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Analysis Brief

“A New View on How Black Americans (Afrodescendants) Lose the U.S. Economic Game”

By

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To all poor and disadvantaged U.S. and global households that are excluded from the circle of privilege and without knowledge of how to not only survive, but to flourish.

Introduction

Black Americans (Afrodescendants) are characterized often as losers in the U.S. economic game, and a rich framework of concepts and statistics are available to affirm and confirm this view. Arguably, an opposing view could be considered; i.e., that current metrics used to measure wellbeing are not perfect, which are being considered here. This Analysis Brief builds on the above-mentioned characterization by adding a new and different view. This new view does not focus on the loss concept itself, but opens a new and dark window on how Black Americans are relegated to the lowest economic tier of the U.S. economy using tactics that are seemingly unrelated to traditional metrics that measure Black America's economic losses.

This brief explores this new view on Black America's "losing" role in the U.S. economic game through the following subtopics.

1. Operational losses for Black Americans (Afrodescendants) based on well-known inequality metrics.
2. The theft trade: Pickpockets, gangs, thugs, and the mafia.
3. Black American economic losses through administrative (the capture and leveraging of administrative records to reassign ownership of financial and nonfinancial assets; patents; trademarks; and artistic originals, designs, and novel operations systems and procedures) and commercial operations.

In this restricted/focused analysis, we briefly revisit topics 1 and 2, but explore topic 3 in a more in depth and vigorous manner. Specifically, we emphasize the first parenthetical

portion of subtopic 3 that covers the theft of financial and nonfinancial assets by leveraging administrative records—by preparers or intruders. It goes without saying that Black Americans have suffered tremendous historical economic injustices through what is known today as financial fraud. Although many scholars have discussed, and continue to discuss, topic 3-type losses that are experienced by economic agents, our intent is to adopt a new and exclusive view by exploring this topic from a Black American (Afrodescendant) perspective.

Despite the large volume of well-known proposals for, and expressions of, *post bellum* equality in the United States, scholars and lay persons continue to expend untold time, energy, and effort to identify and explain other reasons for inequality particularly from a racial discrimination perspective. Most humans agree—and we concur—that the first law of nature is self-preservation. Economists add an accompanying note to that law, saying that “more is better.” Therefore, it is nonsensical to expect other than “group economics” to be practiced by various “racial,” ethnic, religious, and other groups (including class), and for them to collude to optimize their well-being and to sustain it.

The following litany of losses with salient economic implications from a statistical perspective have been, and continue to be, explored *ad nauseum*:

Wealth (Net worth).—It is common knowledge that average mean net worth for Black American (Afrodescendant) households in 2022 was about one-fifth of the national household average (\$211.5K for Black Americans versus \$1,063.7K for national households).ⁱ

Income.—Annual (average) median household income for Black Americans for 2022 was \$53.5K, but \$74.5K for the U.S. broadly.ⁱⁱ

Health.—If our health is our “wealth,” then health wealth differs between Black Americans and the remainder of the nation in a significant way. When we measure health as life expectancy at birth, non-Hispanic Black Americans males and females enjoyed just 68.0 years and 75.7 years on average during 2020, respectively, compared with 74.5 years and 80.2 years for males and females respectively for the nation.ⁱⁱⁱ

These three statistical measures are known to be highly and positively correlated with educational attainment, which reflects its own inequalities. That is, there remain great inequalities in the fields of study, and incomes earned that are linked to these fields. It is commonly known that Black Americans with considerably more educational attainment (say a bachelor’s degree) are compensated at about the same rate within selected industries as are other ethnic groups with far less education (say a high school diploma).^{iv}

The Theft Trade

The author has referenced the notion often that when “haves,” who are unwilling to share their resources with “have nots,” the former will likely experience a diminution of their resources at the hands of the latter. Although labeled “criminal acts” in most societies, theft by a “have not” may be a last resort; especially when the society does not offer a sufficient safety net of social benefits. Accordingly, “involuntary thieves” may view their actions as a last resort tactic to survive. On the other hand, “voluntary thieves” may be viewed as displaying criminal behavior.

As a classic example of thievery/larceny, “pickpockets” have a very long tradition with the term itself surfacing during the 16th century. Pickpocketing can be an intricate procedure/skill that can reward a pickpocket—whether

voluntary of involuntary—with sufficient resources for survival until a different, non-criminal method, becomes available for survival.

Gangs, thugs, and the mafia represent an intricate, complex, fascinating, and extensively studied set of “criminal” social arrangements. In the end, however, these arrangements are designed to impose their will on others in what is at bottom simply theft. Typically, these social arrangements engage in outright theft, or their operations forcibly extract forms of economic rents from their victims that are well above a going market price, which can be considered thievery. Also, when these social arrangements bring products or services to market that are essentially “economic bads,” they impose undue costs on society. Society may then respond with expenditures to alleviate those costs. When a society meets such costs through the public treasury, then gangs, thugs, and the mafia serve as thieves that steal from the treasury.

Black American Administrative Operational Losses

Due to space limitations, this Analysis Brief only highlights administrative operational losses. By “administrative” is mainly intended the use of “administrative records” available from public sources by those who purposely or unintentionally inure self-benefits. As we consider this subtopic, we purposely ignore the role of government as a source of these records and its extensive and ongoing efforts to prevent such losses.

Using a variety of techniques, administrative records of financial and nonfinancial property ownership may be captured to realign ownership. Whether deliberate or not, ownership records of financial and nonfinancial assets may be modified such that rightful owners may lose their ownership rights or they may be forced to incur inordinate

expenses to recapture their ownership rights. In our view, both outcomes represent costs incurred due to theft.^v

When outcomes described in the previous paragraph are considered illegal/criminal and it is determined that a heavy penalty should be assigned to those performing criminal behavior, it is important to identify the related motives and incentives. Motive-wise, the capture of pecuniary or nonpecuniary benefits from these outcomes is clear and is mainly limited by the extent of the theft. Incentives for such theft, however, may be more expansive than initially transparent. Specifically, efforts to change the ownership of financial and nonfinancial property may ripple through many industries/sectors of an economy.^{vi} Given such a wide-ranging impact of these changes in ownership, it stands to reason that incentives and motives to effect such changes in ownership may be elevated and expansive.

Black American Commercial Operational Losses

Following the previous section on administrative operational losses, this section on commercial operational losses will only feature the highlights of such losses.

By “commercial operational losses” is mainly intended practices by businesses to capture from consumers economic rents above and beyond typical, expected, or usual market prices. We provided three examples of such losses below:

- Performance of repairs above and beyond those needed/required when a consumer possesses product insurance coverage. Importantly, consumers may lose in two respects: (1) A deductible or co-payment may be required; and (2) the excessive and unnecessary insurance claims incurred by firms that

provide the related coverage may rise faster than would otherwise occur; thereby, serving as a form of “theft” from consumers. An obvious extension of this example is when product insurance coverage is not involved, and consumers pay the full price for services that are not required.

- Producers’ failure to provide documentation of transactions such that prospects for tracking product ownership are reduced. When product ownership is clouded or uncertain, then consumers may be unable to easily leverage benefits associated with warranty or guarantee agreements.
- Selected producers of services that possess significant price discrimination power may share real-time data on the consumer demand that they face for their products, which may facilitate a type of “digital collusion.” Such “collusion” may result in consumers paying higher prices for services than would otherwise be offered by producers.

Conclusion

This BlackEconomics.org Analysis Brief treats a well-known topic: Black Americans’ (Afrodescendants’) losses as players in the U.S. economic game. However, we take a novel approach by going beyond the tried-and-true presentation of statistics that mainly focus on economic metrics to measure these losses. This Analysis Brief explored the role of possibly the second oldest profession in human history: Theft. We explore three key aspects of theft by providing stylized definitions, operational explanations, and examples.

For a “People,” who are persistently depicted at the left end of the U.S. socioeconomic spectrum, it is an enormous, onerous, and painful realization that our adverse position in the U.S. economy is not limited to traditional statistical economic metrics that are used to measure losing positions. Rather, we confront an entirely new and injurious framework that can help quantify tremendous economic losses that we endure—and very likely disproportionately—that have been largely excluded from consideration heretofore.

The irony of all of this is that it would be unthinkable to conclude that any particular U.S. “racial,” ethnic, religious, or gender group would be excluded completely from participation in the “Theft Trade”—and for a variety of reasons (i.e., certain Black Americans (Afrodescendants) may be participants). However, history recounts the innumerable occasions when Black Americans have suffered, and continue to suffer, tremendous economic injury at the hands of others operating in the Theft Trade. These injuries serve as perpetual setbacks and hurdles to an economic “catchup” myth where economic inequality will disappear.

But it is insufficient to point out the wrong, including pointing out a wrong-doing finger at ourselves and not suggest solutions. In this case, we believe that this topic (at a more appropriate and detailed level) should be a substantive element of, and central to, mandatory financial literacy training for all American youth—but particularly for Black American (Afrodescendant) youth. And to ensure that such training is effective, appropriate levels of cyber security training should also be included as part of financial literacy curricula for youth.

Black Americans' (Afrodescendants') uphill climb has always been viewed as steep. The degrees of the angle of that climb are now recognized to be greater. But such realizations are part of life, and we cannot shirk from the challenge.

Endnotes

ⁱ 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.

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ⁱⁱ US Census Bureau (2023). "Table H-5. Race and Hispanic Origin of Household—Households by Median and Mean Income: 1967-2022." *Current Population Survey, 1968-2023 Annual and Social and Economic Supplement (CPS ASEC)*.

<https://www.census.gov/data/tables/time-series/demo/demo-poverty/historical-income-households.html> (Ret. 090624),

ⁱⁱⁱ Elizabeth Arias *et al* (2020). "Provisional Life Expectancy Estimates for 2020." *Vital Statistics Rapid Release, Report No. 015*. Center for Disease Control and Prevention, US Department of Health and Human Services.

^{iv} See Susan McElroy (2005). "Race and Gender Differences in U.S. Labor Markets: The Impact of Educational Attainment." Chapter 14 in *African Americans in the U.S. Economy*. Cecilia Conrad, et al, Editors. Rowman & Littlefield Publishers, Inc. New York.

^v For examples of financial and nonfinancial assets see Brooks Wealth." BlackEconomics.org. Honolulu, HI:

<https://www.BlackEconomics.org/BEFuture/abeccaow071924.pdf> (Ret. 080625). Potential methods of administrative ownership record modifications include: (1) Purposeful or inadvertent mis-recording of property deed numerical identifiers; incorrect legal addresses; etc. Such mis-recording introduces doubt into the veracity of rightful and proper ownership.

^{vi} Financial and nonfinancial property ownership changes are likely to impact, but may not be limited to, the following economic sectors/industries: Finance, Insurance, Real Estate, Construction, Legal Services, Transportation, Communications, Manufacturing, and Government.