

Reparations Are a Statist Cudgel for Bludgeoning Property Owners



by Michael Rectenwald

San Francisco's [panel on reparations](#) has issued a recommendation that qualified black residents in that city receive \$5 million in reparations for the financial effects of slavery and/or racial discrimination. There was never slavery in the city of San Francisco, but the panel nevertheless suggested that city inhabitants must atone for racial discrimination. Such calls for reparations to black people are based on the notion of collective white guilt. But collective guilt is a false notion, and reparations based on it would violate the property rights of those whose ancestors gained nothing from slavery, even if such parties benefited from so-called discrimination.

Leftists and left-leaning liberals extol the merits of

reparations. Like *New York Times* columnist [David Brooks](#), they call for national reconciliation and atonement for racial injustice stemming from but not exclusive to slavery. According to their line of reasoning, the national soul will never be set aright without a reckoning that includes reparations and other racial “equity” programs aimed at redressing the centuries-long, continuing “sin” (per Brooks) of American racial injustice. Every white person, the argument goes, has been the beneficiary of racism, which has its roots in slavery but also derives from historical and ongoing discrimination, “white privilege,” and the myriad, often inscrutable, advantages accruing to whiteness. These leftists and left-leaning liberals ask, “When will national reconciliation finally begin?”

Conservatives, on the other hand, dismiss arguments for reparations, basing their dismissal either on time passed or on the argument that black people have already been more than compensated through welfare, affirmative action, and other social programs. But importantly, they, too, address the question in terms of guilt and moral culpability. Even if my ancestors owned slaves, they argue, I am not guilty of their sins. I had nothing to do with slavery. These conservatives ask, “When will the national guilt-tripping of white people finally end?”

Both arguments are made in the wrong register because both rest on the moral grounds of collective guilt and the need for repentance (or the lack thereof).

The libertarian economist Walter Block takes [another approach](#). Instead of treating the question of reparations on abstract moral grounds, Block suggests that it should be examined in terms of property rights. Block provides a just basis for reparations, using a concrete example:

Justified reparations are nothing more and nothing less than the forced return of stolen property—even after a significant

amount of time has passed. For example, if my grandfather stole a ring from your grandfather, and then bequeathed it to me through the intermediation of my father, then I am, presently, the illegitimate owner of that piece of jewelry. To take the position that reparations are always and forever unjustified is to give an imprimatur to theft, provided a sufficient time period has elapsed. In the just society, your father would have inherited the ring from his own parent, and then given it to you. It is thus not a violation of property rights, but a logical implication of them, to force me to give over this ill-gotten gain to you.

Similarly, if my ancestors bequeathed me property that was gained based on property rights violations—the primary instance of property rights being a person’s ownership of himself or herself—then, indeed, my debt to the descendants of those robbed by my ancestors still holds today. I can no more dismiss such claims based on time passed or on the moral argument that I had nothing to do with it than I can dismiss the rightful owner’s claim to the stolen ring I got from my grandfather via my father’s intermediation (as in Block’s example).

But the arguments for reparations are not based on property rights. Instead, they are based on collective white guilt, on the “crime” of being born with white skin. This notion of collective guilt would cause all white people to be penalized and robbed of property that has no connection with slavery. As for the effects of discrimination, no one has a right to another’s property because that person or his ancestors were favored, on whatever basis, by other property owners. Property owners act perfectly within their rights when they decide on the beneficiaries of their contractual commercial exchanges.

It is useful to note that collective race guilt has its roots in the Marxist notion of class guilt, the idea that membership in the “bourgeoisie” makes a person guilty for the “crimes” of

his or her ancestors. Class guilt is based on the Marxist theory of exploitation. But the theory of exploitation is false because it is based on the false labor theory of market prices (a.k.a. "labor theory of value"). As Carl Menger demonstrated in his [*Principles of Economics*](#), the price of a good is not derived from the labor hours required to produce that good; it is based on what the consumer will pay for the good. Eugen von Böhm-Bawerk demonstrated in [*Karl Marx and the Close of His System*](#) that profits, which are price differentials, result from the capitalists' ability to advance labor their share of the final selling price of the good prior to the final sale, at the start of a lengthy production period. Thus, profits do not derive from unpaid labor time expropriated by capitalists from workers. As the labor theory of value crumbles, so too does the Marxist theory of exploitation. The Marxist notion that workers are routinely exploited by capitalists is a fable.[1](#)

As Hans-Hermann Hoppe [explained](#), the difference between the price of a good charged by a capitalist and what the worker receives in wages for its production is explicable in terms of the higher time preference of the worker. Thus, class guilt is based on a false premise.

Just as class guilt is a fatally flawed concept, so too is race guilt. If one gained nothing from slaveholding or trading, one does not owe a debt to a nebulous class of slave descendants. The execution of reparations on the grounds of collective race guilt would amount to theft of property from the rightful holders of it.

Instead (and this is most unlikely), if the actual descendants of slave owners, slave traders, and slaves could be located—whether they be white or black Americans, Africans, British, Dutch, French, Irish, or whatever—then the property deriving from slavery that the descendants of slave owners and slave traders hold should be returned, accounting for inflation and with interest. Of course, locating such

descendants would be a logistical nightmare, as would the determination of debts. In the case of mixed-race persons, would one half of the person owe the other half? Reparations likewise founder on the practical issues of isolating the beneficiaries of slavery, determining their debts and whom they owe, and properly disbursing payments.

But reparations should never be based on race per se. San Francisco's payments for racial discrimination would be criminal. Such reparations would constitute an attack on white people, amounting to extorting tax money from them for debts that they do not owe, with the additional effects of exacerbating already fraught race relations in America and further destabilizing property rights. This is apparently the intent of the American ruling, statist elite, who would punish all "whites" in order to deflect attention from and cover for their own multifarious crimes. But more importantly, reparations are primarily another stealthy means of expanding the role of the state and its oppression and robbery of unfavored property holders.

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- [1](#). Thanks to Robert Blumen for his help with this passage about value and price.