



Hoover Institution

RESEARCH BRIEFING 22-04

Renewing Indigenous Economies

Forty Acres and (No) Mule Reduced Racial Inequality

Statistical analysis suggests that allowing formerly enslaved people in the Cherokee Nation to claim land with secure property rights increased human capital and reduced economic inequality.

Based on Melinda C. Miller, "The Righteous and Reasonable Ambition to Become a Landholder: Land and Racial Inequality in the Postbellum South," *Review of Economics and Statistics* 102, no. 2 (2020): 381–94.



The Research Problem

There are high levels of racial economic inequality in the United States. Could this inequality have been reduced if the promised “forty acres and a mule” had been given to the formerly enslaved population after emancipation?

The role of land reform and distribution in alleviating the poverty of historically disadvantaged groups has long been debated. Economists agree that clear property rights over land can promote economic development and income growth in impoverished regions. Property rights alone, however, may be insufficient to improve economic conditions if other aspects of the social and political environment tend to counteract any advantages that land ownership offers. Assessing the role of ownership therefore requires empirical analysis.

What I Examined

The research considered the role of land redistribution in reducing racial inequality by studying a unique natural experiment in postbellum land policies in the Cherokee Nation and the United States. The Cherokee Nation, located in what is now the northeastern corner of Oklahoma, permitted the ownership of slaves of African descent and joined the Confederacy in 1861. During postwar negotiations, the United States insisted that the Cherokee Nation provide free land for its former slaves. This was in stark contrast to policies in the United States, where calls for land distribution were largely unanswered.

The study assessed the 1860 Cherokee Nation Slave Schedules and a sample of the 1880 Cherokee Census to analyze the effects of land ownership on racial inequality. The Dawes Enrollment Cards, collected by the federal government between 1899 and 1908, facilitated linking Black families in the Cherokee Nation from the 1880 to the 1900 US census.

		Cherokee	South
1880			
<i>Adults</i>	Literate (%)	14	36
<i>Farm Size</i>			
	Acreage	41.80	35.00
	Wealth in Livestock (1880 \$)	496.94	140.93
1900			
<i>Male Household Heads</i>			
	Own Home (%)	81	21
<i>Adults</i>			
	Literate (%)	55	37
<i>Children (10 to 18)</i>			
	Attended School (%)	41	35
	Months of School Attended* (>0)	5.43	3.95
	Literate (%)	59	47

Table 1: Outcomes for Blacks in the Cherokee Nations and the South after the Civil War. This table uses data from 1880 Cherokee Nation Census, and 1880 and 1900 US Census samples to compare the Black populations in the Cherokee Nation and the US South. All differences are statistically significant at the 1 percent level after accounting for sample sizes and standard errors. *Months of school attended for the year ending June 1, 1900.

What I Found

Despite having wealth and human capital levels that were comparable to those of southern freedmen in 1860, the formerly enslaved population in the Cherokee Nation prospered in the decades following the Civil War. They had higher absolute levels of wealth and income than southern freedmen in 1880 and 1900. Racial inequality was also strikingly lower in the Cherokee Nation than in the South.

The effects of land distribution went beyond a transfer of assets. Access to free land appears to have increased investment in land and physical and human capital. In 1880, Cherokee freedmen were more likely to plant fruit trees, an important form of immobile capital in the agricultural South, than Blacks in the South. Black adults in the Cherokee Nation initially had lower levels of literacy than those in the South, but their literacy rates exceeded those of southern Blacks by 1900. The higher levels of income and wealth accrued by Black adults in the Cherokee Nation facilitated higher education for their children; by 1900, these children also had higher literacy rates and were more likely to attend school than Black children in the South. The effects were pronounced: within the Cherokee Nation, the children of the richest Black families in 1880 were more likely to become literate adults than the children of the poorest families.

Overall, access to free land appears to have had a substantial positive effect on the economic conditions of former slaves in the Cherokee Nation (see table 1). Its impact was felt for several generations, and this suggests that land ownership policies may play an important role in alleviating racial economic inequality.

Lessons for Policy

- Property rights encourage investment in land improvements, which tend to further increase the income and wealth of owners.
- Increased income from land ownership helps parents provide education for their children.
- Property rights over land can increase wealth for both the people for whom ownership is conveyed and their children through increased land and human capital investments and intergenerational wealth transfers.

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Further Questions

How much of the benefit of land ownership is accrued through stronger incentives to invest in land versus improved ability to invest via better access to credit? What political economy conditions are necessary to strengthen property rights for Indigenous people throughout the world?

Further Reading

Anderson, Terry. L., and Lueck, Dean. "Land Tenure and Agricultural Productivity on Indian Reservations." *Journal of Law and Economics* 35, no. 2 (October 1992): 427–54.

Leonard, Bryan, Dominic P. Parker, and Terry L. Anderson. "Land Quality, Land Rights, and Indigenous Poverty." *Journal of Development Economics* 143 (March 2020): 102435.

De Soto, Hernando. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books, 2000.



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