



**BlackEconomics.org®**

Analytical Brief

**“A BlackEconomics.org Classificational  
Anatomy of Wealth”**

by

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## Introduction

This analytical brief is intended to share information about wealth: To define it; to identify its sources; to describe some of its forms not by value but by its associated power; and to offer a broad view of ideal wealth that might be beneficial for Black Americans to adopt.

On behalf of a people who had so little wealth and not a well-defined comprehension of it, Black economists analyzed and discussed discrimination focusing mainly on employment and income/earning results to reduce inequality for a very long time. However, by the end of the first decade of this millennium, certain Black economists (especially Hamilton and Darity, 2009) began to see a light.<sup>1</sup> They concluded that income should not be the focal point at all. Rather, it should be wealth and the related inequality separating Black and non-Black Americans. While it might be counterintuitive, wealth is always and everywhere the source of income.

## Definition of Wealth

The US national accountant, the US Department of Commerce's Bureau of Economic Analysis, has long defined wealth as "resources with the capacity to produce output (goods and services) and income."<sup>2</sup> Wealth includes

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<sup>1</sup> Darrick Hamilton and William Darity (2009). "Race, Wealth and Intergeneration Poverty: There Will Never Be a Post-Racial America if the Wealth Gap Persists." *The American Prospect*: 20(7), pp. A10-12. <https://prospect.org/special-report/race-wealth-intergenerational-poverty/> (Ret. 071824).

<sup>2</sup> Arnold J. Katz (1999). *Fixed Reproducible Tangible Wealth in the United States, 1925-94*. US Department of Commerce, Bureau of Economic Analysis. Washington, DC. (p. M-1). [https://apps.bea.gov/scb/pdf/niparel/Meth/wlth2594.pdf?\\_gl=1\\*\\_8czqf9\\*\\_ga\\*NzE5NzE3Mzk0LjE3MTI0MjgwMTc.\\*\\_ga\\_J4698JNNE](https://apps.bea.gov/scb/pdf/niparel/Meth/wlth2594.pdf?_gl=1*_8czqf9*_ga*NzE5NzE3Mzk0LjE3MTI0MjgwMTc.*_ga_J4698JNNE)

the net value of financial worth (the value of wealth holders' seven financial assets less the related value of the seven liabilities: (1) *Monetary gold and Special drawing rights*; (2) *Currency and deposits*; (3) *Debt securities*; (4) *Loans*; (5) *Insurance, pensions, and standardized guarantee schemes*; (6) *Financial derivatives and Employee stock options*, and (7) *Other accounts receivable*) and the value of net nonfinancial assets: (A) Fixed assets ((i) *Buildings and structures*; (ii) *Machinery and equipment*; (iii) *Other fixed assets* to include *Cultivated biological resources*, *Intellectual property products*, and *Weapon systems*; (iv) *Inventories*, and (v) *Valuables*), and (B) Nonproduced assets (*Land; Mineral and energy resources; Other naturally occurring assets*; and *Intangible nonproduced assets*). The value of net nonfinancial assets is estimated as the value of existing nonfinancial assets plus acquisitions, less *Consumption of fixed capital* or "*Depreciation*," and disposals (sales or decommissionings).<sup>3</sup> In combination, net financial worth and the net value of nonfinancial assets can be employed to produce output and income. However, it is important to keep in mind that these assets (financial and nonfinancial) can also simply serve as a store of value of the wealth inherent in them.

It is worth noting that, while we have been quite comprehensive in our presentation of financial and nonfinancial assets that can generate output and income, we have not accounted specifically for human capital; i.e., the value of skills and abilities embodied in humans. We make

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[T\\*MTcyMTI4NjI2NC4yNy4xLjE3MjEyODYzNjUuNjAuMC4w](#) (Ret. 071724).

<sup>3</sup> Details concerning financial and nonfinancial assets are from two sets of international accounting guidelines: [System of National Accounts, 2008](#) and [Government Financial Statistics Manual 2014](#). Both publications were produced primarily by international organizations that operate under the United Nations umbrella.

no effort to account for this form of wealth in this analytical brief.

## **Wealth Sources**

What is the origin of wealth? At bottom, given the definition of wealth and beginning with material wealth, there is no human-produced “wealth” that does not derive from the creation (and although humans are “unique,” we are natural beings considered to be part of creation). If one adheres to philosophical or religious beliefs and acknowledge a god or higher power that is responsible for creation, then whatever one acknowledges is the owner of all wealth. On the other hand, if one holds as true a theory of a random or spontaneous arising of creation, then that theory and anything that lies behind it is the owner of the wealth because it is responsible for wealth’s creation. However, if one adheres to the belief that what we perceive as life is phantom, then the wealth about which we speak is nonexistent. However, to help confirm your belief in the nonexistent nature of life that, we will gladly relieve you of your “nonexistent” wealth existent in our material world.

Take a moment and think of any material wealth (financial or nonfinancial) and you can trace it back to the creation—even if only to human creatures.

As for mental or mind wealth, given that we are concerned with the mentality/mind of humans, we only know what we observe and experience in the physical creation, and can seemingly invent (innovate) or imagine from those observations and experiences. Consequently, this mental/mind wealth must also be attributed to the force/power that created our existence.

On the other hand, certain humans are “inspired” to come to know something that was not “known” by humans before.<sup>4</sup> To the extent that this occurs, then those humans are leveraging another source. Human history has widely linked that source with the creative spirit/power that has already been discussed.

## **Forms of Wealth**

This section only considers material wealth and the reference to forms is meant to indicate how wealth is, or can be, perceived in our material world hierarchically.

### *The Poor*

We begin logically with the majority of humans who have little material wealth. Their major source of wealth is their person. To that we could add land, a dwelling and certain equipment (including transportation)—i.e., nonfinancial assets. In addition, those who are absolutely or relatively poor, may have financial wealth as formally defined currently as the previously mentioned seven financial asset instruments less their pairwise liability instruments, which yields net financial wealth. The poor can be characterized as

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<sup>4</sup> What scientists are learning increasingly is that human-like life forms have existed for much longer than was thought even 100 years ago. Also, science is just discovering new ways to transmit and store information/knowledge in near nonmaterial forms (electrons). What we know is that one can receive transmitted information/knowledge that is in near nonmaterial form with an appropriate receiver. In connection with the statement associated with this footnote, it might be germane to consider that humans who appear to identify certain “unknown” information/knowledge could simply have evolved a material receiver (in the brain or other sensory organisms of the body) or experienced temporary conditions where such a receiver existed so that they were able to receive information/ knowledge that is in near nonmaterial form in our environment.

those who possess a level of net financial and nonfinancial wealth (it produces little-to-no returns) that will render them defunct/destitute in about one month's time if there is no compensation from their human labor services. These are the individuals and households that "live paycheck-to-paycheck." Current US Census Bureau statistics classify about 17 percent of the Black American population (about 7.7 million) as poor.<sup>5</sup> They and Black Americans just above the poverty line may be viewed as poor in wealth (net worth).

### *Possessors of short-term wealth*

Unlike the poor, a possessor of short-term wealth has a net worth (nonfinancial and financial assets less liabilities) sufficient to prevent the wealth holder from falling into a defunct or destitute state for up to about one year in the absence of the wherewithal to generate additional assets using human labor or any other available resource. This category of wealth holders would not own a significant volume of financial assets nor nonfinancial assets that can be liquidated to prevent them from "going under." These individuals or households may not be "living paycheck-to-paycheck," but they exist within striking distance of that condition. As for Black American short-term wealth holders, we can estimate the size of this population by considering that about one-half of Black American households (and population) held less than \$44.9K in net worth in 2022.<sup>6</sup> In

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<sup>5</sup> Emily Shrider and John Creamer (2023). *Poverty in the United States: 2022*. Current Population Reports. US Department of Commerce, Census Bureau.

<https://www.census.gov/content/dam/Census/library/publications/2023/demo/p60-280.pdf> (Ret. 071524).

<sup>6</sup> Aditya Aladangady, et. al. (2023). *Changes in U.S. Family Finances from 2019 to 2022: Evidence from the Survey of Consumer Finances*. Washington: Board Governors of the Federal Reserve System. <https://doi.org/10.17016/8799> (Ret. 071524). The median net worth for Black Americans was \$44.9K in 2022 (p. 12).

the absence of the opportunity to produce more resources for survival, and possessing only one's net worth to liquidate to meet requirements, it is rather straightforward to conclude that a family could easily exhaust \$44.9K in net worth (wealth) in about one year's time in the US today. In other words, at least 14.8 million (plus others in the third quartile of the wealth distribution) Black Americans lived in households that operated as short-term wealth holders in 2022.<sup>7</sup>

### *Possessors of sustaining wealth*

Sustaining wealth holders possess a net worth that is composed of a mix of assets (nonfinancial and financial) and liabilities, and in sufficient volume that may or may not be tightly linked to their individual labor services. They can leverage their net worth over at least the medium term to preserve their wellbeing—even when they are unable to generate resources from their own labor services. That is, they may own nonfinancial assets that they can liquidate or that can continue using them to produce material output, income, or other returns. Also, sustaining wealth holders may hold a sufficient volume of financial assets that can be organized to yield returns that ensure their wellbeing at least in the medium term. These individuals and households are some distance from the “living paycheck-to-paycheck” state, and they can avoid that state for at least the medium term—theoretically they may be able to sustain themselves indefinitely. Anticipating the upper quartile of the Black American net worth distribution based on a 2022 median net

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<sup>7</sup> That is, given a Black population of about 45 million in 2022, if median net worth is \$44.9K, then half (50 percent) of Black Americans (22.5 million) possess less net worth. Given that 17 percent (about 7.7 million) are poor and possess near \$0 net worth, then the remaining portion of Black Americans (33 percent, or about 14.8 million) possess less than \$44.9 in net worth.

worth of \$44.9K and a mean net worth of \$211.5K, it is reasonable to estimate that a significant portion of Black Americans held sufficient wealth to sustain themselves for the medium term or beyond.<sup>8</sup> In support of this line of reasoning, Bell (2023) estimates that over 1.6 million Black Americans possessed at least \$1M in net worth in 2021.<sup>9</sup> One-quarter of the 2022 Black American population amounted to about 11.3 million. Consequently, we can conclude that a little less than 5 percent of the Black American population of about 45 million were sustaining wealth holders. With at least \$1Mn in net worth, especially if made liquid, it should be possible to use even passive investments to generate annual returns valued above the Black American median household income in 2022 of \$46K and be sustained.

### *Possessors of influential wealth<sup>10</sup>*

Wealth holders in this tier possess orders of magnitude greater wealth than those in the “sustaining wealth” classification. Influential wealth holders can operate in the social and political economy and motivate/persuade (rent seek) other economic agents to perform behavior that is in the interest of the influential wealth holder. Economic agents may respond favorably to the influential wealth holder’s requests in exchange for direct or indirect payments or in-kind goods or services on a current or delayed basis. Influential wealth holders can be subclassified geographically based on their volume of wealth and the

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<sup>8</sup> Op. Cit. (Aditya Aladangad *et. al.* 2023, p. 12.) The Black American median and mean net worth are cited on this page.

<sup>9</sup> Reginald Bell (2023). “If There is System Racism in America, Then Why Is There So Many Black Millionaires?” *Journal of Business Diversity*: Vol. 23(1); pp. 40-8.

<sup>10</sup> Op. Cit. (Aditya Aladangad *et. al.* 2023, p. 6.) The Black American median income is cited on this page.



reach of their influence: Local, County, State, National, or International. Typically, holders of influential wealth are precluded from falling into a defunct or destitute state except under extraordinary circumstances. However, there are rare cases of influential wealth holders “falling from grace” and reaching a homeless state. Most, if not all, Black American billionaires are classified properly as holders of influential wealth.

### *Possessors of commanding/controlling wealth*

Possessors of commanding/controlling wealth are the “ultimate” in wealth holders—at least as popularized and glamorized by the ubiquitous media. These wealth holders, are at the “top of the pyramid.” They own/control so much wealth that they become actual or near single points of failure for society(ies) or economy(ies). They are so powerful that they single-handedly or jointly with other holders of commanding/controlling wealth approve political leadership and help ensure their election, those who control central banks, those who head up national military and police forces, and most, if not all, other important positions in nations. This they do so that their wealth and position as a controller of power are not challenged, jeopardized, or interrupted. Commanders and controllers of wealth are typically a handful of individuals and selected members of their families whose lives are partly consumed with using the vast resources at their disposal to research paths to continued favorable futures for them and their posterity. They use the results of this research to act to produce those favorable futures. While there is only one double-digit Black American billionaire and several of the single-digit variety, none are positioned, to our knowledge, to join the company of possessors of commanding/controlling wealth in the US who boast near or above triple digit billionaire status. On the other hand, there may be selected African billionaire with a

level of wealth sufficient to qualify them as commanding/controlling in their African countries—the economies of which are very small compared to the US economy.

*Black Americans with captive wealth*

We pause before attempting to characterize an ideal state with respect to Black American wealth to explain that the wealthiest Black Americans, who are described as influential wealth holders, may also be considered holders of “captive wealth.” By the latter term we mean that, given the nature of US History, the US economy, and the operation of White Supremacy in the nation and around the world, most, if not all Blacks are **selected** to become person of influential wealth.<sup>11</sup> In other words, non-Blacks have opened doors or gates that permitted Black billionaires to accrue their wealth. More importantly, a close examination of the nature of the latter’s wealth and related business/economic relationships will reveal that the owner is limited in scope as to how their wealth can be managed/used. In the end, independent action by Blacks who hold influential wealth, without the approval of non-Blacks who permitted their wealth acquisition, may find that their wealth is placed in immediate jeopardy and may be subject to great loss.<sup>12</sup> Consequently, the wealth of these wealthy Blacks is “captive” by non-Blacks who hold even greater levels of wealth. The wealth of these Blacks vis-à-vis non-Blacks who permitted their rise is akin to the assets

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<sup>11</sup> The idea is that certain Black Americans should be permitted to acquire substantial wealth and serve as models to be emulated by other Black Americans. In this way, the chase for the American Dream does not die, and all Black Americans continue as willing workers and American Dream chasers.

<sup>12</sup> It is instructive to recall the result of Ye’s (aka Kanye West) “fall from economic grace” after embarking in 2022 on independent efforts to share truths for the benefit all of Americans (Black and non-Black).

held by a “captive financial institution” that is controlled by a parent company/entity.

## **Ideal Wealth for Black Americans**

What is the ideal concept or framework for Black American wealth? First, it is important to realize that it is usually impossible to move from a non-ideal state to an ideal state instantaneously. Therefore, we enquire: How can Black Americans move from a non-ideal to an ideal state with respect to wealth? A logical answer is that it is only when Black Americans form a sufficient level of solidarity or unification that we can entertain substantive and relevant discussions concerning how to transition from non-ideal to ideal wealth. Having achieved solidarity/unification and a willingness to plan and implement a plan, it should be possible to establish objectives, goals, and milestones that can guide us along a path from our current state of limited wealth to a point of wealth holding that will be satisfactory and beneficial. Unfortunately, this analytical brief does not address the solidarity/unification, planning, plan implementation, and phased realization of ideal wealth.<sup>13</sup>

However, let us consider selected characteristics or features of an ideal wealth state for Black America. First, we believe that Black Americans have not been completely divested of our African roots, traditions, and cultures. There is plenty of commonplace evidence that we retain many aspects of our Africanness. Therefore, it is important that we be true to our nature and not artificially configured. Accordingly, we should exhibit African concepts and principles in our lives.

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<sup>13</sup> A document that can be leveraged to achieve these outcomes is the [\*Long-Term Strategic Plan for Black America\*](#). This plan was produced by the Long -Term Strategic Plan Panel. More information concerning the document and the Panel is available at [www.LTSPFBA.org](http://www.LTSPFBA.org).

The *Nguzo Saba* is a framework that is consistent with our nature.<sup>14</sup> These seven wonderful principles characterize us as communal people who thrive in communities (our areas of influence). As we seek to identify what it means to possess ideal wealth, this fundamental realization must remain uppermost in mind.

Specifically, as a communal people who are oriented toward working to produce optimal outcomes for all those included in the community (areas of influence), the wealth holder concept is transformed from being individualistic to being communal. If a community is the wealth holder, and if all are equal in the community, then we should identify a path that permits our community (area of influence) to practice egalitarianism and pursue an equal distribution of newly arising wealth. This practice and the outcomes that it produces should be underpinned and buttressed by the community's commitment to prepare all its members to make well-informed and beneficial choices/decisions by providing the community's youth with a full training, skill, and experience set that prepares them to operate successfully as fully functioning economic agents.

At the same time, given different tastes, incentives, proclivities, skills, and abilities, community members will engage the community's economy differently using their wealth; thereby, producing different outcomes. Members of the community should enjoy certain economic liberties (*Kujichagulia*) while remaining cognizant of, and committed to, helping meet communal needs/requirements based on the *Ujima* and *Ujamaa* principles.

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<sup>14</sup> See the *Nguzo Saba* (Seven Principles) as delineated and defined by Maulana Ron Karenga at <https://www.officialkwanzaawebsite.org/roots-and-branches.html> (Ret. 071824).

However, given a level of wealth and an egalitarian approach to distributing the wealth, the community governance should include Pareto-like principles that are embodied in Welfare Economics.<sup>15</sup> These principles require that no community-wide *status quo* change should be adopted that enhances the welfare of some community members, but reduces the welfare of other community members.

Communities can best be moored to these principles when governance remains as democratic and egalitarian as possible with each community members' voice (vote) having an identical weight. The features/characteristics of such a governance framework are discussed in a 2022 monograph entitled *A Purer Democracy*.<sup>16</sup>

This section of the analytical brief explained concepts and frameworks that may govern Black Americans' treatment of wealth to produce the most favorable wellbeing. To this point, it made no mention of an ideal level or magnitude of wealth. Like the requirement for Black America to evolve from a state of little-to-no wealth to possessing significant wealth, so will it be that Black America and its communities (areas of influence) will evolve from significant wealth to even higher and higher levels of wealth. Both evolutions involve organic phases. As such they should not present unmanageable challenges. However, we can ensure that our communities will grow and evolve properly in all respects, including growth in wealth, by adhering to egalitarianism

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<sup>15</sup> See "Pareto Principle." *Oxford Reference*.

<https://www.oxfordreference.com/display/10.1093/oi/authority.20110803100306260#:~:text=A%20principle%20of%20welfare%20economic%20any%20other%20person%20worse%20off.> (Ret. 071924).

<sup>16</sup> Brooks B. Robinson (2022). *A Purer Democracy under Cyber Governance: Future Implications for Black America's Political Economy*. BlackEconomics.org. Honolulu, HI.

<https://www.blackeconomics.org/BEAP/apdbape.pdf> (Ret. 071824).

and Pareto-like Welfare Economics principles that are described above.

## **Conclusion**

This analytical brief addresses a very important topic for Black Americans. As we move forward toward the acquisition of Reparations in forms that involve receipt of substantial wealth, it is critical that we comprehend well the nature of wealth. Accordingly, we define wealth, discuss wealth sources, forms of wealth, and entertain how best to characterize and operationalize the distribution and use of wealth that will produce evolving ideal wealth for Black Americans.

The brief is mainly conceptual and theoretical, which is an excellent starting point. However, it is essential that Black America thinks positively and favorably about our prospects for acquiring considerable amounts of wealth in the future. Such thoughts should motivate us to utilize existing documents and tools to plan for that favorable future or to produce new plan documents and tools that will enable us to initiate and traverse smoothly pathways that will take us from holders of little-to-no wealth to being holders of ideal levels and forms of wealth.

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