

Economic Routes and Principles for Empowering African American

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Abstract

African American as a group has not strongly embraced the norms for participating in competitive and firm concentrated economy. The limitedness of these norms that evolved from the two hundred years of slavery, and two hundred years of segregation and Jim Crow has given rise to the group's persisting chronic poverty and economic inequality. Among others, one of the most limiting factors is the inability of the group to achieve a compelling educational entrepreneurship for exit from the persisting poverty. The economic plight of this group has not been addressed in the context of the market and with significant exogenous economic factors or conditions. This research mimics W.W. Rostow's stages of economic development theory to emancipate African American from the chronic and contemporary poverty.

Key Words: chronic-poverty; discrimination; market-entrepreneurship, business-partnership; Rostow's-theory; marginal-analysis; Marshal Plan

I. Introduction

African American as a group has not embraced the strong norms of participating in competitive and firm-concentrated economy. The limitedness of these norms could be explained by the two hundred years of slavery, and two hundred years of segregation and Jim Crow. Unlike other factors of production, slavery as a factor was not compensated. So those in slavery were not earning incomes to self-develop themselves, to make investments, and to engage entrepreneurial activities. It is obvious therefore that African American's chronic poverty and non-cognizant of the free enterprise activities can be said to have evolved from slavery. Emancipation from slavery led to African Americans being scattered among the population with limited or without economic power. Segregation and Jim Crow replaced the institution of slavery when it ended. During the segregation period, African American could receive incomes from employment but their movements to look for gainful employment were restricted by the segregation and Jim Crow inhibiting laws and by the unwelcoming attitudes of the majority.

Also, with a limited or no-education, African Americans could not attract livable incomes in the days of segregation and Jim Crow laws. So, with freedom from slavery, African American as a group settled for menial and subsistence activities. Given limited resources, crimes and institutionalization (incarceration) tend to compound the stigmas imposed by the effects of slavery, and segregation and Jim Crow laws. A resisted integration of the emancipated in the major academic institutions and in the economic mainstreams of the society led to the construction of African American colleges and universities. Though this provision elevated African American awareness and employability, but it led to a duality in American educational system. Then the country started having predominantly white institutions and Historically Black Colleges and Universities (HBCU). It can be rightly said, therefore, that the past economic injustices are still inhibiting the average African American from achieving economic success from the post slavery, segregation and Jim Crow periods. This is to say that the 200 years of slavery and 200 years of segregation and Jim Crow tend to be withholding the economic success of the average African American.

Most economic indicators for assessing economic welfare would explain the African American suppressed participation in the US free enterprise economy. An inadequate awareness of the financial markets leads to the group's limited participation in this market. Therefore, African Americans tend to apply mostly to the most known market--labor market to earn incomes.

Market by itself cannot resolve African American chronic vicious cycle of poverty. Both market principles and some predetermined institutions and infrastructures are necessary and must be enough to economically empower and to affect the African American emancipation from the persisting poverty. Let it be recalled that the presence of Marshall Plan in the late 1940s that rebuilt the World War II damaged institutions and infrastructures led Western Europe to make the shift back to the free market economy. Probably, Europe would have gone communist or deep into socialism without this plan. This plan was a major economic benevolence that accomplished what it was targeted to accomplish. It is understood that the Plan had a multiplier effect because the western European countries had the history and norms of a free market economy to regain the lost market economy performance. Since African American does not have a strong tradition of a free market participation, therefore, it makes sense to set up economic stages and associated principles to enhance the group's emancipation from the chronic poverty and to pave the way for the group's market participation and empowerment.

Each economic stage will have some specific economic conditions that will lead the group to market principles and opportunities, and with predetermined institutions and infrastructures serving to provide some cushions against market failure. This research is expected to increase the market earnings, economic empowerment, and market performance of African Americans. Both market principles and some predetermined institutions and infrastructures are necessary and must be enough to accomplish the expectations for emancipating the group from the chronic poverty. Mostly, these significant factors will interact to empower the average African American in the U.S. competitive economy. Therefore, this research addresses the economic development and growth of African American by requesting supportive impact of free enterprise factors and exogenous economic conditions in non-mutually exclusive defined economic stages for ending the group's chronic and contemporary poverty.

II. Compelling Economic Issues, Statistics, and Referenced Theory

African American has not achieved a substantial level of educational entrepreneurship to exit from a chronic poverty. With a limited knowledge of the functional market norms such as business partnerships and entrepreneurship, African American tends to establish mostly nonprofit and faith-based organizations. Persisting poverty and vicious cycle of poverty or intergenerational poverty seems to have become the apparent order due to the inability of the group to apply to the market norms to record economic success from the U.S. free enterprise economy. This persisting poverty is mostly highlighted by the estimates of the unemployment, poverty, and incarceration rates. Particularly, by 2008, the respective macro-unemployment rates of African American, Hispanics, and White are 9.2%, 6.4%, and 4.4%. At the height of the Great Recession, the respective rates are 17.50%, 12.6%, and 9.50% (Lofstrom Bates 2007, Georgia Department of Labor 2010, Rehg, 2013). Given these statistics and the definition of a recession by two quarters of economic downturn, it is therefore, apparent that when the White is in an economic recession, African American is in an economic depression.

Unlike the white, African American faces a high dimensional health inequality in terms of infant mortality and life expectancy. These inequalities are not addressed by the genetic make-up and the behavioral pattern of the African American. Mostly, these inequalities are addressed by race and class factors that are linked to human discrimination and segregation, proximity to polluted environments, and limited access to healthcare, poverty, and incarceration (Georgia Department of Corrections 2010, Owen and Martinez 2008). With a high dimensional poverty, even preventable diseases could lead to premature deaths. Both poverty and premature deaths are impacting our representative democracy. A substantial mortality combines with a high dimensional incarceration leads to African American disenfranchisement rate of 15% (Robinson 2015).

African American does not have a favorable wealth statistic. Wealth increases with income from the past wealth. Therefore, wealth disparity between African American and White would tend to increase with an inadequate participation of African American in a financial market and in stocks trading. Only 10% of African Americans own stocks and bonds (Lui, Robles, Leondar-Wright, Brewer, Adamson, 2006, P.77). At this rate of earning in the investment market and given that African American is most likely to operate and plan in the labor market where the most income is earned; the average income of African American is likely to be at a subsistence level.

Wage inequality between black and white has recently become a very serious issue. A wage gap issue between black and white is explained by a discrimination factor ratio of 22.0% with correction for education, regional, urban and rural, and work experience on the wages of the average hourly males of the groups (Wilson and Rodger, 2016). Wealth disparity therefore, between these two groups will be long lasting given the longevity that it will take for the average black family to acquire the comparable wealth of the average white family. Collins (2016) estimated that it would take 228 years for an average African American family to achieve the current wealth of an average white family given an increase of 84 percent in the wealth of white families that is a triple of the respective rate for the African American families in the last 30 years¹.

With the entrenched firm competition and concentration, African American is unable to compete in the economic arenas and are therefore left at marginal economic area. With the impact of slavery, segregation and Jim Crow, and substandard education, African Americans are yet to be part of the American free enterprise economy. Also, the inability to compete will become more severe as contemporary technologies displace employment opportunities of the blue-collar workers. The inequalities have in the past been addressed by laws and policies that seem unsuccessful to affect the desirable economic empowerment of the African American group. The civil rights laws of 1960s, and the affirmative action policies of the 1970s, and the election of President Barack Obama as the first African American president did not seem to have elevated the economic status of the average African American. Therefore, market by itself will seem unable to eradicate the chronic African American poverty for the group to experience a meaningful economic growth. As in Rostow (1960), this research will therefore map out non-mutually exclusive economic stages with some economic and non-economic institutions, and concepts that must be present to emancipate African American from the persistent chronic poverty, and to encourage the group's economic empowerment.

Just like specific theories and explanations have been applied to adverse economic conditions in the past, there must be some special theories, explanations, and applications to resolve the chronic African American poverty. Particularly, a summary of the Stages of Economic Growth theory by Walt Rostow in the late 1950s is presented here to seek a special explanation to the African American's chronic poverty and economic inequality. Along with the conditions specified for each stage in Rostow's theory is a *time dimensional factor* for explaining an evolutionary economic development. This time factor explains that evolutionary economic development and growth take time. Rostow's theory outlined three transitional stages that are overlapped to provide for some specific criteria in each stage that would lead to smooth and progressive evolutionary economic development.

Here is a sketch of the Rostow's stages. The Rostow's theory's first stage designated as the Traditional Stage describes traditional agriculture that is associated with a low productivity that could not generate surplus for trade. In this non- monetarized economy, barter trade with its clumsiness dominated. Traditional values intermingled with crude technologies. All these were the ingredients of the feudal states. The Precondition stage of Rostow's theory encourages rising productivity from the agriculture to generate surplus for trade. An evolutionary technology here are expected to support the agricultural productivities. With a monetarized economy in this stage, money and its functions would need to allocate goods and services. There must be shifts of attitudes that reflect market, and the supportive infrastructures of all kinds would need to put up presence in this stage.

The Take-off stage of the theory shows a society that is ready to move up on the ladder of a self-sustained economic growth. The growth need be enough for the economy to keep on growing. This stage needs to house the leading industries such as the textile industries that impacted the British early economic development. Also, there must be increasing investments, political stability, human development, and strong market institutions. The stages that Rostow described make sense as different economic conditions and activities take place in some specific periods. The theory makes it clear that economic development come from the presence of both economic and non-economic forces. The procedural emphasis that leads to economic growth and human development from this theory can be applied to address African American chronic poverty.

So, instead of focusing on a direct payment for the past wrongs and injustices, and for the present economic inequities and inequalities, Rostow's economic model is referenced here to move the African American society up on a higher scale of fairness that brings about economic justice. Both market and exogenous non-market conditions will bring about the solution of economic fairness. Market alone is very unlikely to bring about the solution. If it could, the solution must have long been in place.

A solution will focus on market entrepreneurship and on exogenous factors to bring about the diminish of the persisting African American poverty and race resentment. The direct consequence from using only exogenous conditions to provide the solutions could be interpreted as a direct transfer of development funds to inexperienced market entrepreneurs that may not significantly impact the market. So, both market and exogenous conditions will seem most appropriate for resolving the perceived poverty and inequality without race resentment.

III. Economic Stages and Conditions for Minimizing African American Poverty

The three proposed stages for correcting the various injustices and inequity, and economic inequality faced by African Americans are phases that are not necessarily mutually exclusive. They present economic progressive avenues to emancipating African Americans from the persisting poverty---poverty that was carried from the past. Emancipation from the chronic poverty will lead to African American citizenry's economic empowerment from the American free enterprise economy. Exogenous' significant factors will have to be in place to interact with the market events to competitively position the average African American in the U.S. competitive economy.

Both market principles and the predetermined institutions and infrastructures are necessary and must be enough to economically empower and to affect the African American emancipation from the chronic poverty. Let it be recalled that the Marshall Plan in late 1940s that rebuilt the World War II damaged institutions and infrastructures led Western Europe to make the shift back to the free market economy. Probably, Western Europe would have gone communist or deep into various kinds of socialism without this plan. This plan was a major economic benevolence that accomplished what it was targeted to accomplish. It is understood that the plan had an impact because the Western European countries had the traditions and norms of a market economy to regain the market economy performance after the war. Since African American does not have a strong tradition of market participation, therefore, it makes sense to deliberately set up the economic stages to affect the group's emancipation from the persisting poverty and to pave the way for the group's access to market participation, economic empowerment, and business ownership.

Each stage will have some economic and non-economic conditions that will lead the group to embrace the market principles and opportunities. The predetermined institutions and infrastructures would serve to provide some cushions to guard against individuals' market failure. Conditional attributes will appear in several stages to provide a reinforcement for the group's continuous economic empowerment and growth. Particularly, some criteria of the stages will serve mostly to alleviate African American market inhibiting condition from the past wrongs. Alleviating the past wrongs particularly will lead to an increasing integration of an average African American in the market place. By introducing fellow citizens to the market with the applicable principles and with some predetermined institutions and infrastructures, the expected market outcomes, not handouts from entitlement programs, will tend to maximize the general welfare.

Market is expected as an important factor for reducing poverty and for enhancing the economic growth especially of those that are economically marginalized. In the long run, the market would be expected to bring about equity that will be favorable to the average citizen. With the groups' comprehension of the market activities in the long run, the casualty and success from the market may not necessarily relate to ethnicity. Therefore, market needs to be understood by most citizens. What is market that is expected to alleviate poverty, and to enhance the average income that is higher than that from a non-market situation? Market is an environment where scarce and valuable resources---labor, capital, land, technology for examples are purchased and sold by the systems of prices. Market participants are expected to be more aware of this scarcity than do non-market participants. Therefore, those who are aware of the resource scarcity will tend to minimize the waste of the resources by encouraging the most efficiency when procuring or using the resources to produce goods and services.

By understanding the competitiveness of the various markets that characterize a competitive free economy, the respective market participants are most likely to understand the prices that would settle the payments for the resources being distributed. Someone that is unaware of the prevailing minimum wage rate is likely to accept a wage rate (price of labor) that is less than the value of the respective marginal product of labor or of the floor wage-rate. Among others, market will expose the would-be and active market participants to the concepts of: resource specialization and trade, competitive and imperfect markets, product substitutions, comparative advantage, and firm concentration.

The concept of specialization says that resources will achieve the most beneficial outcomes where the resources are allocated in the economy according to the attributes possessed. Related to the concept of specialization is the concept of a comparative advantage that says that individuals and nations ought to specialize in the production of goods and services that the respective individuals or nations command comparative advantage over other individuals or nations. This is to say that production of the goods and services chosen need be associated with the lowest opportunity costs. This assertion implies that the engaged production should generate benefit that is greater or at least equal to the opportunity cost, being the benefit from the forgone production.

Global and electronic marketing are rapidly evolving and presenting opportunities. Tapping into these markets would require individuals to participate in and to generate experience from a domestic market. For the economically challenged to benefit from the market experience, some basic institutions and infrastructures will have to be in place to guard against market failure.

III.I First Stage for Resolving African American Chronic Poverty

African American systematic chronic poverty and economic inequalities must be first and foremost be addressed by non-market economic conditions that have the propensity to sustain and to enhance economic performance. These exogenous conditions will provide the boost for the free market to flourish. Being exogenously determined means that these factors should not be determined or negotiated in the context of the free markets. The exogenous factors--basic institutions and infrastructures that will create a boost to a free market participation could include and are not limited to the presence of functional and effective entrepreneurial education, adequate housing, affordable healthcare, and libraries. The exogenous factors will also include market's skill-oriented approach to accommodate felons, provision of academic scholarships to the talented and gifted individuals, children daycare centers, accessible employment offices, and distributed government functionaries that provide the basic services to the citizens. These provisions must be consciously, desperately and deliberately be put in place to boost market participation and to guide against market failure.

The institutions that will provide market enhancement skills will include youth development centers, establishments for providing market's-oriented skills, establishments for modeling various economic markets, establishments for providing drug and juvenile counseling opportunities, and senior citizen's centers. Also, establishments are needed for providing subsidies to family owned farms, and micro financing opportunities to provide small-scale funds to small businesses that have the potentials to exceed the subsistence level. These diverse activities will provide opportunities for people to engage markets as they learn and prepare to engage commercial exchanges in the American free enterprise economy.

The major component of this stage is the presence of the relevant and pragmatic education that will prepare the people to engage the economic activities of the second stage. Artisans' functionaries need be a part of this stage and the acquired skills and experiences will be transferred to the higher scale economic activities in the American free market economy. Diverse education—formal, vocational, and technical must be available to address people's diverse socio- and economic- backgrounds. Formal education will address the backgrounds of the would-be-market entrepreneurs while the vocational and technical education would serve to enhance labor contemporary skills. The expected benefit from the educational diversity that has the robust instruments for addressing the specific labor types will be expected to have a positive impact on labor productivities and incomes.

Diversified educational system would tend to diminish the cost of training labor incurred by employers and this advantage can lead to more employment. Usually formal education costs more than the cost of acquiring strictly skilled based and vocational education. Instead of opting for formal education that may not have an immediate payoff, a vocational training or skill-based education that can lead to increased labor productivity and employability can be applied to treating the respective labor. By knowing the education for treating a labor, labor will be on career paths without unnecessary lengthy training periods and huge scarified incomes. It could take less than two years to acquire skill based or vocational education whereas the expected period for obtaining a formal education could be more than two years. Employers are likely to pay the costs of vocational and skilled based education than they would of formal general education. This assertion is plausible especially where the specific vocational or technical skills are relatively scarce and will immediately impact the respective business operations. Those individuals that expect immediate employment incomes are likely to benefit from vocational and skill-based education.

The cost of education at college and university set-ups may not be subsidized. Educational loans taken at college and university are repayable with interest. The payment of the loans and interest will lower both the contemporary and future personal incomes and consumption. Recall that educational loan and the related interest expenses cannot be forgiven upon bankruptcy. An avoidance of this kind of loan could require a preference for vocational or skill-based education whereby any of these is the appropriate for advancing productivity and incomes. An individual with a technical ability is likely to enjoy a favorable cost of shadow technical functions done for oneself outside of the market.

College and university education will attract adequate compensational rewards relative to the dimension of time and cost of trainings. Individuals with college and university education are more likely to suffer from structural unemployment than would the individuals with the vocational and skill-based education. Relative to the type of labor possessed, self-selection of the relevant education type to treat the labor will be expected to enhance individuals' market employability and productivity. Other things being equal, increased productivity will lead to an upward market learning curve, higher compensations and opportunities.

III.II Second Stage Conditions for Resolving African American Chronic Poverty

Evolving free market norms in stage two will require increasing understanding of the world of scarcity of resources, efficiency, and the role of price mechanism in a free economy. Both the market and non-market institutions developed in stage one must be present in this stage to provide the background upon which the elevated market norms will be sustained and understood. In this stage, people will be increasingly able to characterize economic events with the market terms and norms. Understanding the marginal propensity to consume (MPC), for example, is important to guide the expected consumption and savings. Propensity to consume is a change of consumption due to a change in income. Propensity to consume is basically a ratio that describes the extra consumption brought about by an extra income.

An MPC of .8, for example, suggests that for an extra dollar of income, eighty cents go for extra consumption. This ratio implies a marginal propensity of saving (MPS) of .2 that says that from an extra dollar of income, twenty cents go to savings. Since the MPC ratio that describes the economically challenged tends to be higher than that of the wealthy, the economically challenged may not be able to raise enough savings to engage market activities. With market- learning and -improved earnings, the MPC could be adjusted to encourage some levels of higher savings. African American tends not to understand and to apply to the creative market power of business partnership. Understanding and forming business partnership needs to be a visionary part of this stage. Much of African American understanding of partnership tends to be expressed in faith-based and nonprofit initiatives. Business partnership brings about an enhanced understanding of business traits that will lead to an enduring market activity and business ownership.

Business partnership brings two or more people together with specialized or common or even diversified business attributes for expanding business operations to maximize profit and to achieve business longevity. It provides the attributes of comparative advantage to businesses to engage the economic activities that are associated with the lowest opportunity costs. With business partnership, the cost of business ownership that is beyond the scope of an individual can be underwritten by extending ownership to more than one person. In essence, business partnership introduces and amalgamates resources to underwrite an outlay that is beyond the scope of an individual in the absence of a business partnership. Also, partnership brings about resource specialization and division of labor for realizing the most efficiency to minimize the costs of operation.

There are various set-ups of business partnerships. In some all the partners could be involved in the day to day operations of the partnered business. In others, some partners could be active in the affairs of the business while some other partners could be absent or could be described as "sleeping partners". Where all the partners are actively involved with the activities of the partnered business, each partner is likely to be compensated according to the amount of resources and time factor that the partner contributes. Partnership involving active and inactive partners would most likely compensate the active partners according to the resources contributed and for being active in the partnered business. The inactive partners would only be compensated according to the resources contributed in the partnered business.

Some factors tend to inhibit the acceptance of business partnership. One of these factors is a lack of business trust. Natural people will not submit to business partnership where there is no trust. A natural person may adjust the trust level relative to a given beneficial expectation. Business partnership mistrust can be minimized by having a partnership charter that provides the details on all the terms. Self-interest must give way for the corporate interest to direct the individual interest. To realize a viable business that will achieve adequate longevity will require that the current consumption be minimized. Reducing consumption would be expected to boost savings that can be applied to achieve appreciable level of business ownership. African Americans are yet to understand and to realize the benefits of business partnership. Therefore, there must be a substantial shift from the faith-based initiatives and non-profit organizations' entrepreneurship to economic market entrepreneurship.

Several markets for: product, labor, bonds, and money that make up the competitive market economy need be understood. The consumer and non-consumer goods and services are cleared in the product and in the service markets by the respective price mechanisms. A product market will clear whereby at the agreed price, the quantity purchased is exactly the quantity sold. At this situation, all the goods produced are sold. A specific wage rate as a price of labor clears the market for an identical labor. In the bonds market where people lend and borrow funds for capitalization, a specific interest rate point will clear the market for bonds. Also, the Federal Reserve discount rate tends to bring the quantity demanded and supplied of money to be equal. An adequate understanding of how the economic market works will enable African Americans specifically, to dispose of and to acquire economic resources at their prevailing prices. Also, understanding of the price mechanism can provide African American with more access to venture capital.

III.III Third Stage Condition for Resolving African American Chronic Poverty

Given the conditions specified in the first and second stages, the average African American market-participant will evolve to embrace the higher order market principles to create wealth and employment opportunities. One of such principles is the *marginal analysis*. This concept enables the market participant to earn the most benefits from a given economic activity by weighing the extra benefit from conducting an extra activity of a given activity against the extra cost of effecting the extra activity. An extra benefit is the amount that is added to the total benefit from effecting the extra activity and the extra cost is the amount that is added to the total cost due to the extra activity. The expected net benefit from the activity will increase whereby the extra benefit from effecting the extra activity exceeds the extra cost of the extra activity. Engagement of the activity should continue until the extra benefit is equal to the extra cost at the optimal level of the activity. At this point, the net marginal gain being the difference between the marginal benefit and the marginal cost at the optimal production activity is expected to be zero. At this point, an aggregation of the associated net marginal benefit gains will establish the most net benefit.

The expected net benefit will decrease whereby the marginal cost exceeds the marginal benefit if the production activity is beyond the optimal production activity. At this situation, the extra activity will add more to cost than to benefit, and the net marginal gain will be negative. A negative net marginal benefit implies that an extra activity does not add any value to the benefit and at the same time it reduces the outstanding value of the benefit. A production activity level that is less than the optimal production activity will not maximize the expected net benefit. African Americans need to understand that the idea of marginal analysis can be applied to any economic market for maximizing profit or net benefits. A market participant will experience a gain where the benefit from an engaged production exceeds the associated opportunity cost that harbors both the explicit and implicit costs. To be indifferent as to whether to engage a production or to accept the alternative's, the benefit from the chosen production must be at least equal to the opportunity cost. The concepts of specialization, comparative advantage, and trade reinforce the realization of the maximum net benefit from the chosen production.

An entrepreneurship articulated in this stage comes from the summarized discussion from the preceding discussions of the stages. Alternatively, the preceding discussions are expected to cumulatively explain the state of an elevated entrepreneurship of the average market participant. An elevated entrepreneurship applies market foresight in taking calculated risks by engaging the market principles to particularly, control the short-term costs and losses while searching for the most profit. By thinking at the margins while taking the calculated risks to search for the most profit, the market entrepreneurs would become wealthy while advancing opportunities for others. Thus, market entrepreneurship multiplies wealth and opportunities. The evolved entrepreneurship in this stage must be significant and apparent in the economic markets of: product, labor, and bonds.

The average entrepreneurial area would be expected to be a diversified community that is characterized by mostly financial and service shops, and by non-capital-intensive industries. These are expected to have the spread effect to advance income, wealth, and opportunities. Market entrepreneurship does not seem to evolve from among the members of African American communities. Entrepreneurs from among the White and Asian populations actively create and own businesses in African American communities. Members of the African American communities do not even provide for distribution, the goods and services that they consume the most. Community-based business are expected to participate actively especially in the entrepreneurial and economic development in their communities. This condition will lead the impact of income and money multipliers to be felt in the communities. Stage three should harbor the strong ideas of cost minimization, profit maximization, and utility maximization. Cost minimization suggests that a given economic activity ought to utilize the lowest cost possible. If it will take five thousand dollars to produce a certain quantity of a product, a cost minimization will require that this amount cannot be exceeded to produce the given level of the quantity. Whereby the cost of producing a quantity is exceeded, the operation can be said to be inefficient. Operational inefficiency would suggest that resources that are paid for to engage production are being wasted or are idle. To prevent production inefficiency, it must be consistently understood that resources are scarce and must not be wasted. A cost outlay that is higher than the minimum required to produce a particular quantity will lead to the inability of the business operation to compete especially in a competitive market where the price is determined by the forces of *supply* and *demand*. A high cost situation could lead the respective average total cost to be above the prevailing competitive price of the product to give rise to an economic loss. For a business firm to be in a long run competitive business, the price charged must be greater or be at least equal to the minimum average total cost. Maximizing the long run profit in a competitive business will suggest a continuous production until the point where the competitive price being the marginal revenue of the operation is also equal to the marginal cost of the operation. Marginal cost is the extra cost of producing an extra unit and marginal revenue is the extra revenue from selling the extra unit.

Conceptually, the idea of profit and utility maximization depends on the concept of marginal analysis procedure for maximizing the expected beneficial outcome. The procedure provides that an extra activity should be undertaken whereby the extra benefit from the activity exceeds the marginal cost from the activity. A business operational activity should continue until both the marginal benefit and marginal cost are equal. From this situation, the net marginal gain being the difference between the marginal benefit and the marginal cost is expected to be *zero*; an indication that the expected net benefit is maximized. Beyond this point, an extra activity will add more to cost of production than to the associated benefit.

Particularly, the idea of marginal analysis takes place in economic markets to maximize profit given the concentration of firms in the industry. To maximize profit in a competitive market where the firms are price takers, production activity will continue until the optimal quantity is produced where the constant price charged is equal to the marginal cost of the production. In a noncompetitive market or imperfect market, the same procedure for maximizing profit is followed. To maximize profit in this market, the per unit price will tend to fluctuate downward for the respective business entity to expand production activity until an optimal activity level is reached where the marginal revenue from selling the extra unit from the production activity is equal to the marginal cost of the extra unit from the production activity. This situation will maximize the profit that will be greater than the profit to be realized if the business were to be in a competitive market where the price is determined by demand and supply.

IV. The Most Compelling Reasons for African American Economic Empowerment

To encourage African American market participation, there must be a significant transfer of, or an infusion of some economic and capital endowment to the African American community. The transfer that must be statistically, consciously, and fairly measured will be expected to induce the economic growth of this economically marginalized group. The U.S. had in several occasions transferred monetary values to groups for certain past atrocities or for gross wrongs imposed on the groups. There is no doubt that slavery, segregation, Jim Crow, and mass incarceration, and their effects are atrocities. It can be stated categorically, therefore, that these wrongs need to be significantly addressed relative to other addressed atrocities. Also, the U.S. has history of addressing the plights of other nations with financial grants or economic aid. It could be about time for the U.S. to advance humanity by addressing the need of this group of her citizens that are economically inhibited due to the significant past wrongs.

The following is the specific compelling reasons for addressing the past wrongs on African American, and a critical understanding of the reasons can bring about racial harmony. Japanese Americans harbored the wrongs meted on their group during World War II until President Ronald Reagan apologized and paid some reparations to the groupⁱⁱ. Unlike African American group, Japanese Americans have market orientations to utilize the reparations to advance their economic growth. The growth is expected to mitigate the effects of the inhibiting wrongs of the past. Most of all, the reparations are expected to harmonize humanity and to minimize the probability of significant future wrongs. Emphasized diversity and pluralistic education will give a boost for more understanding and tolerance among different races and ethnicities. Where both the market participants and the would-be-market participants focus on the market values and rules in a nondiscriminatory market-arena, racism, prejudice, hate and bigotry will be minimized, and commerce will be enhanced.

People expect to have a market arena whose outcome is not disproportionately skewed toward some ends. The outcomes of commerce among diversified people would have the propensity to be randomly distributed. Adequate voluntary endowment transfers are expected to trigger racial unity, peace, and harmony in America just as voluntary endowment transfers lead to the unity and peace between nations. President Jimmy Carter established peace between Israel and Egypt in 1979 with Camp David Accordⁱⁱⁱ and since the inauguration of this accord the U.S. foreign aid has been streaming to both Israel and Egypt. The relationship between these countries has been manageable since the establishment of the accord. This is a foreign aid that tends to be accomplishing the purpose for which it was established. If the U.S. could bring about peace and orderliness between nations, there is no doubt that she can bring an elevated peace and harmony among her people. Therefore, encouraging the market participation and transferring market-oriented endowment to African American will elevate the general economic welfare in the country where the average market participant is better off. Also, the U.S. has a long history of providing benevolent foreign aid to other nations that may not have suffered from the U.S. past gross injustice and wrongs.

To elevate our belief in the price distributive power of the free enterprise economy, the U.S. needs to elevate her benevolence towards the group of her citizens that are consistently being withheld from applying their potentials for elevated earnings in the market economy. The expected value added to the output of the market economy from an increased market participation will be expected to further the market participation. Germany in 1952 addressed the Nazi atrocities meted out on the European Jews that led to World War II by paying three billion dollars reparation targeted for fourteen years to the State of Israel^{iv}. The payment gesture shows some remorse that reflects the significant past wrongs. U.S. Marshall Plan that provided thirteen billion dollars (one hundred and fifty billion dollars, today's value) of financial assistance in 1948 to rebuild war-torn Europe is usually referenced for demanding reparations for past wrongs^v. This is another important foreign aid that accomplished the target for which it was provided. If the U.S. could show this gesture of financial assistance to another continent, Europe, she should have an unwavering commitment to provide exogenous economic endowment as a step to encourage the strong market participation of African American.

V. Methodology

This study references the compelling diverse and critical market and non-market estimates of adversities to advocate market orientations and economic endowment to African Americans. The following estimates of the proxies of poverty and inequalities (adversities) in table 1 suggest the urgent need for economic endowment transfers for African Americans to self-select markets.

Table (1): Estimates of Proxies of Poverty

Criteria	Estimates
Black Unemployment rate: 2008 & 2010 ^a	(9.2%, 2008) (17.50%, 2010) ^a
White Unemployment rate: 2008 & 2010 ^a	(4.4%, 2008) (9.50%, 2010)
Hispanic Unemployment rate: 2008 & 2010 ^a	(6.4%, 2008) (12.6%, 2010)
Hourly male wage gap of black and white ^b	22.0%
Black Children Poverty Rate ^c	34%
White Children Poverty Rate ^c	10%
Stock Ownership ^d	10% ^d
Black incarceration Rate: 2014 ^e	40%
White incarceration Rate: 2014 ^e	39%
Hispanic incarceration Rate 2014 ^e	19%
Black Teen Pregnancy ^f	9% (1996)
Years for Black Family to build the wealth of today's white family ^g	228 years
Black Disenfranchisement (2004) ^h	15% of black voting population
Ratio of Black Death to White death 2020 ⁱ	1.33
Educational Achievement for Black Adults 2019 ^j	21%
Educational Achievement for White Adults 2019 ^j	35%
Ratio of Cumulative COVID-19 Age-Adjusted Infection Rates of Black and White 2020-2022	1.05

a: see Rehg 2013

b: see Wilson and Rodger, 2016

c: <http://nces.edu.gov/pubs2010/2010015.pdf>

d: see Lui, Robles, Leondar-Wright, Brewer, & Adamson, 2006, p. 77

e: All incarceration estimates are retrieved from <http://www.prisonpolicy.org/reports/rates.html>

f: Greer, W. 2013. Black Teens & Pregnancy: Are Today's Facts Better or Worse? Retrieved from <http://blackdoctor.org/44416/black-teen-pregnancy-facts/>

g: Collins, Chuck. 2016. "Report: Black Families May Need 228 Years to Build Same Wealth of White" Families from <Http://www.diversityinc.com/news/report-black-families-may-need-228-years-build-wealth>.

h: Robinson, Dean. 2015. Black die Sooner Than White. How Many Votes Has This Cost Democrats? The Washington Post. Retrieved from: <https://www.washingtonpost.com/blogs/monkey-cage/wp/2015/10/blacks-die-sooner-th...9/22/2016>.

ⁱ <https://www.kff.org/other/state-indicator/death-rate-by-raceethnicity/>?

^j <https://www.google.com/search?q=educational+achievement+race&riz=1C1GEA-enUS914US914&oq=&aqs=chrome>.

^k <https://www.kkf.org/coronavirus-covid-19/issue-brief/covid-19-cases-and-deaths-by-race-ethnicity-current-data-and-changes-over-time/>

Unemployment Rate: A high unemployment rate can perpetuate poverty and diminish per capital purchasing power. With a high unemployment rate, there could be an impaired ability to acquire the contemporary economic skills.

Hourly male wage gap of black and white: A wide wage gap from particularly contemporary incomes among these groups can be explained by unrelated production factors such as human discrimination, and by limited functional education, and market- entrepreneurship and -partnership.

Poverty Rate: A high level of poverty rate will perpetuate African American's economic depression's type of poverty and the associated latent participation in the market economy.

Stock Ownership Rate: An insignificant rate of stock or of bonds ownership would describe a community where most residents have not sufficiently recognized that dividends and interest incomes augment labor incomes.

Incarceration Rate: A high rate of incarceration would lower labor market participation and aggregate incomes and could lead to an increased criminality. A limited or non-functional education could explain why the younger African American males are mostly incarcerated^{vi}.

Teen Pregnancy: A high rate of teen pregnancy is likely to increase the levels of illiteracy, criminality, program entitlements, and the social costs, that can therefore, reduce labor market participation rate, and aggregate incomes and expenditures.

Years for Black Family to build the wealth of today's white family: This period that tends toward infinity will leave poverty, income inequality and inequity, and unfairness at the current unacceptable status quo. Only general entrepreneurship education and reparations will reduce this lengthy duration to have acceptable market parity and justice in America.

Black Disenfranchisement: This issue will weaken participatory democracy.

Death Rate^{vii} A high ratio of black and white death especially when driven by an exogenous factor like COVID-19 with the related infection rate would diminish the probability of achieving a sizable pool of people with specific and general human capita. Also, it places people at a comparative disadvantage in the achievement of an adequate democratic representation and in attracting economic resources and output expressed relative to the size of a population.

Gap in Education Achievement^{viii}: Given the black and white gap in educational achievement, an inequitable educational achievement limits, most especially, the formation of a general business entrepreneurship and the ability to make rational choices. A declining business formation would reflect a declining business community that may not even have the establishments that produce or distribute the contemporary goods and services demanded by the people^{ix}: Therefore, a declining entrepreneurship will lower the aggregate incomes, revenues and expenditures, and economic opportunities.

These adversity-estimates can only be minimized by the equalizing powers of entrepreneurship education and free market, and by reparations. This market will harbor substantial norms of African American entrepreneurship and partnerships. Only the equalizing power of an inclusive free market and of reparations will reduce the adversities.

Market Risk Rewards

Market risks and rewards are positively correlated. Therefore, a market-risk reward's theoretical modelling is provided here to compliment the advanced stage of African American economic route by addressing earnings by risks in a price directed economy. Both introduction to the market activities and exogenous economic endowment transfers are expected to direct African American's effective risk calculating and taking to minimize the chronic and contemporary poverty. With exogenous endowment transfer and a vertical market learning curve, the average African American will understand the role of risks to earn a risk premium income in a competitive arena. The following market risk premium procedure of equation 1 demonstrates the incentive income from participating in uncertain, competitive, and concentrated market economy given the associated risks. In the equation, the systematic risk^x explained by the "beta" adjusts the expected premium income.

Market Risk premium = $RET^e - RET_f = \beta(RET_m^e - RET_f)$, where (1)
 RET^e = expected income from all sources. This income underscores that the

economically challenged could attract some additional income on top of the dependent

(program) income

RET_f = Risk-free dependent or program income

β = Beta of the market is the risk factor

RET_m^e = Expected income from the market.

Market participation will be encouraging whereby the average market participant's income reflects the risk factor that the participant can bear. With the transfer endowment, and vertically entrepreneurship learning-market curves, the long run market rewards will be fairly and randomly distributed, and not program incomes or handouts will reward the average market participant.

VI. Conclusion and Future Study

The inability of African American as a group to apply to the free market economy emanates mostly from the past wrongs of the two hundred years of slavery, and from the two hundred years of segregation and of Jim Crow. These wrongs have led to the group's pronounced chronic poverty, limited education, inability to achieve market partnership and entrepreneurship, and participation in the investment market where income is earned to argument labor incomes. Generally, the persistence of these adversities tends to characterize the group's inadequate awareness of the activities of the free market economy.

Relative to *W.W. Rostow's* Stages of economic development, confronting and minimizing the African American economic adversities would require some deliberately defined related stages of economic development. These stages will provide some framework of predetermined institutions and infrastructures to elevate the understanding of the market concepts and activities. These institutions and infrastructures must be robust to address the chronic poverty and will provide the cushions against market failure.

The first stage will provide some economic and non-economic frameworks of institutions and infrastructures that will enhance the group's understanding of the basic market principles and opportunities. Other stages will introduce the higher order of market orientations.

It must be recalled that that the Marshall Plan in the late 1940s rebuilt the Europe's World War II damaged institutions and infrastructures that led the continent back to the free market economy. The continent would have adopted communism or some kinds of radical socialism without this plan. This Plan had a multiplier effect due to the people's understanding of the free market norms and therefore, the regain of the lost market economy was possible. With a highly limited African American market tradition because of the inhibiting past wrongs, the economic stages will have to be set up to emancipate the group from the persisting poverty. An emancipation from this poverty would pave the way for the group to start having a strong market participation beyond the activities in the nonprofit and faith-based organizations. In a nutshell, African American must have market understandings and substantial exogenous endowment transfer serving to advance the group's economic development and growth, and to guard against market failure.

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ⁱ The citation is retrieved from [Http://www.diversityinc.com/news/report-black-families-may-need-228-years-build-wealth...](http://www.diversityinc.com/news/report-black-families-may-need-228-years-build-wealth...) (8/12/2016).

ⁱⁱ <https://www.nationalww2museum.org>.

ⁱⁱⁱ <https://history.state.gov>.

^{iv} <https://en.wikipedia.org>.

^v <https://www.history.com>.

^{vi} See <http://www.washingtonpost.com/blogs/wonklog/wp/2014/07/15/charting-the-shocking-rise-of-racial-disparity-in-our-criminal-justice-system/>. Also see <http://www.pewresearch.org/fact-tank/2014/07/18/chart-of-the-black-white-gap-incarceration-rates/>

^{vii} <https://www.kff.org/coronavirus-covid-19/issue-brief/covid-19-cases-and-deaths-by-race-ethnicity-current-data-and-changes-over-time/>. <https://www.kff.org/other/state-indicator/death-rate-by-raceethnicity/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

^{viii} https://www.google.com/search?q=educational+achievement+by+race&rlz=1C1GCEA_enUS914US914&oq=&aqs=chrome.1.69i59i450l8.607834958j0j15&sourceid=chrome&ie=UTF-8

^{ix} <https://www.census.gov/newsroom/press-releases/2021/annual-business-survey.html>

^x Systematic risk is measured by beta—measures the behavior (sensitivity) of an instrument's return to the changes in the market portfolio of instrument as

$$\beta = \frac{\% \Delta \text{ in instrument's value}}{\% \Delta \text{ in market portfolio of instrument}}$$

If the change in asset's value is less than the change in the market portfolio of instruments, the systematic risk is low. Any asset with a high beta is associated with high systematic risk, and is less desirable in the portfolio of assets and therefore should have a high market risk premium.