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“Doing It Wrong All Along”

Let us begin by recalling two important facts. First, one cannot keep doing the same thing and expect a different outcome. Second, as of 2020, there were about 3.8 million Black American businesses, about 95 percent of which were nonemployers. That is, they were small one-person operations with average receipts sufficient to survive at or near the poverty line.

On the economic front, an important Black American dilemma has always been how to develop, grow, and sustain employer enterprises. For well over a decade as Black America has attempted to come into the 21st century and exploit the promise of change voiced by Pres. Barack Obama, the advice for Black Americans seeking alternatives to jobs

“on plantations” was “start your own business.” Unfortunately, this advice appears to be devoid of the knowledge that small businesses broadly have a very high failure rate.¹ More importantly, for small businesses that survive, few grow to a substantial size.²

This is an artifact of a US capitalist economy and system that provide mediocre training to citizen so that the latter are largely constrained in the breadth and scope of their entrepreneurial options. Also, oligarchs and plutocrats and the entities and systems that they control provide support for sole proprietor business formation knowing full well that they are not likely to be very successful.³ Moreover, if sole proprietor businesses are successful, then large fish

¹ The US Department of Labor, Bureau of Labor Statistics, Business Employment Dynamics Division used data from 1994-2015 to show that about 20 percent of business establishments fail during the first year; about 45 percent fail by the fifth year; about 65 percent fail by the 10th year; and that less than 30 percent of business establishments survive through the 15th year.

https://www.bls.gov/bdm/entrepreneurship/bdm_chart3.htm (Ret. 082223). These statistics may be gloomier for Black American business establishments.

² The US Department of Commerce, Bureau of the Census reports for 2018 that over 54 percent of employer establishments had fewer than five employees. However, over 50 percent of all US workers were employed by establishments with at least 50 employees.

<https://www.census.gov/library/stories/2021/01/what-is-a-small-business.html#:~:text=It%20defines%20small%20business%20by,of%20%2416.5%20million%20or%201ess.> (Ret. 082223).

³ We recognize that the US Government has at least three major support systems for small businesses: The Small Business Administration, the Minority Business Development Agency, and the US Department of Agriculture’s Farm Service Agency. These assistance programs are geared mainly to businesses whose owners can be easily identified and they reflect limited emphasis on the formation of cooperatives that may have a high success rate, that facilitate a higher level of job creation, that lead to greater capital formation, and that produce more meaningful goods and services for Black Americans than sole proprietor-type enterprises.

swallow up small fish. In fact, banks, which provide financial support to sole proprietor businesses, serve as a near perfect intelligence source of business trends and successes that signals to oligarchs and plutocrats where to target their acquisition efforts.

So Black Americans are among those who have “done it wrong all along.” In other words, Black America should have recognized from a study of Afrikan culture and even American History that fledgling and developing economies succeed on the back of **cooperative** efforts (*Ujima*; “collective work and responsibility”). Because it is emblazoned on the mind of each child that attends grade school in America, we certainly know that the Pilgrims and Pioneers were successful because of their cooperative efforts in agriculture, construction, defense, etc. Today, everyone knows that the most successful enterprises are of the corporate variety. This means that financial resources are pooled to acquire and train factors of production, to produce on a massive scale, and to promote the products/services that are produced. Yet, the advice to Black Americans is: “You, individually, go and start your own businesses.”

Importantly, it could be that Black Americans do not engage vigorously or more prolifically in cooperative economics because we do not trust each other. Yes, White America’s media takes every opportunity to convince us that we cannot trust each other. Knowing this, we should redouble our efforts to build trust and deep relationships that cause us to overcome this debilitating mentality that divides and fragments us. Given greater unity (*Umoja*) and trust, we can begin to use **cooperative** business formation to develop more successful employer firms, produce more

stable employment opportunities, expand business ownership among our population, produce more goods and services that we need in our areas of influence (communities), and generate greater independence, self-determination, liberty, and well-being.

If you do not know about the nature and practical applications of **cooperative** business formation, then we urge you to become familiar with the work of Prof. Jessica Gordon Nembhard; especially her 2014 book, *Collective Courage*.⁴ In fact, if you are contemplating starting a business, then take no further action until you read Prof. Nembhard’s works that will provide essential insights concerning benefits and advantages of cooperative business formation.

We conclude with nine important points:

1. Cooperative business formation can facilitate deep engagement with people that you know well, trust most, and with whom you feel comfortable.
2. You can share the work of business ownership, yet reap personal/individual benefits.
3. Cooperative businesses are best aligned with, and developed when, production of goods and services reflect inelastic demand; i.e., business clientele/patronage are nearly assured.
4. One can ease/phase into a cooperative business by working it as a “side-hustle” first before “going full time.”
5. By their very nature, successful cooperative businesses can generate more employment opportunities faster.
6. Cooperative businesses can be established initially to meet needs in single areas of influence, but can later

⁴ Jessica Gordon Nembhard (2014). *Collective Courage: A History of African American*

Cooperative Economic Thought and Practice. The Pennsylvania State University Press: University Park.

grow like any other business to supply products and services on a large scale.

7. When Black Americans initiate more cooperative businesses, we have and can develop our own regional support systems that can help integrate and leverage individual cooperatives for even greater benefits.
8. Proper execution of a strategy that emphasizes cooperative business formation can potentially enable Black Americans to achieve greater autonomy and wealth faster than a strategy of individualized business formation.
9. Until we evolve a full complement of cooperative businesses that produce more autonomy, we should not be reticent or

hesitant to become knowledgeable about accessing US Government and other resources that can assist us in the development and growth of cooperative businesses.

Again, it appears that we have been doing it wrong all along. However, given the knowledge shared in this Brief Essay, Black Americans should consider emphasizing cooperative business formation that can produce the numerous just-described benefits. No question about it, cooperative businesses' potential to produce greater and faster economic benefits and well-being for Black Americans should help accelerate and sustain our rise.

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