the present day and to propose founded compensations. (Commission to Study and Develop Reparation Proposals for African-Americans Act, 2019)

In recent years, there have been multiple instances where studies were conducted on reparations at the state or local level, similar to the H.R.40 bill. In 2020, the State of California assigned a special reparations task force to study the state's involvement in damaging Black people's lives. In 2022, the task force issued a 500-page report about the harm caused to Black communities and conceptual proposals on how to mitigate them. (Germain, 2022)

In 2023, the California reparations task force released its final recommendations. They calculated the monetary value of what Black Californians have endured in the history of the United States. Eligible citizens would have the right to monetary compensation of up to 1.2 million dollars. The estimated total cost of these reparations would be 500 billion dollars in California alone. (Khan, 2023, Chavez et al., 2023)

While there are no clear next steps for implementing the recommendations, the California Attorney General has commented that based on the study it is indeed appropriate to enforce some kind of reparations for Black Americans:

"It's time for California to begin remedying the debilitating economic, educational, and health hardships uniquely experienced by African Americans – hardships we unequivocally know are the results of centuries of slavery and discrimination." (Chavez et al., 2023)

The State of New York passed a similar bill in 2023 that granted the creation of a commission that researches the current implications of slavery and proposes adequate recommendations to compensate Black Americans. The states of New Jersey and Vermont have looked at possible measures to study reparations, but there has not been a legalization passed in either of the cases. (Khan, 2023)

In certain instances, concrete measures were taken subsequent to studies that put a form of reparations into practice. Evanston, a suburb in Chicago, has passed legalization in 2019 to provide a budget of 10 million dollars over the span of 10 years for assisting Black Americans through housing projects. This made it possible for eligible residents to receive 25 thousand dollars in aid that could be used on down payments or house repairs for example. Evanston became the first city to provide actual reparations. (Khan, 2023; Kliegman, 2023)

There have also been critics of local reparations. William Darity, professor of public policy and African and African American Studies at Duke University, claimed that regional forms of reparations can hinder the advancement of federal measures. When local initiatives effectively address historical racial discrimination, federal intervention might be seen as unnecessary. That can shift the responsibility from the federal government to smaller departments in the public eye. Darity argues that the federal government has the means to implement nationwide reparations for Black Americans and should play an active role to achieve it. (Khan, 2023)

Politico is a news agency classified as left center by Pew Research Center and Allsides. In a 2021 publication on Joe Biden's speech at the 100th anniversary of the Tulsa Race Massacre, Politico

mentioned the lack of initiative from President Joe Biden to advance the H.R.40 bill on a national level and reparations in general. The article argued that while Biden endorsed the idea of a commission on reparations during his 2020 candidacy, there have been no further steps initiated by his Administration.

Politico included several quotes from Black community members in the audience who were frustrated with the lack of concrete steps to offer reparations to Black Americans. Additionally, Politico stated that members of the Congressional Black Caucus, a caucus in Congress that focuses on the improvement of marginalized lives in the United States, will continue to persuade the President toward moving the H.R.40 bill further in Congress. (Daniels, 2021; Congressional Black Caucus, n.d.)

Nevertheless, President Joe Biden did take some critical steps toward the improvement of Black lives in the United States. The Bipartisan Infrastructure Law, which was passed in July 2021, was a deal between President Biden and the bipartisan group to invest \$550 billion into United States infrastructure. This deal brought to light different kinds of existing inequalities in today's United States as it partly aimed to address the issues that halt economic opportunities within Colored communities. The statement from The White House (2021) claimed that years of insufficient investments into infrastructure mostly disadvantaged Colored communities.

The goal of this deal was to subsequently accelerate the development of underserved communities by e.g., making high-speed internet more widely accessible, eliminating lead pipes from delivering drinking water, and investing in clean energy to create a 'greener' environment. (The White House, 2021)

Republicans generally oppose the idea of directly paying reparations to Black Americans as a sum of money into their accounts. Most argue that reparations are not financially feasible from an economic perspective, or that people who currently live in the United States never were or had any slaves. Additionally, some Republicans state that looking back at historical events is not the right approach to solve current problems. Republican Representative Kat Cammack claimed that 'victimhood' is not going to help the case for social advancement. (Lambert et al., 2023; Dillon & Sahakian, 2023)

Fox News (2023) (right) stated Republicans who oppose reparations, call them "misguided, divisive and harmful approach that exacerbates issues rather than solving them." (Dillon & Sahakian, 2023)

However, there have been multiple instances where Republicans voiced their support for aid to Black Americans, which in certain nationwide cases led to implementations with serious results.

Former Republican President, Donald Trump, proposed a plan 2 months prior to the 2020 elections that aimed at increasing the wealth and safety of Black Americans, named "The Platinum Plan". The proposal emphasized several points and objectives that would be implemented and would ultimately benefit Black Americans in general. Some examples of the objectives are indicated below (Donald J. Trump for President, 2020):

"Partner with local leaders in black communities to ensure maximum federal support for neighborhood revitalization."

"Grow minority owned businesses with additional tax cuts to stimulate hiring and investment."

"Continue to protect the vital role of Historically Black Colleges & Universities."

"Investments into the causes and cures of kidney disease, high blood pressure, diabetes, Sickle Cell Disease, maternal mortality, and other diseases that disproportionately affect African American populations."

"Prosecute the KKK and ANTIFA as terrorist organizations and make lynching a national hate crime." (Donald J. Trump for President, 2020)

The proposal lacked specifics about the program, like action plans or numerical figures. However, it shows that the former Republican President initiated a plan with the goal to support Black Americans by investing in infrastructure, employment, schooling, healthcare, and security. This approach enables discussion about initiatives to improve Black communities.

CNN (left) criticized the proposal, calling it a strategic move aimed at securing 'Black votes'. (Vazquez, 2020).

However, there is an example of a Republican politician launching a highly successful program to improve disadvantaged neighborhoods.

Republican South Carolina Senator Tim Scott introduced 'Opportunity Zones' in a 2017 Tax Cuts and Jobs Act. The purpose of the program was to stimulate private investment into economically troubled communities, accompanied by tax incentives (Tim Scott, n.d.). The reasoning for the program was explained by Scott as follows:

"More than 50 million Americans currently live in economically-distressed communities. Opportunity Zones put the decision-making in the hands of state and local leaders who know their communities best. This incentive aims to lift entire communities out of poverty by attracting private dollars to the corners of our country that have been left behind as the American economy has surged forward." (Tim Scott, n.d.)

According to two studies from the Economic Innovation Group, within three years of executing the Opportunity Zones project, it has generated at least 48 billion dollars of investments into disadvantaged regions nationwide. (Tim Scott, 2023)

Additionally, the study found that the Opportunity Zones program resulted in regional growth at both commercial and residential levels. Furthermore, there was an increase in real estate supply and property values, of which the positive effects were also noticeable in neighboring regions.

An important component of the measure is the active role of local community representatives to trigger qualitative communication between regional and federal governments. Senator Tim Scott credits the success of the Opportunity Zones program to the autonomy and liberty which was granted to local leaders allowing them to focus on issues at their roots:

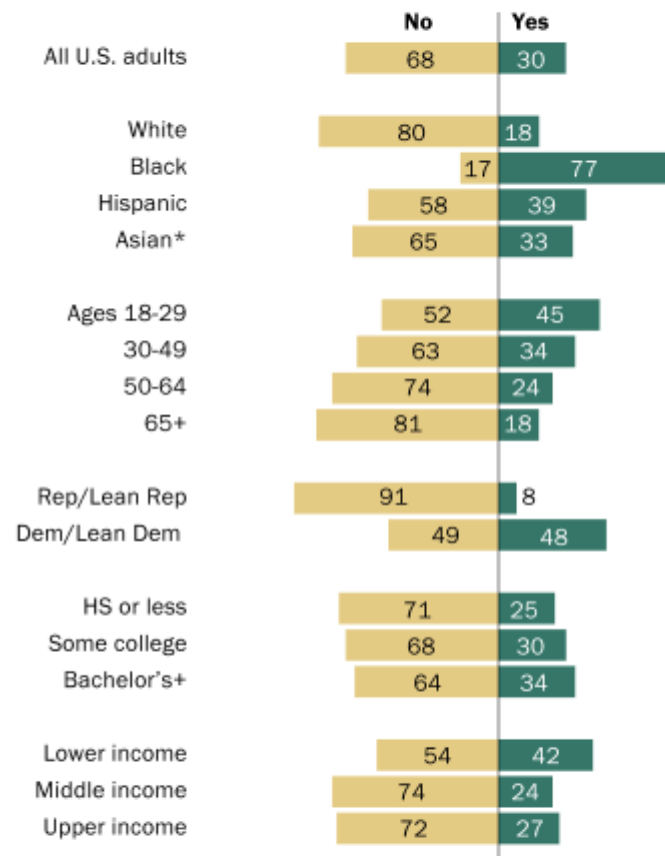
“Opportunity Zones embody the good work leaders can do for communities across the country when government gets out of the way and allows us to work together. Investments in these underserved areas make a huge impact on communities - to the tune of billions of dollars.” (Tim Scott, 2023)

The Opportunity Zones program is an example of a Republican-initiated measure that stimulated the quality of life in low-income regions. This supports the idea that the political right is committed to the improvement of disadvantaged neighborhoods amid limited government intervention and encouraged organizational involvement at the local level.

Pew Research Center (2022) surveyed the opinion of Americans on reparations for descendants of enslaved people. Reparations in this context implied the direct distribution of land or money. While the majority of Black Americans (77 percent) support the idea of these reparations, only 18 percent of White Americans do. Even within the Democratic movement, which usually advocates for government support for marginalized groups, 49 percent of the respondents opposed the idea of distributing land or money as reparations for historically enslaved people, while 48 percent were in support of such measures. The full results of the study are shown below (Blazina & Cox, 2022):

77% of Black Americans – compared with 18% of White Americans – support reparations for descendants of enslaved people

% of U.S. adults who say descendants of people enslaved in the U.S. should be repaid in some way, such as given land or money



* Estimates for Asian adults are representative of English speakers only.

Note: Black adults include those who say their race is Black alone and non-Hispanic; multiracial, non-Hispanic Black; or Black and Hispanic. White and Asian respondents include those who report being only one race and are not Hispanic. Hispanics are of any race. "Some college" includes adults who have an associate degree and those who attended college but did not obtain a degree. Family income tiers are based on adjusted 2020 earnings. Share of respondents who didn't offer a response not shown.

Source: Survey of U.S. adults conducted Oct. 4-17, 2021.

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(Blazina & Cox, 2022)

This data supports the notion that a considerable part of Americans opposes the straightforward distribution of resources to Black Americans. This study suggests that reparations should be realized by comprehensive and sustainable programs that foster the social growth of not solely Black Americans, but the nation as a whole.

Furthermore, the same report delved into the sentiment of Americans who endorse reparations, studying their perspective on who they think should take responsibility for implementing these measures. 75 percent of Americans who support reparations, expect the federal government to take action in implementing them.

This supports the theory that the federal government should play a pivotal role in reparatory measures.

Baby Bonds

A modern-day form of reparations, known as 'Baby Bonds' or The American Opportunity Accounts Act (Cory Booker, 2023), aligns with the values and perspectives of both political parties.

According to the nonprofit research organization Urban Institute, this term refers to “universal, publicly funded child trust accounts. When recipients reach adulthood, they can use the funds for wealth-building activities such as purchasing a home, investing in education, or starting a small business.” (Brown et al., 2023)

The idea of Baby Bonds was proposed by New Jersey Senator Cory Booker, a 2020 Democratic presidential candidate (Cassidy et al., 2019). According to Booker, there isn't a single county in the United States of America where a full-time minimum wage worker would be able to afford a median two-bedroom apartment. The project would try to tackle this problem by providing every American with a fair shot at homeownership and wealth creation. (Booker, 2019)

The figures below from the Committee for a Responsible Federal Budget (2019) and Medium (Booker, 2019) show calculations of the Baby Bonds. Committee for a Responsible Federal Budget is classified as a right-center source by Pew Research Center, and Medium is considered left-center by the same research center.

The first figure from the Committee for a Responsible Federal Budget (2019) shows the estimated annual contributions from the government based on family income. To calculate the amount of the contributions, the family income would be compared to the federal poverty line 'FPL'.

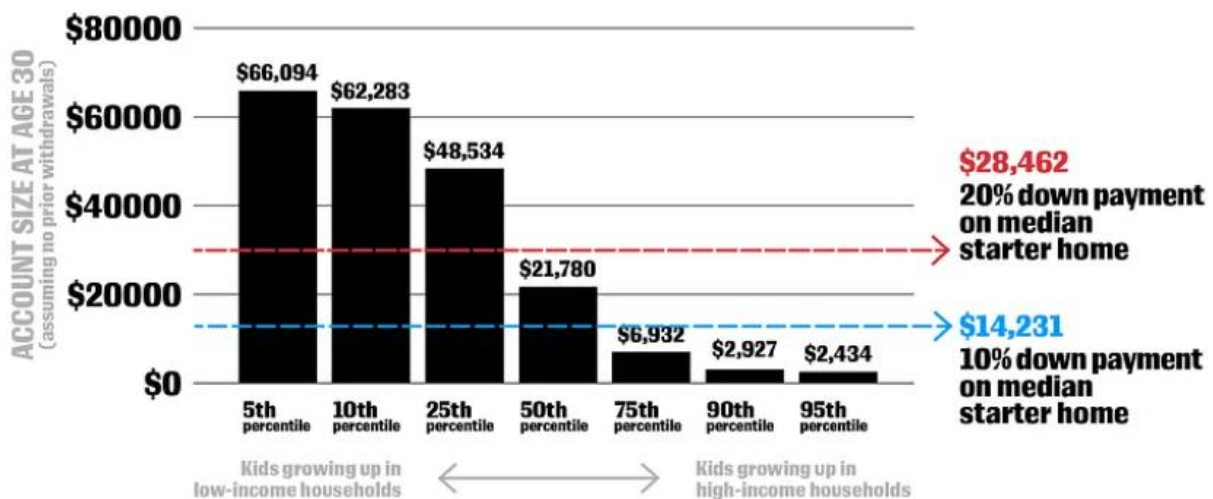
Income	Income for Family of Four	Supplemental Payment Amount	Est. Account Balance for 18-Year-Old
<100% of FPL	<\$25,100	\$2,000	\$46,215
125% of FPL	\$31,375	\$1,500	\$35,081
175% of FPL	\$43,925	\$1,000	\$23,948
225% of FPL	\$56,475	\$500	\$12,815
325% of FPL	\$81,575	\$250	\$7,248
500% of FPL	\$125,751	\$0	\$1,681
Average (estimated)	N/A	\$850	\$20,700

(Committee for a Responsible Federal Budget, 2019)

The second figure from Medium (2019) shows the calculated end sum that 30-year-old recipients would be able to collect from Baby Bonds in respect to their household income. An indication of the

percentiles of down payments of median homes is also shown in the figure. According to the graph that was published by Cory Booker himself, nearly half of 30-year-old Baby Bond recipients would be able to pay a significant margin of a home down payment.

By Age 30, Nearly Half Could Put a Significant Down Payment on a Home



(Medium, 2019)

Vox is classified as a leftist news agency by Pew Research Center and Allsides. In a 2021 publication, Vox reported on the estimated distribution of payments from Baby Bonds by race (Cineas, 2021). The table below shows the average annual government contributions to Baby Bonds accounts for White, Black, and Latino children. The sum of the cumulative sum of annual payments, at a 3 percent compound interest rate, and the initial 1000 dollars that each child would receive, is presented in the 'Total account size' column. Finally, the table also shows the estimated share of children from the three races.

American Opportunity Accounts Act distribution by race

At birth, every child would be given an account seeded with **\$1,000**. Children would receive additional deposits depending on family income.

<i>Race/ethnicity</i>	<i>Average supplemental payment</i>	<i>Total account size (\$2019)</i>	<i>Share of kids</i>
White	\$628	\$15,790	50.9%
Black	\$1,193	\$29,038	13.8%
Latino	\$1,152	\$27,337	25.0%

Note: Account balance assumes 3 percent growth and is shown in 2019 dollars

Source: American Opportunity Accounts Act

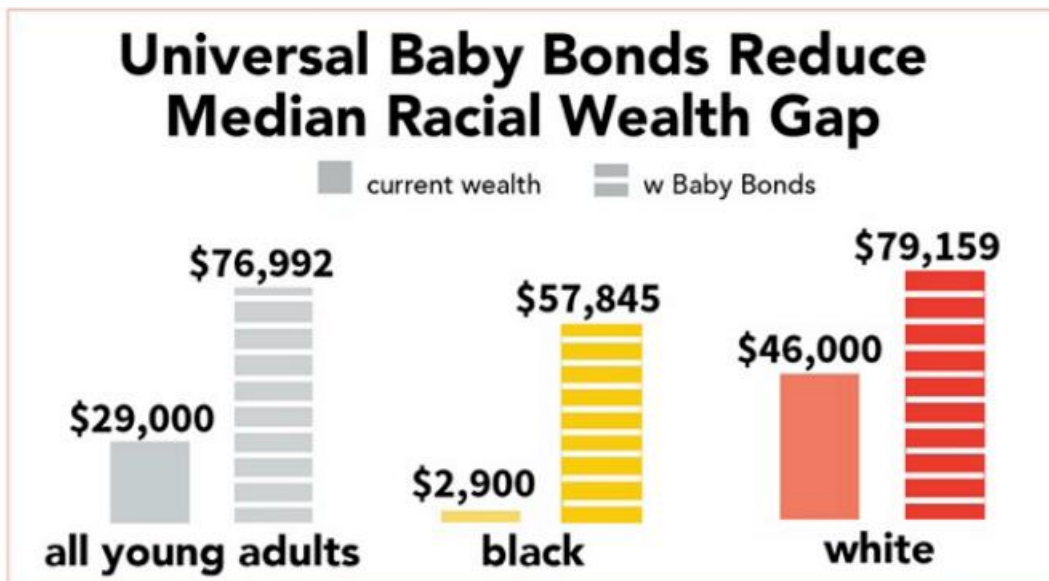
Vox

(Cineas, 2021)

Based on the previous calculations, every child in the United States would get a fair share from the Baby Bonds program, regardless of color or race. However, since Black families have a lower median income and average wealth than all the other races in the United States, Black children would benefit the most from the program.

Based on calculations from Naomi Zewde, Columbia University postdoctoral researcher, Baby Bonds would narrow the growing wealth gap between yet-to-be-born Black and White young adults. (Cineas, 2021)

More specifically, the program would increase the wealth of both Black and White Americans, but since Black Americans have a lower income on average, they would receive a larger part from Baby Bonds. The graph below from a study on Baby Bonds by Cassidy et al. (2019) shows the estimates regarding wealth creation for 18 to 25-year-old Black and White Americans.



(Cassidy et al., 2019)

Cassidy et al. (2019) states that wealth is a significant driver in quality of life, as “families with wealth can reap the benefits of living in better neighborhoods, afford their children’s education throughout life, pay for healthcare, and access capital to start a business.” (Cassidy et al., 2019)

Additionally, intergenerational wealth transfer is a potent force in wealth creation (Cassidy et al., 2019). According to Investopedia (2022), Black families are three times less likely to receive any inheritance from their elders than White families. This can clarify why generational wealth building is lower in Black families. (Taylor, 2022; Cassidy et al., 2019)

CNBC is a left-center press agency according to Pew Research Center and Allsides. In a 2023 CNBC publication (Konish, 2023), it is suggested that Baby Bonds could narrow the racial income gap in the United States. The Pew Research Center reported the following numbers about the racial income gap: “In 2016, the median wealth of white households was \$171,000. That’s 10 times the wealth of black households (\$17,100) [...] and eight times that of Hispanic households (\$20,600).” (Kochhar & Cilluffo, 2017)

Implementation of Baby Bonds

The Committee for a Responsible Federal Budget calculated the potential costs and revenues of Baby Bonds in 2019, from a federal budgetary perspective. As proposed by Cory Booker, the total costs of Baby Bonds would be paid for an increase in inheritance and capital gain taxes. According to the estimation of the committee, the Baby Bonds program would generate a revenue of 700 billion dollars in a decade and cost roughly 650 billion dollars in that time span. That leaves the government with a total estimated revenue of 50 billion dollars.

The table below from the Committee for a Responsible Federal Budget (2019) shows the detailed calculations of the estimated costs and revenues of Baby Bonds for the first decade.

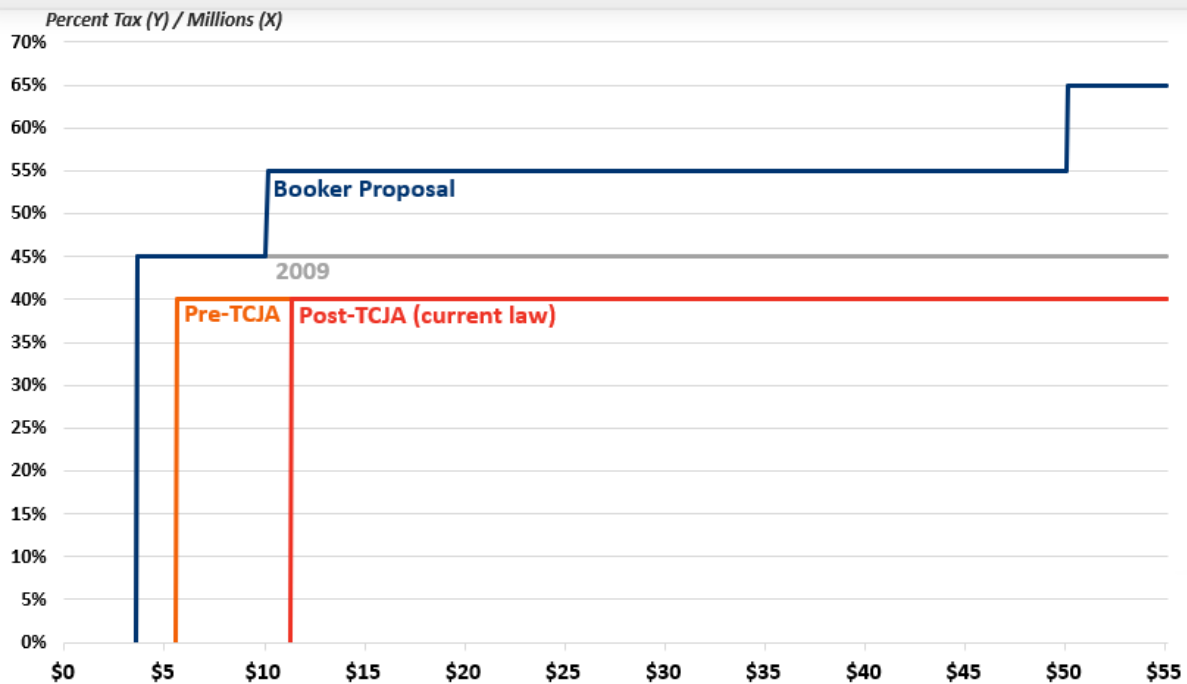
	First Decade
New Spending	
Contributions for Those Born After Enactment	\$250 billion
Contributions for Those Born Prior to Enactment	\$400 billion
Subtotal, New Spending	\$650 billion
Offsetting Revenue	
Increase Estate Tax, Including by Lowering Exemption to \$3.5M and Setting Rates of 45%, 55%, and 65%	-\$400 billion
Tax Capital Gains at Death and Increase Top Rate to 28%	-\$300 billion
Subtotal, Offsetting Revenue	-\$700 billion
Net Deficit Effect	-\$50 billion

Source: [American Opportunity Accounts Act](#), [Census Bureau](#), [ITEP](#), [CBO](#), CRFB calculations.

According to the Committee for a Responsible Federal Budget (2019), the Baby Bonds program would be funded by a tax raise on long-term capital gains and dividends from 23.8 to 28 percent, and return to the 2009 rates of inheritance taxes and further increase them at larger amounts. That would mean 45 percent above 3.5 million dollars, 55 percent above 10 million dollars, and 65 percent above 50 million dollars while exerting vigorous control on the exploitation of tax loopholes.

The figure below from the Committee for a Responsible Federal Budget (2019) shows the visual representation of the proposed brackets on inheritance taxes for individuals (couples would have a slightly different calculation). The red line indicates the current estate inheritance tax rate, the gray line indicates the 2009 tax rate which was later reduced, and the blue line would be the new tax rate to realize Baby Bonds.

Estate Tax Rates: Historic, Current, and Proposed



Note: Chart depicts estate tax parameters for individual filers
Source: Congressional Research Service, American Opportunity Accounts Act.



(Committee for a Responsible Federal Budget, 2019)

The 'Baby Bond' program is already being discussed by multiple elected leaders around the United States, but according to The Wall Street Journal, politicians are treating the program as a lower priority initiative. (León, 2023)

The news agency is right-leaning according to Pew Research Center and Allsides. In a 2023 publication, the news agency argued that while multiple states are considering implementing the program, some conservative policy analysts are questioning its efficiency of it. As stated by the article, conservatives would rather encourage tax-free investing for poorer families instead of directly depositing public funds into their accounts. The article suggests that right-leaning representatives would rather encourage an initiative based on future investment, instead of direct deposits of cash that can be used in various ways. (León, 2023)

Fox News (Kasperowicz, 2023) (right-leaning) reported about Baby Bonds in a considerably neutral manner in 2023. However, the article pointed out that the co-promotor of the policy, Ayanna Pressley, mentioned that Baby Bonds would mostly help Black and Brown people. Kasperowicz hypothesizes that the program should look at the income level of families instead of the skin color or heritage when discussing the subject.

This indicates that in order to gain support from both the right and the left, the communication should emphasize income level over race. (Kasperowicz, 2023)

Furthermore, Fox News (2021) wrote about the historical accomplishments of Black Americans and suggested that even in modern days, Americans could find power in values from the Reconstruction era. The article paraphrases Booker T. Washington who has been a leading Black intellectual from that period (Onwuka, 2021):

"[Booker T.] Washington preached self-improvement and self-reliance as the means of gaining equality and advancement. He promoted basic education, training, employment, and entrepreneurship as the path of upward mobility for Black people." (Onwuka, 2021)

This implies that the right sees the education of Black Americans as a significant way to encourage their economic mobility. Moreover, the political right sees the development of entrepreneurial and financial skills as a key to achieving such successes.

An additional 2023 publication from Fox News states that while institutional racism has been reduced in the United States, financial literacy is still needed for Black Americans to be able to grow their wealth. Fox News credits the high net worth of successful Black people to an awareness of consumer-based society and the ability to save remaining money. Fox News suggests that similar habits can be developed in Black youngsters when there is enough attention devoted to financial skills in education. (Evers, 2023)

Based on these articles from Fox News, it can be deduced that a part of the federal revenue from Baby Bonds could be used for the financial education of Black Americans. This would align with the opinion of the political right about the commitment to increase the financial literacy of Black Americans.

A possible approach to ensure that the Baby Bonds funds are spent in a responsible way could be an investment from the 50-billion-dollar surplus of Baby Bonds into the financial education of disadvantaged youth.

A study was carried out by Kaiser et al. in 2022 about the effects of financial education on financial knowledge and behaviors. The conclusion was that even rudimentary and low-cost financial education has positive effects on future financial decisions. The average cost of financial education that has proven decisive outcomes is 60.40 dollars per person.

The findings suggest that investing circa 60 dollars per person in financial education has long-lasting positive impacts on financial behavior, like the purchase of a home. This information can be used by the United States government to ensure that funds from the Baby Bonds are used in a sustainable manner that can potentially boost the economy.

Based on estimations from Child Stats (n.d.), in 18 years there will be anywhere between 75 to 80 million children in the United States. To provide resources for financial literacy to these children, the government should spend a minimum of 4.53 billion dollars towards education over this specified time frame, when using the 60.40 dollar per person method from the aforementioned study.

Even if the government would decide to invest 100 dollars per child for their financial education, that would leave an estimated net government surplus of 42 billion dollars over 10 years, resulting from Baby Bonds.

Finally, the funds from Baby Bonds can be used for higher education. Data shows that in the United States, the level of attained degree positively correlates with income and that people with higher income exhibit a higher demand for products. Generally, a higher demand makes the economy grow. This indicates a high probability that the implementation of Baby Bonds will improve the American economy as a whole. (National Center for Education Statistics, 2023; Investopedia, 2023; Hall, 2023)

Investopedia is a finance news website that is considered to be non-biased with high factual reporting according to Pew Research Center and Allsides. In a 2022 publication, Investopedia explained the possible disadvantages of Baby Bonds (Taylor, 2022). One of the possible drawbacks hypothesizes that Baby Bonds might demotivate people to save their own money to pay for future investments like housing or education. If this is combined with the incentive to remain in a lower income bracket to receive higher yearly payments, it may cause individuals to opt for a more passive life and refrain from personal growth and ambitions.

While these are logical assumptions, there are different examples that refute this argument.

Washington Post (left center) wrote in 2022 about 'guaranteed income programs' in the United States, where residents of low-income regions received a fixed monthly payment of 500 dollars. One of the goals of this project was to examine the effects of guaranteed monthly payments on the employment and well-being of the recipients. An independent case study concluded that the population of beneficiaries showed an increase in full-time employment and better financial, physical, and mental health after just one year into the program. (Brooks, 2022)

This implies that the guaranteed annual payments from Baby Bonds would likely not interfere with personal incentives for development and financial growth.

Another study (2013) by economists Karl Case, John Quigley, and Robert Shiller suggests that an increase in housing wealth (the house of an individual is worth more) significantly increases household spending. More specifically, the increase in housing wealth between 2001 and 2005 raised household consumption by 4.3 percent. The contrary is also true, as the housing wealth decreased between 2005 and 2009, household spending declined by 3.5 percent. (Case et al., 2013)

This theory supports the argument that by encouraging the purchase of sustainable and higher-quality homes in Black neighborhoods through Baby Bonds, a positive market effect can be created, which would benefit the United States economy.

In conclusion, if policymakers consider the different perspectives on Baby Bonds and are able to communicate the specifics clearly, Baby Bonds can bundle different solutions which would ultimately benefit the United States in different aspects.

V. Results

In the literature review it has been established that the long-term exploitation of Black Americans, followed by several instances of racial discrimination by law have embedded unequal distribution of resources to build wealth and applicable opportunities. This has produced a wealth and income gap between Black and White Americans which is still clearly observable in present days. Factors like comparatively low inheritance in Black families and segregated neighborhoods where Black children receive lower-quality education than their White peers contribute to the self-fulfilling nature of the problem. This indicates that without sustainable and well-organized government programs, the existing imbalance in economic opportunities between Black and White Americans will most likely not change in the future.

Multiple states have initiated studies on possible reparatory measures for past damages to Black communities. However, actual applications of reparations were rare. The reasons for the difficulties include the divergent views on reparations in general and their costs. Merely a portion of the population supports the idea of reparations and Affirmative Action, hence programs that need a large sum of investments from tax dollars are particularly complicated to implement.

Nonetheless, successful implementations of reparations have already been realized on a smaller scale. Programs like the housing project in Evanston, Illinois where Black residents received aid for housing investments, and the Opportunity Zones project where billions of dollars in private investments have been injected into economically disadvantaged regions have proved to be practical measures. In Republican-initiated programs, the autonomous local organization was a vital part of the measures.

Nationwide programs would have to be organized in accordance with the goals of the Democratic and the Republican parties. When the political views on reparations were analyzed, it became apparent that Democrats are usually in favor of reparatory measures. Currently, however, their support is mostly limited to studying the matter.

Most Republicans oppose the idea of direct reparatory deposits to Black Americans, as they are wary of its effectiveness in tackling the wealth gap. Republicans are mostly concerned with the financial skills of low-income Americans. Right-leaning news agencies acknowledge the lack of financial literacy of Black Americans and suggest that this should be improved.

Nevertheless, multiple Republicans have expressed their support for autonomous reparatory projects where the locals are highly involved in the decision-making. This suggests that when discussing reparations on a federal level, the focus should be on potent upward communication between the government and local community representatives.

When studying different forms of reparations, a universal program based on income level seemed to fit the ideals of both political parties. A modified version of Baby Bonds can possibly be an efficient way of addressing and narrowing the wealth gap between Black and White Americans. It increases the wealth of every child born in the United States, with a focus on the poorest families. Even children that are born into families who earn five times above the federal poverty line would

be able to redeem more than 1,000 dollars at the age of 18. The funds could be used on housing, education, or business investments.

The funding for the program would be realized by higher tax rates on long-term dividends and estate inheritance. This would disproportionately affect wealthier citizens, who are in large part White Americans, in favor of the impoverished, who are mostly Black and Hispanic Americans. However, it directly addresses the issue of historical generational wealth building where many White Americans grew their prosperity at the expense of Black Americans. The estimated revenues generated by the Baby Bonds program are 700 billion dollars, while the costs are 650 billion dollars within a period of one decade. This ultimately leaves the government with a net surplus of 50 billion dollars.

Additionally, to ease the concerns of Republicans about the financial skills of Black Americans, it should be clearly indicated how the measures will address this issue. To ensure the responsible spending of the Baby Bonds funds, policymakers should focus on clear conditions on how these funds can be used. Research suggests that even minimal financial education (worth 60 dollars) positively impacts financial literacy and leads to more responsible future spending patterns. The government could use the projected surplus of 50 billion dollars from the higher tax revenues to sponsor regional education in finances. The redeeming of the Baby Bonds funds could then be tied to the completion of the prerequisite financial courses. Combining financial education with housing counseling in impoverished regions can support optimal results.

Additionally, policymakers could limit the use of Baby Bonds funds to specific investments, e.g., housing, or higher education. This would ensure that low-yield spending is avoided. Research shows that the level of general wealth and housing wealth is positively correlated with spending from individuals. This implies that by stimulating the growth of wealth for all Americans, economic growth can be encouraged in the United States.

Moreover, in order to make the Baby Bonds program attractive for both the Democrats and Republicans, the active role of local community leaders should be an imperative element of the measure. Elements from the theory of municipality can be applied to the organization of financial education and housing counseling. Hereby ensuring that the unique and specific issues of regional communities are addressed by detailed communication between national policymakers and local representatives. This can be combined with granting autonomy to these local leaders by allocating certain portions of federal funds from Baby Bonds under their jurisdiction.

Finally, there should be clear communication about the goals of Baby Bonds with an emphasis on wealth creation for all Americans. Sponsors of Baby Bonds have often endorsed the measure as an empowering push for Black children in America. However, this program would aid all American children regardless of race. In future communication, it is recommended to emphasize wealth creation for all Americans over race to prevent division within the political public.

VI. Discussion

When researching political measures in the United States, it becomes evident that fitting the views of the Democratic and Republican parties in policies is a complex task, as they historically always opposed each other. Democrats often support centralized government solutions while Republicans rather opt for limited government intervention. This makes the question of reparations intricate.

The literature on the history of the United States agrees with the circumstances endured by Black Americans since the 16th century. The data highlight the presence of multiple sociological dimensions in which current Black Americans living in the United States face disadvantages. Extrapolations of data show that substantial organic improvements in terms of segregation and income inequality are implausible.

If the Baby Bonds program would be implemented (with or without the modifications), estimates show that the impact on closing the wealth gap between Black and White and providing economic opportunities to impoverished Americans would be significant. This study collected various views and perspectives on reparations to show that there are viable options to realize them. Therefore, future discussions on reparations should be treated with care to respect these different understandings.

For future research, it is recommended to pay more heed to discrepancies in Hispanic communities. Data shows that Hispanic Americans are often in comparable environments as Black Americans where wealth and economic development opportunities are neglected.

Additionally, because this study is focused on providing a contextual framework in the context of politics and reparations, it is advised for future researchers to take a better look at the details of policymaking, with the corresponding regulations. This can create a more direct impact on United States politics. By introducing bills to Congress, for instance, political proposals can be communicated to the relevant judicial departments.

The following roadmap from [usa.gov](https://www.usa.gov) (2023) outlines the necessary steps of the lawmaking process, which may help future researchers gain additional information about how the policies can be realized.

Learn about the lawmaking process

- 1** A bill to create a new law can be introduced in either chamber of Congress by a senator or representative who sponsors it.
- 2** Once a bill is introduced, it is assigned to a committee whose members will research, discuss, and make changes to the bill.
- 3** The bill is then put before that chamber to be voted on.
- 4** If the bill passes one body of Congress, it goes to the other body to go through a similar process of research, discussion, changes, and voting.
- 5** Once both bodies vote to accept a bill, they must work out any differences between the two versions. Then both chambers vote on the same version of the bill. If it passes, they present it to the president.
- 6** The president then considers the bill. The president can approve the bill and sign it into law. Or the president can refuse to approve a bill. This is called a veto.
- 7** If the president chooses to veto a bill, in most cases Congress can vote to override that veto and the bill becomes a law. But if the president does not sign off on a bill and it remains unsigned when Congress is no longer in session, the bill will be vetoed by default. This action is called a pocket veto, and it cannot be overridden by Congress.

(usa.gov, 2023)

Finally, in order to propose bills that have the potential to become policies, they have to be created in cooperation with certain senators or representatives who will eventually sponsor the bill. Therefore, it is advisable to research the active senators in specific areas so the bill proposals can be submitted to representatives with a relevant agenda.

Hereby, it is important to note that the views and values of politicians and the public are subject to change. As the 2024 elections are approaching, candidates are possibly developing their ideas on various topics, which could include a pivot in their current stances.

VII. Conclusion

Historical exploitation, segregation, and discrimination of Black Americans has impacted their current economic opportunities and well-being. Lower wealth and higher mortgage rates than White Americans are examples of the discrepancies Black Americans must endure in today's United States. As organic improvements will most likely not occur, government intervention is essential to create a change in established patterns.

Opinions on reparatory measures are divided between the Democratic and Republican parties. While Democrats are generally in favor of such policies, Republicans argue that the responsibility is not necessarily on current taxpayers and doubt the effectiveness of reparations.

However, there are points in this discussion where the middle ground can be observed. Most policymakers agree that historic wrongdoings have had a significant effect on today's society. The views on possible resolutions vary with Democrats arguing for centralized, government-level solutions, and Republicans seeing more value in autonomous local measures.

A possible way to converge the perspectives with high potential is a modified version of the American Opportunity Accounts Acts, known as Baby Bonds. In this measure, American children would receive initial and annual payments on a government-managed trust fund account according to their family's income. Over time, this would increase the wealth of all children in the United States, but more importantly narrow the wealth gap between Black and White Americans.

There are several recommended additional conditions for the implementation of Baby Bonds. First, to ensure a responsible way of spending the funds, the government should encourage high-yield investments like housing, education, or businesses. The government could include restrictions on how the funds can be spent. This should go in pair with financial education and housing counseling to ensure optimal results. The projected net surplus of 50 billion dollars could be allocated to these measures.

Additionally, to effectively carry out these educational and counseling initiatives, they should be targeted at municipalities where regional representatives obtain autonomy and control over local institutions, reporting directly to the federal government. This potentially ensures both the support of Republican politicians and effective outcomes.

The implementation of this adapted version of Baby Bonds would bundle different viewpoints on reparations by both political factions while being highly effective by increasing general and housing wealth, thereby ultimately benefiting the American economy as a whole.

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