



THE LONG SHADOW OF WHITE SUPREMACIST FISCAL POLICY

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Fiscal policy was of primary importance to the white supremacist governments that came to power on a wave of electoral fraud, intimidation, and violence at the end of the Reconstruction. By the end of the 19th Century, the fiscal system, like the larger legal framework of the Jim Crow South, had been configured to simultaneously preserve racial hegemony and disempower working people.

Starting in the late 1860s, the white supremacist fiscal agenda cut government services; reduced property taxes, especially for the wealthiest property owners; and shifted fiscal responsibilities onto poor and working class people. In the following years, southern states found they could derive revenue from a lucrative non-tax source: “convict leasing,” a fiscal-carceral system that made oppression profitable for both government and private businesses. Finally, at the turn of the 20th Century, new anti-tax and anti-democratic policies were added to Southern states’ Constitutions. Poll taxes were designed to keep black people and poor whites from voting, and supermajoritarian tax caps ensured that, even if in the minority, wealthy whites could prevent tax increases.

Some of the tax policies of the Jim Crow era have been overturned. The 24th Amendment made the poll tax unconstitutional. But many other policies remain in effect, particularly supermajoritarian requirements for the passage of tax increases and a heavy reliance on highly regressive and unequally enforced fees and fines. While these policies are facially color-blind, they are a legacy of American racial apartheid.

WHITE SUPREMACISTS CUT PROPERTY TAXES, UNDERMINE PUBLIC EDUCATION, AND SHIFT TAXES ONTO THE POOR

The “Redeemers” that came to power at the end of Reconstruction immediately reduced the taxes of the wealthy and white, and the public services for the poor and black. Budgets were slashed and taxation was localized, allowing richer areas to prevent redistribution to poorer communities. Public services were segregated or eliminated entirely for black people. As the tax code became more regressive, poor whites often saw less tax reduction than they had been promised.

The extent of tax reductions and budget cuts in the post-Reconstruction era were extraordinary. Florida property taxes were reduced from 13 mills to 8 mills in 1878, and to 4 mills in 1884. Over ten years, Mississippi cut the state budget fifty percent. The implications for public services were, of course, extreme. Alabama closed public hospitals, and Florida abolished its penitentiary in favor of convict leasing.

Above all, the Reconstruction-era school systems were decimated; revenues were diverted to other purposes, and state taxes intended for education eliminated. Across the South, school terms became 20 percent shorter, on average. Public education was so underfunded that illiteracy rates among whites actually rose in Louisiana between 1880 and 1900. And, of course, what public schooling existed was strictly segregated by race.

Separate was never equal. In some states, funds from white taxpayers were earmarked for white schools, with black taxpayers supporting black schools; the vast economic gulf between the races ensured that white schools therefore received much more money per pupil. Other states implemented two separate levies on property, with a higher tax for the white schools and a lower one in support of black schools. At a local level, officials engaged in fiscal gerrymandering, excluding black communities from education spending, or double taxing black communities for both the black and white schools. In some cases, local officials simply redirected state money intended for the black school to the white school, instead.

Meanwhile, wealthy whites were benefiting from new and immense tax cuts. Business wealth escaped taxation through rampant underreporting, while politically powerful large landholders sought and received lower assessments. Special deals for corporations, decried as corrupt during the Reconstruction era, were by and large maintained once white supremacists had returned to power. The post-Reconstruction tax systems left no rich people behind.

Lower income whites, some of whom had been convinced to vote against Republican governments on the promise of tax relief, saw at most small tax reductions once white supremacy was reinstated. Rural real estate assessments were cut by a third or more in the “black belt” counties that were home to large plantations, but declined only modestly in other counties. Redeemer governments also reduced the property tax exemptions that benefited poorer people, such as exemptions for a mechanic’s tools, while maintaining exemptions for large properties. And as the property tax became more regressive, taxes that hit working people, like licenses and poll taxes, became heavier.

Even as state taxes declined, county taxes often remained high in the post-Reconstruction era. The shifting of taxation to a local level allowed richer counties in the plantation belt to avoid subsidizing poorer upcountry areas. It also put poor counties in a bind; areas with a great deal of wealth definitionally have a larger tax base, and therefore can raise substantial revenue with lower rates, while poorer areas, with lower property values, are obliged to have high rates to raise the same revenue. Moreover, because new state funding formulas often allocated revenue to counties according to what they raised, wealthy counties also received more state funding than their poorer counterparts.

The tax localization, combined with the redirection of black taxes to neighboring whites, was a double boon for wealthy whites. Former slaves still lived in the rich plantation areas, meaning black people’s taxes were funneled the wealthiest white communities. Poor whites tended to live in the Southern upcountry, where few black people resided. The net effect of state and local policy was an enormous disparity in both taxation and school funding by race and class.

THE FISCAL-CARCERAL SYSTEM: STATE REVENUE FROM FINES AND FORCED LABOR

Through the leasing of convict labor to Southern industries, and later, the reliance on chain gang prisoners to improve public roads, black servitude (now under the guise of criminal justice) became a revenue source for Southern state and local governments, and thereby underwrote a fiscal system that kept taxes exceptionally low on the white and wealthy.

In broad outlines, the Jim Crow fiscal-carceral system functioned as follows. First, a state or county official would, typically on the flimsiest of pretexts, convict a black person of a “crime.” Some were crimes of poverty, such as vagrancy; others were violations of the racist social code, such as “speaking loudly in the presence of white women.” An enormous range of behaviors were newly criminalized, and the penalties for those crimes were extreme; “pig laws,” for instance, made stealing a hog a felony. In some areas, nonpayment of taxes resulted in ‘hiring out’ as forced labor—this despite constitutional prohibition of imprisonment for debt.

Then, instead of going to prison, convicts served their terms working for employers who had signed contracts with the state or county. Convicts were often leased en masse to the owners of mines, brickmaking or turpentine factories, and similar enterprises. In addition to sentences, officials would impose exorbitant financial penalties, typically composed mostly of court fees that they themselves pocketed. The fees and fines were designed to be too expensive for a poor person to pay. Instead, the convict would be obliged to work off the debt, adding immensely to the length of their sentences.

Thirteen states adopted convict leasing, and predictably, given the enormous profit motive, the incarcerated population in those states skyrocketed. At times, white employers would demand a quota of arrests from local officials to meet their labor needs. By its end in the 20th Century, between one hundred and two hundred thousand workers had been caught in the convict-leasing system.

Difficult as it is to conceive, the conditions under which convicts labored were commonly described as worse than slavery. Malnutrition, overcrowding and disease were rampant; prisoners worked all day at hard labor without shoes, warm clothing, adequate food, access to sanitation or even clean water to drink. Torture as punishment for failure to meet work requirements was standard practice. Women and children were housed with grown men and were subject to the same treatment. At their highest, the Southern convict labor figures rival the annual death rates in the prisoner of war camps in Japan during World War II, as well as the deadliest years of the Soviet gulags.

Every former Confederate state except Virginia adopted convict leasing, and its profits made up as much as 10 percent of state revenues. Against repeated reform efforts in the late 19th Century, the convict lease persisted precisely because of its economic value to Southern capitalists and government officials. In the early 20th Century, convict leasing fell out of favor in substantial part because technological advancement and economic modernization reduced the corporate demand for forced labor.

Nonetheless, black convict labor continued to substitute for white tax revenue until the middle of the 20th Century. Inmates no longer leased to private companies were put to work on chain gangs. The experience of a prisoner on a public chain gang had much in common with that of convicts leased to private companies, including malnutrition, physical abuse and outright torture. But now, prisoners were working directly for the government.

This brutal system, ironically, was understood at the time as a progressive reform. Convict leasing competed with free labor in mines, mills and factories, undermining workers’ capacity to negotiate with their employers. Public chain gangs, by contrast, would keep forced labor confined outside of the private labor market. In some states, moreover, penal labor on public roads would bring an end to the *corvée*, in which free men were required to work a certain number of days on country roads unless they could afford a steep cash fee. Compared to its predecessors, therefore, the chain gang could be made to seem a populist step forward for Southern penal practice and infrastructure funding, one that was of particular advantage to poor white working men.

The other advantage of the chain gang system, of course, was that it continued to use forced labor to prop up government. Forced labor was estimated to cost half as much as that of free men. With prisoners rather than free labor repairing the roads, less tax revenue was needed.

The use of road repair chain gangs quickly spread, particularly in counties with a large black population. In Georgia in the early 20th Century, for instance, about 5,000 convicts worked on public roads each year. Convicts also served in publicly owned mines and farms. In Tennessee, the end of the leasing system simply meant transferring convicts to Brushy Mountain, a state mine; convict labor continued to profit the state to the tune of \$200,000 a year. During the same period, the Parchman prison farm in Mississippi was netting \$185,000 annually. Chain gang labor survived into the mid-20th Century.

THE RISE OF ANTI-DEMOCRATIC TAXATION: POLL TAXES TO DISENFRANCHISE, TAX LIMITS TO DISABLE MAJORITY RULE

The final component of the Jim Crow fiscal system was the enactment of tax measures intended to undercut voting and voting measures intended to undercut taxation. Starting in the 1870s and culminating at the turn of the century, Southern states enacted a broad anti-democratic agenda that took the power to tax out of the hands of a legislative majority, and used the tax code as one mechanism among others to disenfranchise black people and poor whites.

The poll tax was far from a new policy, but its structure and intention in the Jim Crow-era was distinctive. Taxes are usually mandatory, but the poll tax was designed to allow those who owed the tax not to pay. “No legal process, nor any fee or commission shall be allowed for the collection” of the poll tax, the 1901 Alabama Constitution specified. Moreover, poll taxes in Alabama, Mississippi and Virginia were cumulative, meaning that failing to pay in one year would disenfranchise potential voters for years to come. Rather than a mandatory tax paid by every man, the poll tax was an optional payment used to discriminate among citizens for the purpose of limiting suffrage.

The other significant anti-democratic tax provision in the Jim Crow constitutions was the sharp limitation of tax and revenue increases. The governments that codified the exclusion of black people from Southern politics also imposed new limitations on the states’ capacity to tax. In 1890, Mississippi passed what is now the oldest constitutional supermajority requirement in the country, requiring three fifths of the legislature to approve all state tax increases. Other states passed similar measures, often focused specifically on property taxation. The purpose of tax limitations was clear. Wealthy whites wanted to prevent black majorities in their counties from ever being able to tax them. To a substantial degree, they succeeded.

CONCLUSION: THE LONG SHADOW OF WHITE SUPREMACIST FISCAL POLICY

Though the civil rights achievements of the mid 20th Century brought an end to official poll taxes and the most egregious versions of convict labor, much of the fiscal system implemented under “Jim Crow” remains on the books today.

Anti-majoritarian tax limitations are also still capping taxation. Mississippi still requires a supermajority to pass a state tax increase. Alabama’s strict limits on state and local property taxes, first passed in 1875, remain in effect, as do the Jim Crow property tax limits in Texas, Arkansas and Missouri.

The fiscal-carceral system has not disappeared. Hampered in their ability to raise taxes, states and localities have come to rely heavily on other income sources, including highly regressive fees and fines. On average, almost one fifth of states’ general revenue comes from these non-tax sources. The reliance on non-tax revenue continues to marginalize black communities. In 2015, Department of Justice investigators concluded that the focus on raising revenues contributed to the pattern of racially biased law enforcement in Ferguson, Missouri. In Florida in 2020, an effort to re-enfranchise former inmates was undermined when the legislature required the repayment of court fees in order to vote.

Recent years have seen a renewed reckoning with the legacies of slavery and Jim Crow in American public life. Activists have successfully called for the removal of statues honoring Confederate generals as well as the re-naming of schools, roads and other public institutions that celebrate the military leaders of the pro-slavery cause. It is salutary, to say the least, to end the symbolic celebration of white supremacist government in America. The monuments to Jim Crow that remain imbedded in the fiscal structure of the Southern states are equally deserving of re-examination and removal.

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