

the SHORTCOMINGS of BLACK CAPITALISM

by Jacquy Germain

In 2019, just 13 of the 2,153 people listed on Forbes' Billionaires List were Black. Among those listed were celebrities like Tyler Perry, Jay-Z, Michael Jordan and Oprah Winfrey. Of these 13 Black billionaires, seven are from the U.S. and are described as self-made.

The fame and wealth accrued by these individuals is said to be a testament to the power of Black capitalism and the American Dream. Many of these Black billionaires endorse the idea that if you work hard enough, you too can be wildly successful.

Although Black capitalism attempts to promote Black freedom and solidarity in theory, in practice, it uses the same tools as the oppressor to increase the wealth of a few Black individuals in a way that ultimately harms more Black people than it helps.

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“Black capitalism, in a way, is a bandage to the greater problems of just capitalism in general, because we can’t forget that Black capitalism is still capitalism and it’s based off of exploiting Black and Brown bodies globally,” says Jason Hegelmeyer, a second-year political science major. Black capitalism is a political movement among Black Americans that seeks to build wealth with the development and ownership of businesses.

Taken to the extreme, it advances a narrative that Black financial freedom equals Black liberation.

Black capitalism is typically associated with President Richard Nixon and his Southern Strategy

in the 1960s. Nixon’s solution to residential segregation and racial wealth inequality was tax breaks and other free market incentives. This political tactic allowed him to gain the support of white Southerners while opposing significant economic reforms offered by Black activists, according to Mehrsa Baradaran, author of “The Color of Money: Black Banks and the Racial Wealth Gap.”

Reuel Rogers, an associate professor of political science at Northwestern who researches Black politics, says that Nixon’s strategy did nothing to advance integration and racial equity and instead sought to work around



more radical wealth redistribution policies.

"It was clearly a strategy to protect and prevent the destabilization of white supremacy in terms of segregation in education, in housing [and] across places that continue to promote racially exclusionary zoning," Rogers says.

Black capitalism dates back even further to the late 19th century with educator and presidential adviser Booker T. Washington, who preached a philosophy of self-help, racial solidarity and incorporation into white society. He encouraged Black people to accept discrimination and focus on achieving upward social mobility through hard work and material success.

According to Rogers, Black capitalism differs slightly from the highly individualistic nature of capitalism. In theory, Black capitalism champions collectivism, the idea that Black Americans' fates are all tethered together no matter their class status.

However, Black capitalism espouses upward distribution versus downward redistribution, where wealth is hoarded by the

Black middle class and the Black elite and never makes its way to low-income Black communities. In effect, **Black capitalism leaves behind a majority of Black people and replicates the worst parts of racial capitalism**—tying freedom to ownership and sanctioning exclusion, extortion and exploitation.

"The perverse effect of Black capitalism is that it actually deepens inequality—it certainly deepens inequality between poor Blacks and their economic betters," Rogers says.

In 2016, the net worth of an average white family was \$171,000, almost ten times

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more than that of a Black family at \$17,150, according to the Brookings Institution. Under a Black capitalist philosophy, entrepreneurship

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avg. net worth of a white family

vs.

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*political science
professor Reuel Rogers*

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and consumerism are the keys to bridge the racial wealth gap and remedy racial inequities. The philosophy encourages keeping Black dollars within the Black community to promote a system of racial solidarity to boost the community economically. But structural racism and its violent impacts can't be blamed on a lack of Black ownership. A shortage of Black businesses does not come close to explaining mass incarceration, redlining, and the existence of the massive racial wealth gap itself.

“Black capitalism is not going to change the fact that a third of Black children grow up in poverty,” says Kenny Allen, a senior studying political science. Even if a Black person manages to start a business, they are at a stark disadvantage at every stage of the business life cycle. The American economy is not kind to Black entrepreneurship. According to The Nation, Black businesses must contend with high insurance prices, investors, the negative impacts of recessions and the generational wealth gap, all while struggling to compete with corporate machines like Amazon and Walmart. Institutional racism harms Black

businesses so deeply that they can barely sustain the Black capitalist vision beyond the few exceptional Black celebrities that make their fortunes, often through exploitative practices. The reality is that Black communities have been oppressed for so long that pulling themselves up by their bootstraps is not an option and should not be an expectation.

Since Black capitalism operates within the confines of a capitalist system, it simultaneously supports white supremacy and upholds the status quo with shortsighted, piecemeal reforms. Capitalism cannot be understood without examining its intersections with race and racism. Capitalism is racial capitalism.

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The issue is not that Black people in America do not have a seat at the table. The table is the problem. Efforts to bring about economic and racial justice within

the capitalist system only seek to diversify the table. This just allows more people of color to engage in and benefit from oppressive systems at the expense of their larger communities.

Given their vast resources, the Black elite think of themselves as success stories, testaments to Black liberation via capitalism. In reality, they represent a significant hurdle to Black liberation because they do not acknowledge that they are the exception, not the rule.

Black liberation requires imagination and worldbuilding beyond the lens of capitalism, even a version of capitalism that seemingly bolsters Black independence. Black capitalism is antithetical to an authentic vision of Black liberation which necessarily entails the abolition of global capitalism and the oppression it produces.

"My vision of liberation has no capitalism," Allen says.

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