

## The New Black Wall Street

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### **Abstract**

Current studies on the racial wealth gap explore the origins of the problem and address it through the law. The paper provides an avenue to address the issue of racial wealth with the goal of providing insights for the establishment and identification of a Black Community for systematic success for Black community growth. The study builds on the social/ contextual knowledge founded upon the teachings of Marcus Garvey, history of Prairie View, history of black business and Greenwood District. This paper aims to inspire current and aspiring young Black professionals with ways we can help foster economic growth within the Black community.

**Keywords:** Prairie View, racial wealth, Black community

## Introduction

The average wealth and assets in a Black American family is about \$9,590, while the average wealth and assets of a White American family is approximately \$130,800 per the 2014 US Census. That means Black wealth and assets are roughly 7% of Whites in America on a per family basis, and the gap is only widening due to a misperception that the gap is closing. According to the National Urban League's 2018 State of Black America Equality Index, the average Black man earns 70% of what his White counterpart earns (\$39,431 and \$56,386, respectively), while the average Black woman earns 82% of hers (\$35,382 and \$43,346, respectively) (National Urban League, 2018). If the incomes are not equal, how can we, as American citizens, expect the wealth gap between the two communities to close if the playing field to purchase assets is unequal? A better question is this: what would be the most effective way to reverse this trend? Some say that it is in the form of reparations from the government for the 200+ years of wealth extracted from the community. While this is true, it is highly unlikely to gain Congressional support because only 29% of Americans support reparations, according to an Associated Press poll (Williams, 2019). The next best idea is to support Black businesses. History has already shown us one monumental success in Tulsa, Oklahoma. O.W Gurley showed us the way to Black prosperity when he bought 40 acres in the Greenwood District (Clark, 2019) which ended up having 191 successful Black business (Ellsworth, 2001). Greenwood was so successful that they received recognition

from the White Tulsa residents saying, "Residents in the Negro section of the city have proven themselves no less enterprising than the white people" (Tulsa World, 1920). As the saying goes, before you can convince others of your worth, you must believe in it yourself. In other words, the Black community must strive to support itself before we can expect meaningful support from others. The best way to live intentionally Black is for Black people to identify physical locations for Black economically independent communities.

## Disparities

It does not take a political scientist to realize Black and White people are not yet equal in the application of laws. Therefore, Black people could benefit from a Black community-based focus on the prosperity of Black people. According to the National Urban League's State of Black America Report (2018), Blacks are only about 72.5% equal to their white counterparts in treatment. Which sounds better than reality because this index is based off 5 categories: Education, Economics, Health, Civic Engagement, and Social Justice. Most people would say economics is the starting place to improve the other categories because with increased income, one can become more educated, and hence would gain health awareness.

However, Blacks have a 58.2% economic equality rating, and the data shows that there is room for improvement to improve the Black American economy (National Urban League, 2018). This rating is broken down into poverty, employment issues, median income, housing and wealth,

digital divide, and transportation. The most glaring statistics is the unemployment rates between Blacks (7.5%) and Whites (3.8%); the poverty line is even more significant with 23.9% of Blacks living below the poverty line while only 10% of the White population lives below the line. With these numbers, some may conclude that Black people are just lazy, and do not want to work. However, when one examines labor force participation, the numbers are more equal with most education levels falling within the 90% to 110% percent range, meaning Black people have the same percentage of people working when compared to white people by educational achievement. The only exception being the population over 25 years old with less than high school diploma where Black Americans rank at 78%. This would prove that Black Americans are striving to achieve employment but there is another factor causing the gap in wealth. The other area where there is still a significant divide is home ownership, and that is about half as well, with white people at 71.9% compared to 41.6% of Black people. The disparity could be explained by the mortgage denial rate for Black people, who are being denied at about 3 times the rate white people are (26.2/7.2).

A close-knit Black community could stand to change these statistics by employing fellow Black people and supporting Black businesses. Increased connectivity between Black people and Black businesses also increases the economic prosperity of the community, allows us to circulate the dollar in our community longer, and pay fellow Black

Americans a fair wage for work, and all while knowing that the money earned/spent will be going back into the community.

To create this community, however, it is very important to study the historic past of the successful Black communities to learn from their successes in order to implement their models. It is also important to examine their mistakes and downfalls to make sure that history does not repeat itself. For example, many people know that the Greenwood District of Tulsa, Oklahoma, also known as Black Wall Street, fell victim to a race riot on June 1<sup>st</sup>, 1921, because of a false sexual assault case. The imprisonment of the Black man accused of sexual assault led to the arrival of Black and White men, although with varying motives, that were very agitated. The black men were there to ensure their fellow man was not lynched and the White men were there for a scheduled lynching. One altercation between individuals led to another and ultimately burned down most of the community. "In 1926, W.E.B Du Bois visited Greenwood. The riot's damage had been repaired, and new buildings had risen. Looking on the resilient Black faces of the Promised Land, he wrote, 'Black Tulsa is a happy city,'" (Wills, 2018). The end came when the Federal Government changed its view on segregation and the many members of the Black community were lured by the temptation of integrating with the majority community. As a result, the power of our community was dismantled and taken advantage of by companies advertising towards Black people, and simultaneously not letting us in these same market spaces, i.e. the Black Beauty industry.

People not readily concerned with black hair might not realize this, but there has been conflict over who controls the Black Hair industry. According to Aron Ranen's *Black Hair* (2006) and In-Jin Yoon's *On My Own: Korean Businesses and Race Relations in America* (2014), Koreans have had a stranglehold on the market. This initially started in the 1960s when the Korean Trade Promotion Corporation (KTPC) made \$100 million on wigs from 1965 to 1978. Once the corporation realized the percentage of sales came from the Black community, like any smart business, KTPC cornered the market. South Korea effectively had a monopoly on pre-made wigs and extensions. Now that the Koreans controlled the supply on these wigs, they had the power to choose who they distribute their products to, and the Koreans chose to sell to other Korean entrepreneurs. Eventually, over the next 5 decades the wig/hair stores developed to beauty supply stores, and this gave Koreans a stranglehold over the Black beauty industry.

Now it is not fair to fault them in this practice because most ethnic groups tend to put their groups before others. However, it is important to realize that the Black hair care industry was a \$2.51 billion dollar industry according to CNBC (Turner 2018), and if Black people reclaim this industry alone it would go along way to reducing the racial wealth gap.

The lesson learned from Black Wall Street was seeing how effective a community of Black people can be. For example, Black Wall Street had a nationally recognized school system and two newspapers in its 50-year history (Wills,

2018). All its successes could be traced to a man named Ottawa Gurley.

Ottawa Gurley was the original landowner who bought 40 acres of land and attracted Black people to his land. He built houses and apartments on some parts of the land, and sold some parts to Black entrepreneurs. The main lesson from him was that it was his desire to do put Black people first in every facet of his life that allowed for this Black sanctuary to exist. This desire is the most important trait to creating a Black community by the landowners and citizenry alike because it is so easy to dip into the more abundant and wealthier white community for products and tenants, but this does not add monetary value to our community, but rather gives it away. Even among Black Wall Street residents, "It is said within Greenwood every dollar would change hands 19 times before it left the community" (Clark, 2019), so the purposeful pro-Black existence was a benefit to the community.

Yet, there are issues in researching historic Black communities, namely, the lack of proper documentation and record keeping. When creating communities, it is vital to have an exceptional written history of the community. With a well-documented history, the community, if successful, will be able to learn from its past to understand the importance of the sacrifices made to create and maintain it. On the other hand, a written history is important even if the community fails because failure is life's greatest teacher. If others want to replicate the community, they can make sure not to avoid the mistake already made by the earlier community.

### Racial and Ethnic Models

Black people are not the only minority to attempt to create their own ethnic enclaves in America. In fact, every minority has more or less attempted to create their own communities to escape discrimination. Chinatowns, Little Italy in New York City, Koreatowns, New Braunfels and even Indian Reservations are prime examples. It also would do well to study other ethnic groups and see how they succeeded in their own right. The Jewish community is thought to be one of the more successful communities because, according to Pew Research (2016), "About four-in-ten Jews (44%)... live in households with incomes of at least \$100,000," while in comparison only 19% of all Americans meet this threshold. What makes the Jewish community different? They took the approach of finding auxiliary industries to dominate in order to survive and not bring attention to themselves. For example, when they were kept out of the insurance business they pivoted to the insurance brokerage business; likewise, when they were kept out of the steel industry, they pivoted to the scrap business, which supplied the steel industry with half of its raw material requirements. This strategy of finding auxiliary industries to dominate would be a useful technique to borrow because we are left out or charged higher amounts in certain industries. The process of finding a new adjunct industry would give Black people a permanent role in the economy that would not be able to be taken away from us. Also, this newfound auxiliary industry would give the opportunity for Black people to create

generational wealth and would actively decrease the racial wealth gap over time.

Marcus Garvey was a political activist with a dream of moving all African Americans to Africa in order to escape persecution and degradation of his people. While I do not view myself as a proponent of Garvey, he did have a point of view that I find beneficial towards rebuilding Black wealth. I will also be balancing his knowledge with some of his shortcomings to make sure I do not repeat unnecessary mistakes Garvey made. First, Garvey achieved a great feat when he started the Black Star Line shipping company to give Black people a chance to trade with other Blacks across the globe, predominantly Africa, according to *Marcus Garvey: Look for Me in the Whirlwind* (2001). In addition to his back to Africa Movement, his establishment of the Universal Negro Improvement Association provided many Blacks with positive self-image they were seeking to help them push for their dreams (Nelson, 2001). His preaching about Black separatism are interesting to study, because there is merit to the approach of Black people leaving to go back to the Africa and be successful there, even if I do not agree with them completely. There is substance in his viewpoint of separatism strictly for economic gain. However, like everyone, the good things in Garvey comes with the more negative side of him that ultimately led to his downfall. He approved of the ideal of Black separatism so much that he agreed with the purposes of the Ku Klux Klan because they essentially wanted to separate

the races. His business practices were also subpar because he always had debts and constantly shifted budgets from one program to pay off another debt. Lastly, his delegation skills were abysmal because many of the men who worked for him were of poor character, and they scammed him. Personally, I did not agree with his plan for American Blacks to move to Africa to start their own community, but I do not necessarily believe such a movement was a fault because Blacks were treated as second class citizens in America. I would propose moving this community much more closely where it does not require leaving America to create.

### **New Black Wall Street Location**

Prairie View, Texas or Waller County would be an excellent location to create the new Black Wall Street. The main reasoning behind the decision is that the historically Black university of Prairie View A&M has already been established. With the Prairie View A&M University, when the community pulls in entrepreneurs and other self-sustaining businesses, the companies do not have to look far to find highly educated workers that would be willing to grow with a company. Also, the city is already 90% Black, according to the 2016 U.S. Census data.

In the plan's infancy, I assume most of the growth of business will be due to the college because PVAMU already has a master plan to develop and urbanize the Prairie View area, according to Mr. Michael Hurd (Director of Texan Institute for the Preservation of History and Culture at Prairie View A&M University), and I

envision working with the university to create an urban community for Black people. The first wave of business to enter would be the food industry whether that be fast food or traditional restaurants, and grocery stores because it was not too long ago that Prairie View was considered a food desert, where the community members had minimal access to healthy and affordable food, and is still considered one by some. As of now, some essential needs of Prairie View are being handled by nearby cities such as a hospital and public transportation, but as the city begins to prosper in its own right, creation of its Prairie View's public services would follow. The urbanization of Prairie View is also thought to be helped by the encroachment of Houston: as Houston expands, urbanization comes with it.

Historically, the Prairie View area does not have the reverence of the nation but should be talked about nonetheless. "It traces its roots to Alta Vista, the plantation home of Jared E. and Helen Marr (Swearingen) Kirby... and at one time claimed a population of 400 slaves" (Reed, 2010). The plantation home was also used as a Confederate General Edmund Kirby Smith's Headquarters for the later parts of the war. In 1867, Gen. Kirby Smith's wife changed the plantation home into a boarding school for women called Alta Vista Institute. In 1876, Mrs. Kirby sold Alta Vista to the state. Texas then created the first public university for Blacks in Texas on that Alta Vista property, and this eventually led to the creation of PVAMU, according to the Texas State Historical Association (Reed, 2010). The development of the university and the growth of the agricultural

community helped the area expand and eventually led to the incorporation of the city and creation of many public services such as a school district.

Obviously, Prairie View is a city with most of the basics for city functionality previously established in order to support the ever-growing university. However, there are city tools not being utilized that should be, if we are to turn Prairie View into a Black business hub. For example, there is a lack of public transport in the area, and even though that is understandable for a city of that size. Many of the essential services are dependent on the university, and according to the Texas State Historical Association (2010), “. . . [the city] got its water from the Prairie View A&M University water system and was dependent upon the university for fire protection, ambulance service, and medical service”. As community leaders try to bring businesses in, public transportation will have to be created to support the population increase. To attract Black businesses to the area, the city could offer tax cuts to entrepreneurs and market the up to date services to show the city’s commitment to allowing for economic success for entrepreneurs.

Utilizing the corn crop produced by the town’s farmers may be a way to provide manufacturing service because of corn’s versatility. The plant can be fitted to produce ethanol to keep with the theme of Texas oil and gas; the corn can be sold as components to major products such as makeup and cleaning supplies.

Another way to promote growth in a Black business in the area is through the use of public-private partnerships to bring Black

businesses to invest time in building the community in hopes they will grow to care and live in the community. This is not a new idea either; in fact, it was utilized in the 1970s by David Packard to create a community in Silicon Valley (Partners and Affiliates, 2020). The impact this had on the development of Silicon Valley was substantial enough for Prairie View to consider the possibility of trying the public-private partnership to grow Waller County.

Lastly and probably most important, the city **MUST** work with the university to devise a plan to keep graduating students from Prairie View A&M University in Prairie View. The students of Prairie View A&M University are essential to the success of the community because of the likely innovation that comes out of young minds which would keep the city on the right side of progress.

The increased interaction between the school’s alumni, the Prairie View community, and the current students would give the location of Prairie View an increased value to the students, who would more likely stay in the area to help continue to build up the area. Doing so would inevitably lead to more successful Blacks migrating to Prairie View, and simultaneously retaining Prairie View A&M University students.

The Black community would benefit tremendously from a land of our own that fosters the intentionally Black mindset. To live intentionally Black would be for the community members to actively search for ways to help improve the Black community in whatever way they can as the members live their lives. As a result of this mind set,

the new Black Wall Street would allow money to remain in the Black community longer simultaneously by reinvesting in our entrepreneurs. Also, it would allow for Black children to see Black adults achieving academic success close to them and allow them to dream for the same success for themselves. A stark difference from what is seen often in mainstream media, where the only times a Black person is portrayed in a positive life is often when they are able to play a sport or produce music. A Black community would be a symbol for Black excellence to combat the negative image of Black people in America. Take heed however, because maintaining a Black community such as this would not be easy because it would also require a change in mindset by every individual involved with the community. Every Black person would have to have the desire to put the Black community first in every way possible. This would make sure money is being spent in our small businesses around and prevent them from going bankrupt. The entrepreneurs hiring Black people would help drive down our unemployment rates and shore up the unequal pay Black people are still receiving working for corporate America. The new Black Wall Street would not be a cake walk, but the light at the end of the tunnel may provide us with generations of power and success.

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