



FORUM: DEBT

# African Americans and the Multiple Meanings of Debt in the United States Since the Civil War

Earl Lewis 

Center For Social Solutions, University of Michigan, Ann Arbor, MI, USA

It is hard to review African American history without confronting the multiple meanings of debt. There was debt owed, debt paid, debt inherited, and debt hidden in the social tax associated with a subordinate status in the United States. All of these meanings are embedded in the murder of Elmore Bolling. Called Buddy by his relatives, Bolling defied probability by building a highly successful business in Lowndesboro, Alabama, in the 1930s and 1940s. He used debt in a conventional sense, to lease a plantation. Yet his entrepreneurial skills allowed him to offset that debt and amass wealth. He grew corn, cotton, and sugar cane. More impressively, he owned a general store, a gas station, a fleet of trucks, and a catering business, which enabled him to employ at least forty other Black residents. His business acumen allowed him to maintain \$40,000 in the bank and another \$5,000 in other assets, a remarkable sum for a Black man in the American South during the Jim Crow era.<sup>1</sup>

Unfortunately for Bolling, his wife, Bertha Mae, his kids, and the many he employed, he incurred another “debt”—what many African Americans came to understand as a routine racial tax on success. Sometimes that debt was settled by the theft of a Black person’s property, but often it came with the loss of life.<sup>2</sup> On December 4, 1947, yards away from his businesses, Bolling was ambushed by a gang of white men, who shot him seven times—six times with a pistol and a seventh with a shotgun to the back. The fact that the assailants took no precautions to hide their identities underscored the ubiquitous nature of such practices.

In a recent recounting of the incident, the *New York Times* observed that the penalty paid for success did not end with Bolling’s murder:

When Bolling was killed, his family estimates he had ... about \$500,000 in today’s dollars. But within months all of it would be gone. White creditors and people posing as creditors took money the family got from the sale of their trucks and cattle. They even staked claims on what was left of the family’s savings.... Almost overnight the Bollings went from prosperity to poverty.<sup>3</sup>

Bolling’s story exposes the threads of debt interlaced throughout African American history, especially since the Civil War. Elmore Bolling undoubtedly borrowed money to lease the

<sup>1</sup>Trymaine Lee, “How America’s Vast Racial Wealth Gap Grew,” *New York Times Magazine*, Aug. 14, 2019, recounts the fate of Elmore Bolling: <https://www.nytimes.com/interactive/2019/08/14/magazine/racial-wealth-gap.html>. See also The Elmore Bolling Initiative: The Penalty for Success, <https://bollinginitiative.org/>.

<sup>2</sup>James Deaton, “A Review and Assessment of the Heirs’ Property Issue in the United States,” *Journal of Economic Issues* 46, no. 3 (2014): 615–32. See, among others, Kadida Williams, *They Left Great Marks on Me: African American Testimonies of Racial Violence from Emancipation to World War I* (New York, 2012), especially introduction and chapters 1–3.

<sup>3</sup>Lee, “How America’s Vast Racial Wealth Gap Grew.”

plantation, buy seeds, purchase a gas station and trucks, and build a catering business; we know given that creditors showed up upon his death to collect what they argued was owed them. Yet there was a less visible but just as tangible debt that Bolling and generations of African Americans incurred as competitors in a racialized political economy comfortable with their subordination but not with their ascendancy. Bolling's white neighbors complained that "he was too successful to be a Negro."<sup>4</sup> That statement encapsulates a racial tax that African Americans paid routinely. Accused of being lazy or worthless, scores labored to prove themselves hardworking and highly capable. But as congressional hearings after the Civil War and first-person accounts by the end of the nineteenth century attest, they confronted the challenge of working hard without becoming too enviously successful. The need to strike this balance was required of Blacks alone—a tangible tax or debt they paid. Finally, the Bolling case highlighted one other dimension of the debt matrix for African Americans from the nineteenth through the twenty-first century: excessive debt payments in one generation impaired advancement for later generations.<sup>5</sup> This dynamic became one factor in the racial wealth gap that persists today.

In their recent book, *From Here to Equality*, William Darity and Kirsten Mullen make the case for reparations for African Americans to partially cover the debt owed. They argue that if you survey three distinct periods in American history—slavery, segregation, and mass incarceration—Black people are owed a debt for uncompensated labor, systemic discrimination, and racialized policing. According to their accounting, nearly four million African Americans exited slavery without any compensation for nearly 250 years of coerced labor. Neither tools, land, seeds, clothes, nor access to capital were provided. Instead of expanding the Lincoln administration's experimental plan of redistributing the vacated land of former white planters (January 1865), President Andrew Johnson, upon taking office in March 1865, moved by that fall to reintegrate the Union by speedily accepting the loyalty of white Confederates. Almost as quickly, the idea of "forty acres and a mule" for former bondpeople was gone. The Homestead Act passed in 1862, which divided southern and western tracts into 160-acre parcels, benefited native and foreign-born whites almost exclusively. Considering the uncompensated debt of slavery, the failure to provide economic assistance to freedpeople, the hazards and costs of living and working in Jim Crow America, and differential sentencing practices over the last forty years, the authors conclude a financial debt of \$12 trillion dollars is owed Black Americans.<sup>6</sup>

For Elmore Bolling, who succeeded despite the odds, the question of what he and his family are owed seems beyond dispute—although compensation has readily been denied his descendants. For many, individual acts of harm do not amount to a class action affront, however. They insist questions of debt and payment are complicated by the passage of time, arguing no one alive today bears a direct responsibility for slavery.<sup>7</sup> Or that welfare payments and educational benefits must be subtracted from any potential payments, and individual African Americans' failure to compete and succeed must also be factored into calculations.<sup>8</sup> In this lineup of

<sup>4</sup>Quoted in Lee, "How America's Vast Wealth Gap Grew."

<sup>5</sup>For a treatment of murderous responses to competition from Blacks, see *Report of the Joint Select Committee to Inquire into the Conditions of Affairs of the Late Insurrectionary States*, 13 volumes, 1872. Also see Ida B. Wells, *Southern Horrors and Other Writings: The Anti-Lynching Campaign of Ida B. Wells, 1892-1900*, edited and with an introduction by Jacqueline Jones Royster (Boston, 1997), especially Part Two, where Wells recounts attacks on successful African Americans.

<sup>6</sup>William Darity and Kirsten Mullen, *From Here to Equality* (Chapel Hill, NC, 2021), see introduction and Parts 1-5, especially. For an earlier treatment of debt and reparations, see Randall Robinson, *The Debt* (New York, 2000).

<sup>7</sup>Most recently Republican Senator Mitch McConnell, Kentucky, has made this claim. He is quoted as saying: "Yes, I don't think reparations for something that happened 150 years ago for whom none of us currently living are responsible is a good idea. It would be pretty hard to figure out who to compensate." <https://transcripts.cnn.com/show/ath/date/2019-06-19/segment/02>.

<sup>8</sup>Darity and Mullen, *From Here to Equality*, 239-55; Phillip W. Magness, "The Statistical Errors of the Reparations Agenda," American Institute for Economic Research, June 23, 2019, <https://www.aier.org/article/the-statistical-errors-of-the-reparations-agenda/>.

questions, the life and tragic murder of Elmore Bolling (and others who experienced similar fates) are surrendered to footnotes, if acknowledged at all.

If slavery and de jure segregation are two chapters in African American history that shape our understanding of debt, we must also consider more recent developments. The shift from a war on crime to a war on poverty introduced another chapter. And recent histories of mass incarceration and of home foreclosures further reveal the ever-present nature of a racialized political economy that has indebted African Americans in myriad ways.

A generation after the murder of Bolling, Martin Luther King, Jr. focused the nation's attention on poverty. The Poor People's Campaign amounted to a multiethnic, multiracial call for America to confront its wealth disparity. Approximately 12.8 percent of Americans lived below the poverty line in 1968. Poverty fell disproportionately on families of African descent: roughly 34.7 percent of Black households in 1968 fell below the poverty line as compared to 10 percent of whites.

In the half-century since, improvements have been made, although the costs have been exacting. By 2019, the Black poverty rate fell to 18.8 percent, but was still more than twice the white rate of 7.3 percent. Nonetheless, the total percentage of poor had improved modestly—11.6 rather than 12.8 percent lived in poverty. But, as Elizabeth Hinton so poignantly notes, as a country we have allowed ourselves to substitute a war on poverty for the war on crime. The double victims of the wars have been the Black and Brown citizens King sought to aid in 1968, adding to their debt burden.<sup>9</sup>

Echoes of Buddy Bolling's pursuit of property and advancement sounded seventy years later. Black Americans wanted to own homes, which, by 2008, saddled many with a new debt in the form of subprime mortgages. The years 2008–2010 exposed the racial economic gulf and the racist practices that ensnared millions and indebted thousands, centering the ways debt has been used as a tool of subordination and subjugation.

According to a 2021 report by the Employee Benefit Research Institute, while Black, LatinX, and white households all reported comparable levels of debt—74, 72.2, and 77.7 percent, respectively—that is where the similarities ended. African American households had a debt-to-asset ratio 50 percent higher than white households. When one considers credit card, rental, or mortgage expenses, and other forms of debt, the ratio of debts to assets was 48.8 percent for Blacks and 29.5 percent for whites. Blacks even outpaced Latinos (46.2 percent) and others (37.3 percent). These data led the report's authors to conclude, "Higher debt-to-asset ratios mean that families with minority heads had fewer resources than families with white, non-Hispanic heads to pay off debt by using assets if their income is insufficient, increasing the potential for financial fragility."<sup>10</sup>

African Americans' collective lower assets are in large part about home ownership. According to economist Edward Gramlich, a combination of policy decisions and market practices led to an explosive growth in subprime lending between 1993 and 2005. He concluded that subprime originations grew from zero to "\$625 billion by 2005, one-fifth of total mortgages in

<sup>9</sup>For data on poverty rates and changes over time, see the U.S. Census Bureau, "Poverty Rates for Blacks and Hispanics Reached Historic Lows in 2019," <https://www.census.gov/library/stories/2020/09/poverty-rates-for-blacks-and-hispanics-reached-historic-lows-in-2019.html>. Also see "Poverty in the United States: 2021," <https://www.census.gov/library/publications/2022/demo/p60-277.html>. The shift started with a worry about crime, especially in urban areas. It turned to a worry about drugs—again, especially in urban areas. Beginning in the late 1960s, Congress appropriated funds to modernize police departments. The Law Enforcement Administration Act (LEAA) gave funds for police departments to arm up, buy tanks, invest in SWAT teams, and ratchet up the rhetoric about crime. Meanwhile, conservative social policy activists made the intellectual case for a new focus. By the time Ronald Reagan took office as president, the rationale took the form of a war on drugs. The war on drugs, which many politicians of color initially supported, morphed into the war on poverty. See Elizabeth Hinton, *From the War on Poverty to the War on Crime* (Cambridge, MA, 2016).

<sup>10</sup>"How Is Debt Different by Race and Ethnicity?" Employee Benefit Research Institute, Jan. 7, 2021, [https://www.ebri.org/docs/default-source/fast-facts/ff-375-debtbyrace-7jan21.pdf?sfvrsn=39bf3a2f\\_4](https://www.ebri.org/docs/default-source/fast-facts/ff-375-debtbyrace-7jan21.pdf?sfvrsn=39bf3a2f_4).

that year.” Perhaps even more astonishing, the period witnessed an annual growth rate of 26 percent. Lenders, moreover, targeted what Gramlich identified as “racial and ethnic minorities and lower-income households who could not get prime mortgage credit.”<sup>11</sup>

Retrospective examinations show that the subprime meltdown—which cratered the nation’s economy, doomed Wall Street giants such as Lehman Brothers, and sent the world into a global recession—followed from predatory lending. Legal scholars Sarra and Wade observe, “This important untold story is not just about the working poor. Millions of middle-class and high-income African Americans who qualified for regular fixed-rate, long-term mortgages were steered to sub-prime mortgages because lenders were capitalizing on years of structural racism, shattering the dreams of home ownership for African Americans.” Notably, white borrowers with weak credit histories fared better; they were seldom targeted for subprime loans.<sup>12</sup>

Whether we examine conditions after the Civil War, life in Jim Crow America, or conditions in the early twenty-first century, a review of African American history highlights the multiple meanings of debt. There was the debt owed after 250 years of slavery; the debt acquired when purchasing tools, implements, and seeds; the hidden debt incurred due to racial assumptions about station; and the effects of indebtedness, which resulted in the intergenerational loss of assets and wealth.

Elmore Bolling’s descendants never fully recovered from the theft of their family’s wealth. Only one of his seven children managed a college education, after fleeing Alabama. And only six of his twenty-five grandchildren managed the same. Instead, two generations experienced unemployment or underemployment.<sup>13</sup> They know all too well the multiple meanings of debt in African American life and history.

**Competing Interests.** The author declares none.

<sup>11</sup>Edward M. Gramlich, “Booms and Busts: The Case of Subprime Mortgages,” talk before the Kansas City Federal Reserve, [https://www.kansascityfed.org/documents/3231/pdf-Gramlich\\_0415.pdf](https://www.kansascityfed.org/documents/3231/pdf-Gramlich_0415.pdf), 258.

<sup>12</sup>Janis Sarra and Cheryl L. Wade, *Predatory Lending and the Destruction of the African-American Dream* (Cambridge, UK, 2020), 1 for quote, and chapters 1–5 for a detailed account of the practices and consequences.

<sup>13</sup>Lee, “How America’s Vast Racial Wealth Gap Grew.”