Safara: Revue internationale de langues, littératures et cultures

N°21 Volume 1
2022

Université Gaston Berger de Saint-Louis
B.P. 234, Saint-Louis, Sénégal
ISSN 0851-4119

SAFARA N° 21 volume 1/2022

Revue internationale de langues, littératures et cultures
UFR Lettres et Sciences Humaines, Université Gaston Berger,
BP 234 Saint Louis, Sénégal
Tel +221 77 718 51 35 / +221 77 408 87 82
E-mail : babacar.dieng@ugb.edu.sn / khadidiatou.diallo@ugb.edu.sn

ISSN 0851- 4119
Couverture : Dr. Mamadou BA, UGB Saint-Louis

Sommaire

Assessing the Negative Effects of Racism and Capitalist Culture on Black Progress in the US

Aboubacar NIAMBELE
Enseignant-Chercheur
Université des Lettres et des Sciences Humaines de Bamako, Mali

Fatoumata KEITA
Enseignante-Chercheure
Université des Lettres et des Sciences Humaines de Bamako, Mali

Abstract

In the 1960s, a century after the Emancipation Proclamation, former slaves still stood at the bottom of wealth and income ladders. Many scholars blamed the underdevelopment of the ghetto on blacks' lack of awareness about capitalist culture. As a result, President Nixon, in 1968, launched the Southern Strategy—a financial scheme based on black entrepreneurship. However, half a century after the implementation of this plan, black economic liberation did not materialize. This study aims at assessing Nixon's financial program's impact on Blacks' conditions. This paper, taking a descriptive analytical approach driven from books on the subject, is structured around the theory of wealth. After a historical overview of white America's economic success, this inquiry indicates that the Southern Strategy was an economic detour. It backs the idea that Blacks' individual effort, without federal sponsorship and economic inclusivity, striking against institutional racism, could not help launch the engines of black development.

Keywords: Black entrepreneurship, capitalism, economic detour, racism, slavery, wealth inequality.

Résumé

Dans les années 1960, un siècle après la proclamation de l'émancipation, les anciens esclaves vivaient toujours dans une grande précarité. Un grand nombre d'experts ont jugé que la grande pauvreté des Noirs vivant dans le ghetto était dû à un manque d'expertise sur la culture capitaliste. Par conséquent, en 1968, le président Nixon lança la un vaste programme favorisant l'entreprenariat noir appelé la Stratégie Sudiste. Cependant, près d'un demi-siècle après, l'autonomie économique reste toujours une utopie pour les Noirs américains. Cette recherche vise donc à évaluer l'impact du programme de Nixon sur la vie des Noirs. Ce travail, bâti sur les méthodes descriptive et qualitative, s'articule autour de la théorie de la richesse. Apres une analyse de la prospérité de l'Amérique blanche, nous concluons que la Stratégie Sudiste était un détour économique. Nous restons convaincus qu'une tentative d'assistance aux Noirs, sans l'apport du gouvernement fédéral and une inclusivité économique, restait une vaine entreprise.

Mots clés : racisme, capitalism, l'entrepreneuriat noir, détour économique, inégalités des richesses, esclavage.

Introduction

A hundred years after the Emancipation Proclamation, the black question still triggers a heated debate in the American society as would illustrate Black Lives Matter's (Edgar & Johnson, 2018) rise to prominence in reaction to never-ending cases of police brutality (Edgar & Johnson, 2018). To many scholars such as O'Connor (2001), Cullors and Bandele (2020), Boger and Welch (1996), the woes Blacks face, in the American society, is embodied in some sort of inherited poverty magnified by the ghetto's existence. The latter's resource scarcity resulting from unemployment, lack of financial opportunities, and low paid jobs prompted its inhabitants into violence and illegal activities (Shelby, 2016). As a result, President Nixon launched Law and Order as an attempt to hearten the white electorate which had become allergic to black street crime and riots (Flamm, 2005). Through Law and Order, huge federal funds were allocated to police departments. The latter, upgrading its capabilities to military grade, literally sieged black districts (Flamm, 2005) which inevitably led to the brutality and killings that are still going on up to now (LeBron, 2017).

Besides attempting to reestablish order in the ghetto, Nixon tackled the underlining causes—economic injustice and an unequal distribution of wealth—of black riots in Chicago, Watts and Harlem as well through what he called the Southern Strategy i.e., black capitalism, entrepreneurship, ownership (Weems & Randolph, 2009). His vision was based on Jefferson's strategy of locally controlled economy through decentralized monetary policies. He used taxes and credits to launch private enterprises (Weems & Randolph, 2009). To this effect, in 1969, he set up the Office of Minority Business Enterprise and the Minority Bank Deposit Program (Yuill, 2006). While the first organization aimed at encouraging investment in the ghetto, the second urged governmental agencies to deposit over 100 million in black banks (Yuill, 2006). Nixon relied on segregated capitalism, micro credit and individual effort as a remedy to centuries of financial inequality.

It is important to mention that the Southern Strategy was a compromise between liberal and anti-communism traditions. While advocating full employment as a preventive measure against the rise of fascism (Yuill, 2006), it avoided full government intervention in the economy as to escape being associated to socialism or communism (Walker, 2011). In that sense, the Southern Strategy was a legislation immersed into disguised socialist ideologies carried by liberal and anticommunist standards.

The literature on black capitalism—a parallel segregated black economy as proposed in the Southern Strategy—received a huge contribution from the black intelligentsia as well. With his Tuskegee philosophy, Booker T. Washington promoted black entrepreneurship within a separate economy. He believed that the ghetto, away from mainstream economy, could be an impetus for black progress (Moore, 2003). He had an accommodationist stance over the economic status quo (Moore, 2003). His ideas, over the parallel economy, echoes in Garvey's stance on black nationalism which relied on a complete split with anything white and the creation of a whole black made nation completely detached from mainstream America from an economic standpoint (Hall, 1977). In that sense, both Elijah Mohammad—from the Nation of Islam—and Malcolm X—from the Black Panther Party—called for black entrepreneurship as a solution to black poverty (Austin, 2006).

Half a century after the implementation of Nixon's customized capitalism for the ghetto, the result is alarming. The ghosts of the past—poverty, financial inequality, police brutality—are still haunting the ghetto and form whar Michelle Alexander (2010) refers to as "The New Jim Crow" . From 1865 to

1990, Blacks' acquisition of the nation's total wealth had moved from 0.5 (Conley, 1999) to 1 percent (Bullard, 2007). By associating capitalism's sole goal with wealth accumulation, which inexistent for Blacks in the American context, and economic progress, this paper investigates the impact the Southern Strategy had on black misery. To what extent black capitalism or a segregated black economy changed the lives of black people? Did the Southern Strategy succeed at putting an end to the financial inequality Blacks faced in the American society?

In order to grasp the complexity of black poverty, this work, built on descriptive (Thyer, 2010) and qualitive (Tesch, 1990) research approaches, uses a theoretical structure framed around the interplay between the notions of wealth—the "possession of durable objects [assets] on which wellbeing depends" (Schneider, 2016, p.2) —and inequality i.e., the contrast between two groups' economic conditions (Champernowne & Cowell, 1998). Such lens cannot discard the impact income has on determining financial inequality. However, given that income—the flow of money in daily routine—is used in a day-to-day basis and that its aggregation, over time, generates wealth—the stock of money over time—, this study, conducted solely through books published on our topic subject, for practical reasons, sticks with the latter as the ultimate measure from which one can, from a broader perspective, track the generational and historical poverty Blacks endure in the U.S.A.

Beyond generating income, wealth creates power and independence through an appropriation, by the wealthy, of the means of production and the political apparatus (Davis & Wang, 2009). Given dominant groups' capabilities to monopolize and pass down power to forthcoming generations, chances are that we get caught into an inequality loop that allows the rich to get richer and confines the poor within a poverty bubble. From this perspective, ownership is a weapon dominant ethnic, racial and social groups use to dominate and subordinate less fortunate ones (Franklin, 1992). It is from this lens that we shall assess the Southern Strategy's efficiency in the black's struggle for autonomy and development. Was this scheme fit for the black case? To what extent it was, in its initial format, able to close white and black wealth gap? Could it potentially lead to black progress? In an attempt to answer these questions, this study undertakes a historical overview of the conditions that created black poverty as to evaluate the soundness of Nixon's scheme in relation to contemporary black conditions.

1. Investigating White America's Success

The American economic model, based on services, industries, technology and structured around the ideals of democracy-backed liberalism and justice, remains the most prolific system the world has experienced since World War II. However, despite its lavish reputation, this mechanism's perennity and development, over decades, stood on the infamous institution of slavery and the inhuman conditions countless slaves endured as demonstrated in the following lines.

1.1. The Origins of American Capitalism

Although Hamilton's nationalized and centralized banking scheme contributed to the rise of the U.S.A to greatness (Kazin, Edwards, & Rothman, 2009) —free market, capitalism, — by the dawn of the early republic, very little is said about the engines that molded such a powerful financial dispositive. Throughout the 1800s, cotton—the most significant commodity in the world by that time—represented more than half of America's overseas exports with a production of 800 million pounds (Beckert & Rockman, 2016). If America heavily relied on cotton production and sales to sustain their economic ascension, southern cotton planters, in their turn, solely relied on slave labor. Besides field work, slaves, totaling over 3.2 million, represented an estimate market value worth 1.3 billion. This figure almost equaled America's entire gross national product (Baradaran, 2017).

In the hands of farmers, planters, slave holders and craftsmen, slave property had become a sought source of capital. It was simultaneously used as asset, debt, credit and currency altogether. Through mortgage secured-installment strategies, slaves could be sold, bought, exchanged against other goods and used as currency to buy land or more slaves (Beckert & Rockman, 2016). In addition, they were also used as collaterals to secure loans from banks (Beckert & Rockman, 2016). With the adjustment of the banking system around the business of slavery, insurance companies wanted their shares as well. Slaves were so much prized that slave holders, under certain circumstances, would receive compensation for the death and loss of their human chattel (Beckert & Rockman, 2016). Slave property, virulently demanded, was extremely liquid as it could easily be turned into cash.

The Capital raised from the exploitation of slave labor is what led to the emergence of the planter aristocracy in the South. In Virginia and Louisiana, during the frontier's era, "more than two-thirds of the capital lent was backed by a borrower pledging slaves as all or part of the security for the loan" (Beckert & Rockman, 2016, p.111).

Despite the fact that slavery has always been associated with the South, Northerners played a critical role in its establishment, consolidation and sustainment. For this institution to flourish, there had to be a national commitment to its success in the North as well. In order to track the involvement of the North in the institution of slavery, our analysis shall include the whole plantation complex i.e., "the full range of people, tasks, and products involved in the production of commodities on plantations in the West Indies" (Beckert & Rockman, 2016, p.184). Parting from the physical bounded interpretation, we shall conceive the plantation as a network involving multiple players and layers. If it is true that the North was not a slave society, it is also certain that they introduced slaves in the U.S.

By the 1630s, during its economic debacle, Massachusetts, and later all New Englanders, made fortunes in trading with the West indies (sugar plantations). They provided these plantations with key products such as slaves—brought from their African voyages (1645-1808)—, oil (for lamps used to lighten fields and houses), spermaceti candle, 90 per cent of fish in the islands' market, livestock (90 per cent of the West Indies' horse imports) and lumber used to build the plantations' physical infrastructures (Beckert & Rockman, 2016). New England literally helped create, sustain and develop the West Indies' plantations.

From 1784 to 1808, with the emergence of cotton production, southern states became an important market for New Englanders as well. Merchants from then.

North capitalized on their profits earned from their trade with the West Indies and the South to invest in banking, factories and insurance companies. This is how they could make of the North an industrial center. Furthermore, they used the newly gained capital to get more loans from London banks and invest in plantations in Cuba (Beckert & Rockman, 2016). From the North, merchants financed the development of the slave institution. That business provided greater access to both credit and capital (Schermerhorn, 2015).

The money merchants and planters raised from the plantation complex prolonged their influence in the political arena. Blacks had become “articles of commerce” (Schermerhorn, 2015, p.197) the white man aimed at taking advantage of from legal standpoints as the development of the nation’s domestic commerce was rooted in slave property (Beckert & Rockman, 2016). This fact backs our theoretical framework which posits that wealth generates both financial and political power. It also attests that America, as a whole, has built its wealth on slave labor and a racial deprivation at the expense of Blacks who were denied participation in capital generating or wealth accumulation. As we shall demonstrate below, land acquisition remains the linchpin of wealth creation and distribution mechanism as, for generations, it has the potential to set the social order and hierarchy in favor of a given group in an irreversible fashion. It is the source of inequality.

1.2. Land and Wealth Distribution

As we have already covered in the introduction, tracking inequality requires mapping wealth’s aggregation and mechanism of distribution. Associated with ownership in its broader sense, wealth creation, in the U.S.A, originated in land ownership (farms, homes, factories). Starting from 1862 through the Land Grant Act (the Morill Act), the federal government transferred a massive portion of lands to individuals (Geiger & Sober, 2013). The same year, Congress passed the Homestead Act (1862-1976). This piece of legislation remains one of the most daring land reforms the U.S.A ever initiated. It granted 10 per cent of the nation's total acquisitions to individuals virtually for free and led to the inception of America's western expansion (Barkley & Barkley, 2016). This law has, up to now, a huge impact on the nation's life. By the 2000s, living descendants of the original recipients of this program made a quarter of U.S. adult population which represents an estimate forty-six million people (Shapiro, 2004). This speaks volumes to how wealth is built and how past discriminative policies inform present inequalities. What is more telling is the fact that none of the land reforms we mentioned included Blacks—slaves—who, under the law, were banned to own property (Shapiro, 2004).

The advent of the Civil War and the signing of the Emancipation Proclamation promised a brighter future for black progress. After the South's downfall, Republicans deemed it necessary to launch a sort of reparation for the Blacks. They wanted to give them a portion of the wealth—land, farms, and plantations—they had helped build. Lincoln had understood that the sole path to black liberation was through the acquisition and accumulation of wealth which meant giving former slaves a certain control over their means of subsistence. In order to make America a modern democracy, General Sherman, through the Savannah Colloquy, backed the Field Order No.15 legislation (Brooks, 1999). This project, initiated by the Lincoln administration, began granting former slaves 40, 000 acres of land on the coastlines of Georgia and South Carolina (Brooks, 1999). Individual black families were given 40 acres of farmable land basically for free—1.25 dollars an acre—at low price and long instalments during the Reconstruction. These were white secessionists' farms (Brooks, 1999).

After President Lincoln's assassination, Andrew Jackson judged Field Order No. 15 anticapitalistic (a socialist measure) and unfair as it would have given Blacks a leverage on Whites at times when equality was professed. The narrative said that welfare would alienate Blacks' willingness to compete in a dynamic world. As a result, President Johnson overruled Field Order No. 15 and turned Sherman's requisitioned lands back to white farmers. Ultimately, he issues, in 1866, the Southern Homestead Act which opened to black application lands under the provisions of the 1862 Homestead Act (Jensen &

Jensen, 2003). In the meanwhile, the criminal and justice systems restricted former slaves' mobility through vagrancy laws and labor contracts that confined them in white cotton fields and mines (Ranney, 2006).

Without capital, former slaves could not match Whites' buying power. As a result, their access to land was once again jeopardized. A critical analysis of the Field Order No.15 shows us that the pretense given for its abrogation was groundless because both the 1862 Homestead Act and the Land Grant Act were anticapitalistic and socialist as well. They were race-based as was the Field Order legislation. The emancipation meant to free the Blacks by turning former capitals into capitalists. This meant granting them assets and access to ownership as true liberation comes only with job opportunities, land and capital which the negro was denied. The negro was still not free as would confess W.E.B. DuBois. He argued, "The slave went free; stood a brief moment in the sun; then moved back again toward slavery" (DuBois, 1999, p. 30).

The exclusion of Blacks from the welfare state can be tracked to Franklin Delano Roosevelt's New Deal program as well. One of the center piece of the New Deal, the 1935 Social Security Act, also denied its access to Blacks for "it exempted agricultural and domestic workers from coverage and marginalized low-wage workers" (Oliver & Shapiro, 2006, p.40). In addition, Blacks' entire income was taxed while a large part of white workers were only slightly taxed (Oliver & Shapiro, 2006). This is a system in which Blacks paid more but received less as they received lower retirement benefits. In this second phase of white capitalism's establishment, there was a flagrant attempt to prevent Blacks from entering the ownership conversation which remains the basis of all capitalist economy. People who do not own are vulnerable because they are not in control of the system within wich they operate—they are disposable.

Prevented to own, deprived from means to generate capital because of rules designed to keep the status quo, Blacks were unable to collectively improve their living standards while confined within the ruins of the ghetto.

1.3. The Creation of the Ghetto

Reconstruction did not end black misery and servitude in the South. By the late 1870s, exploitation of black labor and the planters' dominance were effective (Ruef, 2014). Blacks had lost their legal voting rights with the adoption of white supremacist legislations such as "grandfather clauses" (Finkelman, 2014, p. 537). These clauses would prevent from voting those whose grandfathers were not eligible to vote before 1867 when the Fifteenth Amendment went into effect (Finkelman, 2014). While it denied access to ballot because of their bad reading skills, it never questioned whites' literacy as a pre-requisite for vote (Finkelman, 2014). By 1901, Blacks found themselves out of Congress in the South. Economically, sharecropping and its pervasive debt peonage condemned black families to permanent servitude (Marable & Mullings, 2009). In addition, thousands of black workers such as plumbers, carpenters, mechanics or brick masons found themselves jobless when these professions were redefined "white men's work" (Marable & Mullings, 2009, p. 118).

The Compromise of 1877 coupled with the rise of the Ku Klux Klan urged former slaves' migration from the South to industrialized urban northern cities (Owen, Decker, & Rogers, 2003). In the North, they faced segregation again—schools, housings, low paying jobs—yet in a more subtle way. From the 1930s to the 1960s, the federal government undertook a huge suburbanization project aimed at unclogging northern central cities hosting factories, industries and huge black communities which had fled the South for a better future. This project is rooted in President Roosevelt's plan to save America's housing wrecked by the Great Depression. Under the New Deal, through the Home Owners Loan Corporation, the Federal government meant to refinance "tens of thousands of mortgages in danger of default or foreclosure" (Jackson, 1985, p. 196). To do so, they created a formal and uniform system of appraisal based on writing and "structured in defined procedures" (Jackson, 1985, p. 196). These appraisals, institutionalized "in a rational and bureaucratic framework a racially discriminatory practice," (Jackson, 1985, p. 196) banned Blacks' access to funding.

These appraisals used a zoning system that ranked suitable neighborhoods for sponsorship based on racial composition and homogeneity. White neighborhoods, the rich, ranked top while black ones ranked at the bottom (Jackson, 1985). Accordingly, loans from the Federal Housing Authority were made according to the Home Owners Loans Corporation redlining system (Jackson, 1985).

These initiatives were all geared toward the suburbs at the expense of central cities where black people lived. From 1933 to 1978, the government provided 35 million white families with residential housing (Oliver & Shapiro, 2006, 16). Suburbs became America's new centers of wealth as the government allowed huge tax cuts to businesses and factories willing to leave central cities.

Blacks faced a huge discrimination against their ethnic group in their pursuit of decent housing. Several studies, such the 1991 and 1992 Federal Reserve Studies, revealed that banks discriminated against Blacks in loan mortgage and repair loan allowances (Oliver & Shapiro, 2006). The central cities lost value as several black families, unable to secure loans, lost their properties. Cut from new investments and jobs, central cities deteriorated. The ghetto with its antisocial and drug dealing violence was born. If federal assistance led to the suburbanization, it sure created the ghetto as well. The Federal government's suburbanization program led to the effective creation and acknowledgment of two Americas one white and rich and the other black and poor. Most importantly, what this program created was the social and financial death of the black community as black poverty was orchestrated by white institutions.

2. The Southern Strategy and the Co-optation of Black Progress

Presented as an anodyne and a solace to Black suffering and growing frustration over their living conditions, the Southern Strategy never aimed at ending Black poverty. It remains an illusory scheme—an invisible glass—meant to prevent true Black emancipation as steadily advocated by the Black intelligentsia since the sixties.

2.1. The Ideological Standing of Black Capitalism

By the 1960s, black progress literally crushed under the weight of white segregation. It was self-evident that the Emancipation Proclamation "freed the slave, a legal entity, but it failed to free the Negro, a person" (Baradaran, 2017, p.22). As a result, radical black nationalist ideologies began making their way to public sphere. The negro, who had been confined in the ghetto, wanted to find a way to own the latter's economy. The black power movement, backed by two main ideological standings, took the lead in this social struggle. On the one hand we had Booker T. Washington's Tuskegee philosophy we have covered earlier. Opposed to this was the Niagara movement, represented by WEB DuBois, which promoted black capitalism from an integrative perspective in relation to the mainstream economy. They resented economic segregation (Kidder & Oppenheim, 2007).

2.2. Segregation's Impact on Black Banking Prior to the Southern Strategy

Black banks were born in reaction to white segregation. The latter denied Blacks access to white economy and financial institutions (loans, credits, mortgages…). Almost all black banks started in the Church and were primarily involved in saving. Their affiliation with the church seriously impacted their sustainability as loans and investment decisions were made according to subjective criterion such as friendships, clergy vision, rather than sound business mindset (Baradaran, 2017).

From the start, black banking was doomed to fail because of its affiliation to the church and unprofessional proceedings. However, bankruptcy rate could have been contained if they were affiliated to mainstream white economy. It is important to mention that black banking emerged at a time when banking, even for Whites, was not faring well. What made white banking so successful was a strong national integration and a rich reliable clientele. For instance, in case of run banks could sell their loans or find liquidity in another bank. Cut from white institutions and national solidarity in the banking realm, black banks could not afford this luxury as white banks would not buy black loans (Baradaran, 2017).

Individually owned and lacking substantial corporate charters, black financial institutions could only rely on the poor black clientele to raise capital as the community lacked huge business ventures to keep banks afloat (Baradaran, 2017). While facing segregation—black enterprises could not compete outside of the black community—the ghetto businesses also faced competition from white businesses as well. That made black services costly ; which frustrated black customers who had to buy top dollar products of inferior quality (Baradaran, 2017).

The most important effect of segregation on black banking was the latter's inability to multiply capital which remains the most important feature in banking i.e., raising capital through fractional reserve lending. As stated earlier, most black banks had no commercial charters. Therefore, they had to hold their whole deposits within their facilities because customers, anytime, could request their money. If they had the possibility to keep only fractions of these deposits within their facilities, they could have made profit through interest generated by loans to companies i.e., maturity transformation. In black financial institutions, capital was extremely volatile (Baradaran, 2017). This volatility of money did not affect solely the banking system. It impacted the negro's economy as a whole because money never stayed in the black community because they produced nothing. For instance, let us say a black bank lends money to a black person for the purchase of a house. The owner of the house is likely to be white like poor Blacks who, for centuries, had been denied access to governmental housing policies and land ownership. The white seller, after selling his property, would deposit the money in a white bank which will multiply it. In short, black banks became the very mechanism through which black capital fled to white economy. However, the reverse was not possible. This is how wealth plays out in capitalism. Controlling the means of production, wealth, land, property gives the dominant group almost complete control over the economy. The Southern strategy was, supposedly, an attempt to reverse this tide and provide Blacks with means for true emancipation.

2.3. Dissecting the Southern Strategy

As mentioned earlier, the 1960s witnessed the rise of the black power movement which meant to give the black community power over their lives through capitalism, entrepreneurship and the banking system. Nixon's Southern Strategy, adopted the Tuskegee philosophy, based on Jefferson's strategy, which in itself was in blunt contradiction with the economic system—Hamilton's nationalized and mainstream banking scheme which forbids localism and regionalism—that made white America rich. Taking advantage of equality and self-help narratives hummed by the black power movement, Nixon, under the pretense of colorblindness, decided to deny Blacks access to governmental assistance in the same fashion Andrew Jackson did with Field Order No. 15. According to him, governmental assistance would have perpetuated black dependency and annihilate black genius, creativity and progress. In justification for his decision, he argued, "Instead of government jobs, government housing, and government welfare, let government use its tax and credit policies to enlist in this battle the greatest engine of progress […] American private enterprise" (Assard & Bennet, 1997, p.68).

To this effect, in 1969, the Office of Minority Business Enterprise was created. This organization aimed at encouraging investors in investing in the ghetto. Black businesses, in the ghetto would be funded by debt coming from white investors and supervised by white managerial firms. After a year of funding, most of the OMBE funded enterprises went bankrupt because of interest payments. In addition, the managerial firms would take, in some instances, up to "30% of the money" newly created companies made as managerial fees (Baradaran, 2017, p.183).

The second step of the Southern Strategy consecrated the creation of the Minority Bank Deposit Program which urged governmental agencies to deposit over 100 million in black banks. Although they only deposited 35 million, these deposits were not stable, elusive and required expensive servicing costs. They were even costlier than regular black customer deposits and could not serve to finance major programs. These agencies would deposit a small amount of cash and withdraw it the next day. They replicated the same practice black customers were doing to black blanks. In short, black banks could not make profit on flash money. In addition, black banks, under 1963 regulations, had to “invest 40% of their assets in government securities” (Baradaran, 2017, 203). This means they could make fewer loans and fewer profits. By implication they could attract fewer capital investment. By the same token, government securities took black deposits from the ghetto. They were exported to other markets through sales of federal bonds (Baradaran, 2017). All these problems made the success of the Southern Strategy unlikely.

2.4. Assessing the Southern Strategy

Was the Southern Strategy fit for the black context? Was it effective in granting Blacks financial freedom? Did it succeed in positively impacting black ownership and entrepreneurship? The answer to these questions is, without hesitation, no. we shall add that this scheme was never meant to succeed in the first place. The financial project Nixon designed for the Blacks was an economic detour as it violated all the principles of American capitalism. The most valuable asset in capitalism remains cash acquisition and creation. The latter was never addressed by the Southern Strategy. How could one become capitalist without capital? Let us remember that the most important factor in the emergence of America’s capitalist economy was northern merchants and southern planters’ genius in using slave labor and property through the plantation complex as a platform to generate capital as to design the current American economic system. Slavery made America. Therefore, any measure meant to create a black capitalist economy should have put capital in black hands which the Southern Strategy opposed. We agree that, “talking about black capitalism without capital is just kitting political checks” (Weems & Randolph, 2009, p. 105).

The second major flaw in the Southern Strategy was the segregated nature of its provisions. What made white America’s success was nationalized mainstream financial institutions not locally segregated economies. It is important to mention that black capitalism originated in white segregation. Therefore, it becomes evident that segregation could not be both the problem and the solution. Only inclusivity could have fixed the black problem. You cannot go out of segregation through more segregation. Given that the benefits of capital always go back to the owner of the capital, Nixon's scheme would have only worked if it allowed a transfer of capital, assets, or housings to Blacks as did Roosevelt's New Deal for whites. The very reasons that led Blacks to create local banks—racism and segregation—would limit the former's progress. It is obvious that the only path to black progress requires the dismantlement of the ghetto.

The third large-scale weakness of the Southern Strategy and all the other strategies white America built for black financial progress, exception made of Field Order No.15, is to deny afro-descendants access to government assistance and sponsorship in terms of banking or housing i.e., welfare. It is important to understand that the wealth gap that still exists between Blacks and Whites is the product of state intervention, welfare, in favor of Whites and at the expense of Blacks. We can support this claim with the huge land (farms) grants, mortgages, loans and credits strategies several American administrations offered exclusively to Whites. The actual wealth distribution is the outcome of policies that occurred centuries ago. At this point it is crystal clear that the forces that created white prosperity are the same that created black poverty. Therefore, individual effort can not undo what institutional racism created. Capitalism cannot fix racist state policies (Jim Crow Market) as Blacks could not fix, by themselves, a problem they did not create. Micro credit is not meant to fix macro-injustice. Without state sponsorship in form of reparation, black capitalism will remain a dream. In short, any solution to the racial gap should involve the same institutions which created it.

Conclusion

Black capitalism, by extension the Southern Strategy, was an economic diversion at its finest because of its segregated and lack of liquidity nature. It seriously speaks to the unequal wealth gap the U.S.A. currently witnesses. This colossal revenue rift is purposefully designed to keep the black race under permanent domination. As would claim our theoretical approach, wealth has been used for socio-political considerations. Therefore, addressing black white financial inequality requires, primarily, the undoing of the forces that generated it. These forces are the racialization of states and federal government's policies which erected massive obstacles to Blacks' social and economic reliance. They have structured the context within which it has not been possible for Blacks to acquire land, build community, and generate wealth.

The Southern Strategy tells us how laws have restricted Blacks' participation in wealth making through a segregated market to which others had access but which denied the former access to mainstream white markets. It is the cumulative effect of past restrictions (low wages, poor schooling, segregation, the formation of the ghetto and its parallel economy) that have held Blacks to the bottom of the social ladder. It is within this context that one shall perceive both black poverty and white police brutality toward ghetto residents. The two are intrinsically linked. Although the latter is a consequence of the former, both are the product of white segregation toward the ethnic black.

Throughout this study, we came to the understanding that the black condition is the product of institutional and systematic white racist policies and legislations. Therefore, it becomes self-evident that individual entrepreneurship and segregated banking cannot undo what state legislations created. Capitalism cannot, by itself, fix state policy. If there was a solution to be envisioned, it had to come from the very state institutions that are accountable for both the ghetto and segregated black economy's creations. One cannot end segregation with more segregation. What would save black America is not a parallel economy but a Jim Crow free system that would grant equal chances to both Blacks and Whites as to fortune accumulation through quality education and job opportunities. Such a system should be first and foremost based on equity. Blacks should be given capital in a form of reparation for all the wrong they have been subject of from the past to present. What made white America rich is a mixture of socialism and capitalism, the welfare state. This financial conception based on state intervention and assistance should be imperatively extended to Blacks.

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