Reparations, Racial Exploitation, and Racial Capitalism

by

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Abstract

We live in a starkly racialized economy: an economy whose history includes the Atlantic slave trade, enslaved plantation labor, and Jim Crow. The economic relations and social practices that have emerged from that history constitute, as Charles Mills puts it, “a system that is run by whites for white benefit.” The question guiding this set of papers is how to pursue a racially just economy in light of this history.

In the first paper, “Reparations and the Racial Wealth Gap,” I evaluate the argument that the closure of the racial wealth gap is owed as reparations for the injustices that created it. I argue that there are a number of problems with the argument; most importantly, it treats racial populations as separate corporate bodies, and in doing so obscures class differences within them.

In the second paper, “Racial Exploitation and the Race-Class Nexus,” I argue against Charles Mills’s theory of racial exploitation. Mills argues that racial justice requires redistributing the proceeds from past racial exploitation and that racial exploitation can be distinguished from “standard capitalist” exploitation. I argue that Mills’s characterization of racial exploitation does not fit the most important historical cases, in part because Mills ignores processes of racial formation. So the concept of racial exploitation cannot provide the grounds for redistribution that Mills intends it to.

Mills frames his project as a demand for a non-racial capitalism. In the third paper, “On the Idea of a Non-Racial Capitalism,” I assess this broader goal. Many radical theorists and activists have argued that race and racism play critical roles in reproducing capitalist social relations and thus would argue that a non-racial capitalism is impossible. I argue that we do not need to make any general claims about capitalism and racism to see why this goal is confused; instead, we need to recognize how distant a non-racial capitalism is from our own. Getting to something that could be called a non-racial capitalism would require not merely a redistribution of wealth but a reconfiguration of global relations of production.

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Reparations and the Racial Wealth Gap

I. Introduction

We live in a starkly racialized economy. The owning class in the United States is almost exclusively white and the poorest people are disproportionately people of color.

The term *the racial wealth gap* is generally used to refer to the differences in median household wealth between white people and people of color, especially black people. The authors of the report *The Racial Wealth Gap: Why Policy Matters* write:

Intergenerational transfers of wealth can play a pivotal role in helping to finance higher education, supply a down payment for a first home, or offer start-up capital for launching a new business. Because households of color have less wealth today, Black and Latino young adults are far less likely than young white people to receive a large sum—or any money at all—from family members to make these investments in their future. The result is that the racial wealth gap perpetuates from generation to generation, with profound implications for the economic security and mobility of future generations.

Here I will focus on the racial wealth gap between white people and black people. In 2016, the median net worth for white households was about $163,000 and the median net worth for black households was $16,600. These figures represent vast differences in the basic facts of

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* The Charles Mills quotation in the abstract of my dissertation comes from “Racial Exploitation,” 117: “Unlike the current, more fashionable ‘white privilege,’ ‘white supremacy’ implies the existence of a system that does not just privilege whites but is also run by whites for white benefit.”

1 This is partly because the concept of the racial wealth gap was made famous by Melvin Oliver & Thomas Shapiro’s *Black Wealth White Wealth*. It is undoubtedly also due to the black/white binary paradigm of race that is prevalent in the United States. Perea, “The Black/White Binary Paradigm of Race.”


3 For convenience I will use the term *the racial wealth gap* to refer to this more specific gap.

4 These figures come from Moore & Bruenig’s calculations from the 2016 Survey of Consumer Finances. Wolff also uses 2016 SCF data but removes consumer durables from net worth and thus finds median household net worth of $140,500 and $3,400, respectively.
people’s lives. In the second half of the 20th century, about 5% of white people grew up in high-poverty neighborhoods; more than 60% of black people did.5

The racial wealth gap is at least largely due to extraordinary injustice. It is rooted in slavery and in the failure to transfer land on a large scale to formerly enslaved people during Reconstruction. Its more recent causes include unequal education, employment discrimination, and racist urban planning. Perhaps most significant is housing and mortgage discrimination, since most families’ largest financial asset is their home.6

Those who argue for reparations for slavery, Jim Crow, and housing discrimination often treat the racial wealth gap as evidence that the legacies of these injustices persist into the present. But they do not seem to believe that there is a straightforward connection between the size of the gap and what is owed as reparations. Given the causes of the gap, however—and the fact that “practically, every circumstance of bias and discrimination against blacks has produced a circumstance and opportunity of positive gain for whites”—one might take the racial wealth gap to indicate more directly the extent to which past injustices persist and what repairing them would require.7

In this paper I reconstruct and evaluate the argument that the closure of the racial wealth gap is owed as reparations. The rough idea is that the processes and policies that created the racial wealth gap and maintain it now have been unjust, and to repair their effects, the closure of the racial wealth gap is owed. This idea is fairly intuitive, and it seems to be operating in the

5 A “high-poverty neighborhood” is defined as one in which the poverty rate is above 20%. About 30% of black people born between 1955 and 2000 grew up in neighborhoods in which the poverty rate is above 30%; only 1% of white people grew up in such neighborhoods. Sharkey, Stuck in Place, 27.
7 Oliver and Shapiro, Black Wealth, White Wealth, 53.
background of many discussions of the racial wealth gap and reparations. So part of my goal is to put that intuitive idea in the strongest possible form.

Ultimately, I will show that there are a number of problems with the argument. The most important problem is that it treats white people and black people as distinct collectivities that have entitlements, own assets, and owe debts corporately. But that is not a good model for large and diffuse racialized populations, and the group claims that the argument produces cannot be translated into individual claims. Further, by applying only a criterion of racial justice in wealth accumulation, the argument obscures class differences within racial groups and shared class interests across them. Criteria for racial justice in wealth accumulation must not be so sharply separated from other criteria of economic justice.

In the first section of the paper, I explain the relationship between this argument, other reparations arguments, and other arguments for closing the racial wealth gap. In the second section, I motivate the argument and present it in what I take to be its strongest form. In the third section, I raise objections to the argument. I close by considering the political weight of reparations arguments and demands to close the racial wealth gap.

Before proceeding, I should clarify what “closing the racial wealth gap” would mean. The standard measure of the racial wealth gap is the difference in net worth between median black and white households, which amounts to $146,000, using the figures presented above. But because of the shape of the wealth distribution, using medians may be misleading. An enormous percentage of wealth in the United States is concentrated in the hands of very few white people: the Walton, Koch, and Mars families, all of whom are white, together have a net worth of $348 billion. So if median black wealth were to increase to $162,000 to match median white wealth, that would be consistent with white people continuing to hold a disproportionate amount of

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8 Collins, "The Wealth of America’s Three Richest Families Grew by 6,000% since 1982."
wealth and with the upper-middle and owning classes continuing to be disproportionately white.\textsuperscript{9} On this interpretation of what it would mean to close the racial wealth gap, the closure of the gap would be consistent with virtually all sites of power remaining dominated by white people.

This suggests that, instead, the goal of closing the racial wealth gap is best understood as requiring that each racial group own a proportionate share of the nation’s wealth: Because about 13\% of the US population is black, black people should collectively own 13\% of national wealth. If the racial wealth gap were to be closed in this second sense, then black households and white households would have equivalent mean rather than median net worth. That would require a transfer of $7.6 trillion from white people to black people.\textsuperscript{10} I mention that figure only to give a sense of the scale: going forward, I will take “closing the racial wealth gap” to mean transferring the amount of wealth from white people to black people that would make the mean net worth of members of each group equivalent, whatever amount that is at a particular time. I will sometimes use the term \textit{racial wealth equality} to refer to equality in mean net worth.

II. \textit{Backward- and Forward-Looking Arguments}

First, I will explain how the argument I am considering is related to other reparations arguments and other arguments for closing the racial wealth gap.

Arguments for black reparations vary significantly. The core idea of reparations arguments is that something is owed to right past wrongs or to repair the legacies of past injustices. But reparations advocates have different goals; they offer different characterizations of the injustices they consider outstanding; and they have different ideas of what justice

\textsuperscript{9} Matt Bruenig calculates that a program whose aim were to make the median net worth of black households $162,000, to match white households, would cost $456 billion if it were done as cheaply as possible. Bruenig, “Baby Bonds Only Modestly Reduce the Racial Wealth Gap.”

\textsuperscript{10} This figure comes from Bruenig. He uses 2016 SCF data.
demands. Some seek to secure compensation for violations of basic rights, while others believe that reparations would be valuable primarily as a national gesture of acknowledgement of wrongdoing.

Most arguments for reparations make no explicit reference to the racial wealth gap. For example, one standard argument for reparations is as follows: Slavery initiated a chain of harms linked as cause and effect; present-day descendants of slaves experience harms that they would not have experienced had the federal government paid reparations at the time of emancipation; thus, the federal government must provide compensation for those harms.¹¹ On another argument, due to Bernard Boxill, people who were enslaved were owed reparations, and "a person’s debtors are not let off the hook just because he dies."¹² So present-day descendants of slaves have inherited the right their ancestors had to reparations, with interest. Relying on very different premises, reparations advocates have come up with programs and figures that would have very different effects on the distribution of wealth.¹³

Though the racial wealth gap is rarely mentioned explicitly in reparations arguments, it often seems to be motivating those who make them. In what is likely the best-known work on reparations, Ta-Nehisi Coates’s "The Case for Reparations," Coates writes, "Perhaps no statistic better illustrates the enduring legacy of our country’s shameful history of treating black people as sub-citizens, sub-Americans, and sub-humans than the [racial] wealth gap. Reparations would seek to close this chasm."¹⁴ Similarly, Charles Mills writes, "For reparations advocates, existing property distributions are illegitimate because they rest on a history of racial discrimination and

¹¹ See Boxill, “Black Reparations.” Boonin, Should Race Matter? also defends a view like this.
¹² Boxill, “A Lockean Argument for Black Reparations,” 68.
¹³ See Darity and Frank, "The Economics of Reparations" and America, The Wealth of Races.
¹⁴ Oddly, later in the article Coates mentions some possible reparations programs, including $32 billion each year for a decade or two. But given the scale of the racial wealth gap, if reparations were to "seek to close this chasm," that would be nowhere near enough.
its cumulative intergenerational result over decades, or centuries if you go back to slavery.”

Mills suggests that white people “have benefited from ‘unjust enrichment,’ that their current holdings are unjust, and that corrective redistribution is therefore justified on those grounds.”

The argument I will consider for closing the racial wealth gap is backward-looking; its purpose is to right wrongs that occurred in the past. One could also, however, make a forward-looking argument for closing the racial wealth gap. If justice requires racial equality, and racial equality requires that a group control a proportionate share of resources, then the wealth gap should be closed regardless of its history. A similar argument might begin with the idea that the gap is, as Charles Mills puts it, “central to the perpetuation of racial inequality.” The gap itself represents a particular kind of racial inequality, but it also reproduces racial inequalities in a number of other areas: the kinds of neighborhoods that families can afford to live in; the schools their children have access to; the quality of their housing, nutrition, and healthcare; and the amount of political power they wield. Insofar as these other racial disparities are unjust, one might argue that the racial wealth gap should be closed to eliminate them.

Occasionally, people argue that reparations should be paid in order to close the racial wealth gap. This way of thinking seems to begin with a forward-looking ideal, the ideal of racial wealth equality, and then proposes a way of getting there: through a transfer of wealth. But to call this transfer of wealth “reparations” is confused. A transfer of wealth counts as reparations

16 Mills, 17.
17 Matthew, “Racial Injustice, Racial Discrimination, and Racism” defines racial equality as requiring that a racial group own resources and occupy positions of advantage in proportion to its share of the population, but argues that “[racial] inequality can arise—and be sustained—innocently,” because racial groups might differ in terms of culture (“for reasons unrelated to discrimination or other possible sources of injustice”) and cultural differences can produce inequality. Given the histories by which “racial groups” have been formed this does not seem plausible in the real world. p. 889-890. I disagree with Matthew’s characterization of what racial equality requires because, as will become clearer throughout the paper, I am cautious about the idea of racial groups collectively owning resources.
18 For example, the June 2019 issue of the progressive magazine In These Times includes responses to the question, “Are reparations the solution to the racial wealth gap?”
only if its purpose is to repair past wrongs; if its purpose is to achieve some other goal, it is not rectificatory or reparative.

The argument I am interested in does not begin with the assumption that a racially just distribution of wealth requires racially proportionate control of wealth. Instead, the idea we begin with is that a great deal of white wealth is owned illegitimately. Some of it was acquired through outright theft, backed up by racial violence; more frequently, white families benefitted from racist state policy and wrongful discrimination. Here, for example, is a story from a young white man:

This week, I was in a crunch and called my parents; they decided to give me $32,000 from my grandmother’s recent inheritance. After World War II, my grandparents bought a home, with the help of government programs not available to black families. Years later the home was sold and its value passed along to my parents. My grandmother’s father—my great-grandfather—was a member of the KKK.19

The situation of this young man is not especially unusual. The intuition we are examining is this: Because so much of the wealth that white people own is counterfactually dependent on their whiteness—had they not been white, the route by which they accumulated wealth would have been closed—it rightfully belongs to those who were prevented from accumulating wealth. The closure of the racial wealth gap is owed to repair these past injustices. I will now turn to the task of trying to turn this initial thought into a stronger argument.

III. Motivating the Argument

An argument that the closure of the racial wealth gap is owed as reparations must answer two questions: First, what are the wrongs for which repair is sought? And second, given an

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19 Very lightly reworded twitter thread from Brian Highsmith: https://twitter.com/bd_highsmith/status/1027049512760750080
answer to the first question, why is the closure of the racial wealth gap the appropriate form of repair? If we merely point out that a great deal of white wealth has been won through injustice, that does not yet give any reason for thinking that the value of what is owned illegitimately is exactly whatever it would take to close the racial wealth gap.

The way we get to the idea that the closure of the racial wealth gap is owed is through a judgment about what the distribution of wealth would look like if not for racial discrimination and injustice across generations. On the assumption that there is no correlation between race and motivation, desire to accumulate wealth, or talent, if not for systematic racial oppression and discrimination across generations, there would be no notable relationship between racial designation and wealth. A person's race would not have had any relationship to his ability to acquire land, start a successful business, attend college, obtain a mortgage, or get promoted. So we would expect that there would not be disparities in unemployment rates, in homeownership, or in educational achievement between black people and white people. The average black household would have roughly the same amount of wealth as the average white household, because black people and white people would have had equal chances in the paths to wealth accumulation. Similarly, the upper and lower classes would be roughly racially representative. So racial groups would control proportionate amounts of the national wealth.

How does this counterfactual distribution of wealth in a racially just timeline bear on what should happen in ours? It is a standard measure of repair that a victim should be returned to the condition she would have been in but for the injustice. But, as critics of reparations have often pointed out, this condition on compensation or repair becomes increasingly hard to apply

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20 Of course many people do believe there is such a relationship, and that it is not itself due to past discrimination, which is why they do not think the racial wealth gap is any indication of injustice.

21 (I use "his" advisedly here, since women have generally not had these opportunities or been able to own these assets. This argument says nothing about what gender justice would require.)
as time progresses. That is, there is no fact of the matter about what position any individual alive today would be in but for slavery, or had reparations been paid after emancipation; the existence of everyone alive today is counterfactually dependent on history having proceeded as it actually did. Even if we focus on more recent harms, we cannot know how an individual person’s life would have turned out if her parents had not been subject to discrimination, if they had been better off as a result, and if they had been able to pass those benefits onto her.

The argument under consideration attempts to sidestep these issues by focusing on what we would expect to be true in the aggregate. While there is no fact of the matter about what position a particular person would be in but for the history of racial injustice, we have good reason to think that the white population and the black population would own roughly proportionate amounts of wealth; white people would in aggregate own much less than they do, and black people would in aggregate own much more. So the argument’s claims are focused on groups rather than on individuals. Though the individuals who would constitute ‘the black population’ and ‘the white population’ in this counterfactual world are entirely different from the individuals who in our world constitute ‘the black population’ and ‘the white population,’ the idea is that just economic relations between groups in our world are to be determined by reference to the relations that would obtain among groups in a counterfactual, racially just world.

Without further ado, here is a more careful version of the argument.

1. Had processes of wealth accumulation been racially just, there would not be a racial wealth gap: the black population would control a proportionate amount of the national wealth.

2. Because processes of wealth accumulation were not racially just, the black population suffers an unjust disadvantage.

22 See, e.g., Morris, “Existential Limits to the Rectification of Past Wrongs.”
3. To remedy the unjust disadvantage, the black population is owed the share of wealth they would have controlled had processes of wealth accumulation been racially just.

4. The black population is entitled to a proportionate share of national wealth, i.e. the closure of the racial wealth gap.

We could, of course, make a similar argument about what the white population is required to relinquish.

Several features of this argument are worth clarifying and pointing out explicitly. First, support for the first premise comes from judgments about what explains the racial wealth gap: that it is at least largely due to slavery, the failure to pay reparations and the failure of Reconstruction, and ensuing racial discrimination. For processes of wealth accumulation to have been racially just since the end of the Civil War, there would have to have been an enormous reparations program that was successful in redistributing land and wealth and establishing equal terms of competition between black and white workers. No one could have been barred from or disadvantaged in accumulating wealth on the basis of race; there could not have been racial discrimination in education, employment, or obtaining a mortgage.\(^2\)

Second, the argument does not suggest that had there been no racial injustice after slavery, the current black population would control an additional $7.6 trillion worth of particular assets that are currently held by the white population (for example, particular buildings, or shares of particular companies). That is because a timeline in which there were no racial injustice after slavery is one with an entirely different history of economic development. For example, the

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\(^2\) These two conditions correspond to what have sometimes been offered as competing explanations for the racial wealth gap: “the ‘head start’ that whites have enjoyed in accumulating and passing on assets” versus “contemporary dynamics of race and property” including differences in income. See Conley, “Decomposing the Black-White Wealth Gap: The Role of Parental Resources, Inheritance, and Investment Dynamics.” It might seem strange to consider what conditions on wealth accumulation after slavery would have made it racially just—rather than to say that for wealth accumulation to have been racially just, slavery could not have occurred. But a world in which the Atlantic slave trade and plantation slavery never occurred is too different from our own to be useful in spelling out any intuitions about racial justice.
development of cities would have been entirely different—there would not have been sundown towns, white flight to the suburbs, racial covenants, redlining, blockbusting, or the state-sponsored creation of ghettos. There is no reason to believe that the overall net worth of the United States would be what it in fact is now, just distributed differently, had there been no racial injustice. So the claim is not that groups are entitled to the assets they would have owned absent racial injustice, because it is entirely indeterminate what those assets might have been; instead, the claim is that groups are entitled to the share of assets that their counterparts would have owned absent racial injustice. Had there been no racial injustice, there is strong reason to believe that the black population would control a proportionate amount of the wealth of the country—or, said differently, that there would be no correlation between racial designation and wealth. So, because the fact that the black population does not currently control a proportionate amount of resources is attributable to racial injustice across generations, the black population is owed proportionate control of the nation’s resources.

One final feature of this argument is worth observing. As I mentioned above, sometimes the racial wealth gap is itself presented as an injustice for forward-looking reasons. The argument I have provided does not treat racial wealth equality in this way; instead, it assumes that racial wealth equality would have been the expected outcome of just procedures, and the closure of the racial wealth gap is owed to those who have been unjustly disadvantaged by the actual, unjust procedures.

That concludes my attempt to make a case for the argument that the racial wealth gap should be closed as reparations. While, to my knowledge, no one has explicitly defended this argument at any length, I have tried to produce a more careful version of a thought that many people find very compelling: namely, that the racial wealth gap reflects the proceeds of racial
injustice across generations and should be closed on that basis.

IV. Problems with the Argument

There are a number of problems with the argument.

First, the argument presupposes that in a counterfactual, racially just world, the black population would own a proportionate share of wealth. While it is plausible that in a racially just world there would be no correlation between skin color and wealth, that cannot so easily be translated into a claim about what ‘the black population’ and ‘the white population’ would own. In a counterfactual world in which reparations had been paid and in which there had been no racial discrimination after slavery, it is not clear what the criteria for membership in either of these populations would be. If we assume that what makes someone a member of a particular racial population is some fact about her DNA, her skin color, or other phenotypical features, then identifying counterparts is easy enough. But race is a sociopolitical category, and to be designated black or white in our world is to belong to groups delimited by past practices of discrimination. Delimiting racial populations required “antimiscegenation laws, census takers, a vigilant Bureau of Vital Statistics that aggressively enforced racial boundaries in issuing birth certificates and marriage licenses, job discrimination, separate school systems and...if all else failed, bloodhounds and lynch mobs.”24 In a racially just world there would be just as much human variety, and there would likely be terms designating ancestry and skin color. But by stipulation, many of the practices that in our world have been responsible for producing and reproducing racial categories could not have occurred.

A second problem is the presupposition that racial groups are the kinds of entities that can have claims to wealth or can hold financial debts. The argument suggests that the black population is *corporately* entitled to wealth that the white population corporately wrongfully possesses. Note that the argument does not establish any individual claims; it does not establish that any individual is entitled, because of the history of racial injustice, to any particular economic position or any particular transfer of wealth. There is no fact of the matter about what economic position an individual would occupy had processes of wealth accumulation been racially just. So, the group entitlement claim is not the summation of a number of claims about what particular individuals are owed. It is irreducibly a group claim.

Many reparations advocates assume this kind of picture. Boxill, for example, defends the idea that “the white community as a whole, considered as a kind of corporation or company, owes reparations to the black community,” presumably also some kind of corporate body. But the many millions of people who compose ‘the black population’ in the United States, and the many more who compose ‘the white population,’ live in enormously different circumstances and have very different values, priorities, and interests. While there are particular white *communities* and black *communities*—and the relations among members of these smaller communities may make it possible for the communities themselves to collectively hold entitlements and debts—racial populations as such do not constitute communities or corporations.

The political effect of this kind of language is to erase class differences within racial populations. The argument claims that ‘the black population’ suffers an unjust disadvantage

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26 Reed writes that this way of talking “presumes a coherent, knowable black agenda that exists outside of democratic, participatory processes among those in whose names decisions are to be made and resources allocated.” Reed, “The Case Against Reparations,” 17.
because of the racial wealth gap. But the racial wealth gap points to overall *patterns* of wealth and poverty, or advantage and disadvantage; it does not itself cause or constitute an advantage or a disadvantage.

This becomes clearer when we try to figure out how to make sense of a group claim to wealth within a wildly unequal wealth distribution. Closing the racial wealth gap—establishing equivalent mean net worth between black people and white people—would require transferring many trillions of dollars. As Matt Bruenig has observed, if that money were distributed evenly, every black household would be pushed into the upper-middle or upper classes. Alternatively, it could be distributed to create racial parity at every level of the wealth distribution: the black 99th percentile by wealth would have as much wealth as the white 99th percentile, the black median household would have as much as the white median household, and so on. But because so few white people own so much, creating parity between black people and white people at each percentile would mean that about three-quarters of the transfer would go to just 10% of the black population.

At some point a group claim to wealth has to be translated into individual claims, and then questions about distributive justice both within and across groups will arise. It was supposed to be a feature of the argument that it could evade the problem of there being no fact of the matter about what positions individuals would be in absent racial injustice by making an aggregate claim; but then, of course, there is no clear way to disaggregate the claim.

According to the argument, a great deal of wealth is wrongfully held because of the racist processes by which people accumulated it. The argument endorses only one criterion of justice in wealth accumulation, which we could call "racial fairness": that a person's racial designation not advantage or disadvantage her in competition in the labor market or in accumulating financial

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27 Bruenig, "The Puzzle Of Reparations In An Extremely Unequal Society."
assets. Because the argument seeks to correct the distribution of wealth only along a single dimension, the implicit suggestion is that a distribution ‘repaired’ in this way would be just. But there are many other dimensions along which the distribution of wealth—and, more to the point, relations of ownership, production, and consumption—should be altered. Rather than limit ourselves to pursuing fair competition for positions of economic success (and failure), we might instead fight for a different kind of economic arrangement: one in which everyone’s basic needs are met, for example.

V. The Politics of Reparations Arguments

The term the racial wealth gap can be used to refer to either of two measures. First, it can mean the difference in median wealth between white households and black households. This figure indicates vast differences in experiences and opportunities. Second, it can mean the difference between the holdings of white people considered collectively compared to black people considered collectively (alternatively, the difference in mean wealth). This figure indicates that white people exercise disproportionate power and control over mass culture, politics, and economic development.

Together these statistics illustrate the scale of racial inequality. They are markers of the way that past social structures and state policies continue to affect us in the present, shaping the circumstances of the families and communities into which we were born. But those of us who seek racial justice should not articulate our goals using the language of “closing the racial wealth gap.” That goal is underspecified, and in the present context, it communicates acceptance of too many other unjust features of our economy.
Note that the goal of achieving “racial wealth equality” has no straightforward connection to eliminating poverty or lessening overall inequality. The racial wealth gap would be closed in a society of perfect economic equality, and it could be closed in a society as wildly unequal as our own, by merely changing the racial composition of the owning class and of the impoverished.

Many of the concerns I have about the goal of closing the racial wealth gap are more specific versions of worries that have often been raised by left-liberal philosophers and political scientists about the goal of reparations. (As I have mentioned, there are non-reparative arguments for closing the racial wealth gap, but the points I am interested in apply to the goal of closing the racial wealth gap whether that is presented as a forward-looking ideal of racial justice or because of what one takes to be the causes of the gap.) Their objections generally involve the idea that to make reparations arguments is to draw attention away from more fundamental political principles that would require more dramatic changes to basic economic structures.

Tommie Shelby, for example, has argued that reparations arguments can “obscure[] the validity of egalitarian critiques of American society.” He points out that there is no intrinsic connection between the payment of reparations and political or material equality; even if reparations were paid in full, he claims, a society could “remain unjust, including racially unjust.” So, Shelby argues, the focus on righting past wrongs can divert attention away from the more normatively fundamental questions of what a just society would look like and how to achieve it.

A second, related concern is that reparations arguments are too politically malleable: they can fit squarely into very different political frameworks. In public discourse, “reparations” have come to mean a transfer of wealth, roughly on the model of a tort claim. While reparations are

\[28\] Shelby, “Reparations, Leadership, and Democracy,” 396.
often associated with left-liberals, Robert Nozick claimed that existing property distributions were unjust because of their histories, and could defend a reparations program on the grounds that after it were implemented, property distributions would for the first time reflect the results only of freely chosen market transactions.\textsuperscript{30}

Cedric Johnson and Adolph Reed, Jr., have also argued against what we might call “reparations discourse.”\textsuperscript{31} Their concern is more explicitly strategic: Reparations discourse, they argue, is not meaningfully connected to on-the-ground political forces that are capable of building a powerful coalition. Nor is that connection forthcoming: people tend to take on political fights that are meaningfully connected to their immediate material interests. Johnson urges that we “[come] to terms with the distance between this abstract moral claim and the actual felt needs of black people.”\textsuperscript{32}

But there is undoubtedly a seed of radical egalitarianism in demands for reparations and in demands to close the racial wealth gap. Indeed, “at its most radical,” Robert Allen writes, “the demand for reparations stands as a critique of capitalist property relations.”\textsuperscript{33} This is especially true of arguments for reparations that focus on unjust processes of wealth accumulation, rather than compensation for past rights violations. They jeopardize all of our everyday claims about property ownership.

As I noted above, the racial wealth gap would be closed in a society of perfect economic equality and it could be closed in a society as unequal as our own. This ambiguity makes clear why one might think, as D.C. Matthew has argued, that racial justice itself is a “surprisingly

\textsuperscript{30} Nozick also cites Boris Bittker's \textit{The Case for Black Reparations} in his brief discussion of a principle of rectification. Nozick, \textit{Anarchy, State, and Utopia}, 152.

\textsuperscript{31} Johnson, “An Open Letter to Ta-Nehisi Coates and the Liberals Who Love Him”; Johnson, “Reparations Isn’t a Political Demand”; Reed, “The Case Against Reparations.”

\textsuperscript{32} Johnson, “Reparations Isn’t a Political Demand.”

\textsuperscript{33} Allen, “Past Due,” 21.
limited ideal?; "It is possible that while the introduction of racial justice will rearrange the racial make-up of various classes, it will leave unchanged the previously existing class structure." 34

My concern is that in an ideological context where capitalist social relations and the extraordinary inequality they produce appear natural and inescapable, the call to close the racial wealth gap functions as a call for this hollow notion of racial justice.

An alternative view of racial justice is much more expansive. Racial justice means justice for the global descendants of the colonized and enslaved: a leveling of the racial hierarchy, and thus an almost incomprehensibly broad set of changes to the global relations of ownership and production that support it. Whatever a racially just world could be like, it seems clear that its achievement would be incompatible with the existence of a racial wealth gap. But we must be clear about the scale of our ambition. Achieving racial justice means building a new world.

Racial Exploitation and the Race-Class Nexus

I. Introduction

Many radicals and left-wing political philosophers have been committed to a certain picture of the relationship between social structures and economic structures. These theorists have believed that the social is to be explained by reference to the economic; social divisions and social formations are rooted in relations of production and ownership. On this picture, race—among the most significant forms of social categorization—cannot be understood except by reference to capitalist dynamics. As Oliver Cox put it, in what may be the most extreme formulation of this view, “race relations... are labor-capital-profits relationships” or “proletarian bourgeois relationships.”

Over the course of his career, Charles Mills has come to challenge this view of how to understand race. As he describes in From Class to Race, he began his career as an orthodox Marxist, but he came to believe that race should be theorized on its own. Left accounts of race, he argued, have failed to capture “the phenomenological dimension of a racialized existence, the centrality of racial identity, the extent to which race both structures one’s life and penetrates to one’s ontic bones.” White supremacy, he wrote, “needs to be understood as a sociopolitical object [of its own]...—an object not simply reducible to class.” The problem with both mainstream and Marxist accounts of modernity, he argues, is that in ignoring race, they ignore “the emergence and consolidation of a new normative structure of moral inequality.” So Mills

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35 Cox, Caste, Class, and Race, 336.
36 Mills, "European Specters," 128.
37 Mills, 128.
38 Mills, 149.
has turned away from Marxism and focused his attention on developing a theory of white supremacy and its distinctive dynamics.

As one important component of such a theory, Mills argues, we must “develop an analysis of a specifically racial form of exploitation, in its manifold dimensions.”\footnote{Mills, “Racial Exploitation,” 114.} He argues that racial exploitation is a fixture of the past several hundred years and that the concept can provide an “illumination of the inner workings of modern society.”\footnote{Mills, 119.} Scholarship and public discourse about interpersonal racism and white privilege have often avoided the real issue, Mills argues, which is “the material payoff from whiteness, the political economy of race.”\footnote{Mills, 120.} In the United States, the most striking measure of this material payoff of whiteness is the racial wealth gap: the median wealth of white households is generally estimated to be somewhere between ten and twenty times the median wealth of black households.\footnote{See, for example: Collins et al., “The Road to Zero Wealth”; Traub et al., “The Racial Wealth Gap: Why Policy Matters.”} So whereas discussions of racism have tended to focus on the “individual and attitudinal,” developing an account of racial exploitation would draw attention to wrongful white benefit from racial injustice.\footnote{Mills, “Racial Exploitation,” 117.} The goal for racial justice, then, would be “the end to current racial exploitation and the equitable redistribution of the benefits of past racial exploitation.”\footnote{Mills, 131.}

Mills claims that racial exploitation can be distinguished from class exploitation, and argues that racial exploitation could “at least in theory” be eliminated within capitalism.\footnote{Mills, 122, 126.} Early on, not far out of his Marxist days, Mills argued that “White Marxists Should Be Black Nationalists”—that the fight against racism needed to be successful before the fight for socialism could begin, because racial divisions and racial antagonism within the working class have stifled
the possibility of solidarity.\textsuperscript{46} He now appears to take it for granted that capitalism is inescapable: “[I]f capitalism is the present reality that limits our horizons, then surely both Marxists and non-Marxists alike should be able to agree that a non-white-supremacist capitalism is morally and politically preferable to the white-supremacist-capitalism we have had for hundreds of years.”\textsuperscript{47} So he frames his project as involving the demand for a non-racial capitalism.\textsuperscript{48} In developing these ideas—that race can and should be understood independently from class, and that a non-racist capitalism is possible—Mills challenges a set of views that is widespread on the left.

In this paper I will assess the power of Mills’s challenge, focusing on his account of racial exploitation. I argue that Mills does not succeed in identifying a distinct form of exploitation and thus does not make clear how to end or redress it. Because Mills takes racial categories for granted, assuming that a theory of racial exploitation can begin with people already having been divided into “the dominant race” and “the subordinate races,” he mischaracterizes the complex and historically variable relationships between exploitative labor regimes and processes of racial formation. Among the things that turned people with little in common into ‘racial groups’ was their being similarly situated with respect to various forms of domination and exploitation. The practices Mills identifies as instances of racial exploitation were themselves among the practices that produced and reproduce race.

Further, grouping slavery, land expropriation, Jim Crow, and white exclusionary opportunity networks under the same heading requires ignoring the enormous differences between them. A CEO who is underpaid relative to his peers and a human being sold as a commodity are not subject to similar injustices. Any picture according to which these are instances of the same phenomenon leaves too much aside.

\textsuperscript{46} Mills, “European Specters,” 156.
\textsuperscript{47} Mills, From Class to Race: Essays in White Marxism and Black Radicalism, 173.
\textsuperscript{48} Mills, “Racial Exploitation,” 126.
After describing Mills's account, I review some of the historical debate over the role of racism in the Atlantic slave trade, early American enslavement, and Native American expropriation. This will show that Mills's first characterization of racial exploitation does not fit the historical evidence. Next, I consider racial counterfactuals, which Mills uses in providing a second characterization of racial exploitation. I argue that the meaning of these counterfactuals is clear only in paradigmatic cases of discrimination. This suggests that Mills is thinking of racial exploitation as akin to racial discrimination with economic effects. While discrimination has, of course, been widespread, I argue that the discrimination model does not fit many of the practices that Mills names as instances of racial exploitation.

In the course of developing theories of white supremacy and racial exploitation, Mills makes a number of important points that must be accommodated. Mainstream political philosophers and Marxist theorists have failed to give race the theoretical attention that it requires, too often treating the position of either the white contractor or the white proletarian as universal. But race cannot be cleaved off from class in the way that Mills suggests.

Mills's goal in developing a theory of racial exploitation is to build a case for redistribution in service of eventually achieving a "non-racial or non-white-supremacist capitalism." Whether such a system looks either feasible or desirable depends in part on how we construe the relationship between race and historical processes of exploitation. I thus end by considering how this project fares after my reframing.

39 Mills, 126.
II. Mills's Account of Racial Exploitation

Mills gives more than a page of examples of racial exploitation as it has occurred in the United States, beginning with these:

- Native Americans are cheated out of their land. They are not given a fair price in the first place, or the original deal is reneged upon, or their understanding of what they were signing away was mistaken because of deliberate deceit, or the land is simply expropriated, and so on.
- Africans are enslaved at a time when slavery is dead or dying out in the West. (Obviously, if Africans were enslaved in the ancient and medieval world, as they were, there was nothing *racial* about this, since race played no role in their enslavement—indeed, at the time they did not even have a race.)

He produces a list of about 20 items, including also contemporary examples like the following:

- Blacks, Mexican Americans, and Asian immigrants hired in jobs are paid less than white workers would be.
- Blacks, Mexican Americans, and Asian immigrants hired in jobs are not promoted or are promoted at slower rates and to lower levels than whites with comparable credentials.
- Black performers sign contracts with worse terms because they are not sufficiently educated to know better, and a history of racism explains their lack of relevant knowledge.
- Blacks and Latinos do not get a chance to hear about and compete for certain jobs in the first place because racially exclusionary word-of-mouth networks restrict notice of these jobs to white candidates.\(^50\)

These are cases, Mills says, where there has been “differential and inferior” treatment for members of subordinate races than there would have been for members of the dominant race.\(^51\)

Unlike class exploitation, racial exploitation “can be manifested in a much wider variety of transactions than proletarian wage-labor”—“it takes place much more broadly than at the point

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\(^{50}\) Mills, 127–29.

\(^{51}\) Mills, 125.
of production.” Excluding people from economic transactions, charging them higher prices, and providing differential preparation for employment can all be instances of racial exploitation.

This differential treatment has had significant and compounding economic consequences, as ‘R1s’ have siphoned wealth away from ‘R2s’ (Mills’s terms for members of the dominant and subordinate races, respectively). The wealth that R1s have accumulated through these practices seems illegitimate, and the collective economic losses to R2s constitute, as Robert Allen puts it, “a tax unfairly imposed because of race.” Racial exploitation thus “benefits R1s generally” and “disadvantages R2s generally.” R1s other than the capitalist class perpetuate it, as the white working class has worked to maintain the “wages of whiteness,” both psychic and economic. Mills notes, “[P]art of the motivation for aspiring to and becoming white is precisely so that one can benefit from this exploitation.”

Mills points out that these examples are extraordinarily different, and that though he provided a long list of them he could have included many more. He writes that the scope and diversity of instances of racial exploitation make it remarkable that this phenomenon has not been theorized. That claim has to be evaluated carefully; another possibility is that Mills has created a broad and ill-defined category. What, then, do all of these cases have in common? Here is the most complete characterization Mills gives of racial exploitation:

[Racial exploitation occurs when] relations of race play a role in the nature and degree of the exploitation itself. What makes racial exploitation racial exploitation, then, is not merely that the parties to the transaction are racialized persons, but that race determines, or significantly modifies, the nature of the relation between them… In what does this determination or modification consist? … I suggest that the paradigm case of racial

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52 Mills, 125.
53 Mills says he will simplify by focusing only on the relation between R1s and R2s, but that a more fully developed theory would include more complicated relations and hierarchies. Mills, 122.
54 Allen, “Past Due,” 20.
56 Mills, 127.
exploitation is one in which the moral/ontological/civic status of the subordinate race makes possible the transaction in the first place (that is, the transaction would have been legally or morally prohibited had the R2s been R1s) or makes the terms significantly worse than they would have been (the R2s get a much poorer deal than if they had been R1s).\textsuperscript{57}

So “racial exploitation” doesn’t just mean “the exploitation of people who are racialized as subordinate.” That is because, Mills writes, “It could be that the relations between R1 and R2 are simply standard capitalist relations....[where] a group of capitalists from one racial group hires a group of workers from another racial group, but race plays no role in the establishment or particular character or reproduction of the relations of exploitation.”\textsuperscript{58}

Several aspects of this characterization are puzzling even at first pass. In the USA, the ways that people are positioned with respect to various aspects of the economy—what kind of labor they do, their access to capital, the education and training they have received, the ways that industries have developed in particular areas—have been thoroughly racialized for centuries. In societies where race has been a central system of social categorization, the question is how, not whether, racial dynamics operate in various economic relationships. So a project that requires separating past and present economic transactions and relationships into those in which race has played a role and those in which it hasn’t, those that are instances of racial exploitation versus merely ‘standard capitalist exploitation,’ should be suspect.

Similarly, it’s not clear what it means for race to “determine or significantly modify” a relation—modify from what baseline? This way of talking seems to accord race itself causal power, and indeed, Mills writes elsewhere that “[O]nce created, race achieves a causal efficacy

\textsuperscript{57} Mills, 123.
\textsuperscript{58} Mills, 122.
of its own." It is surely true that racialized perceptions, racial attitudes, racial self-conceptions, racial norms, and racial associations all shape the way people think, feel, and act. But when we talk about race doing something or other we have to be very careful: what is it, exactly, that we are attributing causality to? This way of speaking gestures at something, but it is rarely clear how to make it more precise.

To elaborate on these points, I’ll first examine the idea that the “moral/ontological/civic status of the subordinate race” made certain exploitative transactions or practices possible. The problems with this idea are clearest when we examine Mills’s earliest cases.

III. Exploitation and Early Racial Concepts

Mills begins his list of examples with slavery and Native American expropriation. An argument for the illegitimacy of most currently held property claims could be made on the basis of those alone, since they can be thought of as large-scale instances of theft thoroughly integrated into the development of the US economy. Notice, however, that though Mills characterizes these ‘transactions’—centuries-long processes, which worked very differently in different times and places—as instances of racial exploitation, his broader argumentative strategy does not require it. Fortunes built on expropriation and slavery were very plainly not earned through processes wherein the rights to life, liberty, and property of all parties to the transactions were respected. Whatever justice in acquisition and justice in transfer require, claims to wealth produced by seizing land through the doctrine of discovery, owning and selling other human beings, and owning and selling the products of their enslaved labor violate them. If we are seeking to describe and explain these practices, then theorizing about race and changing racial norms is

crucial, but no such theorizing is necessary in order to consider whether the property claims slavery and land expropriation produced were legitimate by contemporary liberal norms; it can be argued that redress is owed for these practices, or that the wealth holdings that followed them were illegitimate, regardless of how the broader theory of racial exploitation fares.

But a theory of racial exploitation ought to treat these cases as paradigmatic. These practices played an enormous role in producing what Mills calls “illicit white advantage”—the elimination of which is his primary goal in theorizing racial exploitation in the first place. To determine whether Mills’s theory fits these cases, I’ll turn to some of the historical work about the racial ideas that were prevalent early on in these practices.

Recall that Mills suggests that in paradigmatic cases of racial exploitation, the R2s’ subordinate status makes possible a transaction that would have been prohibited in the case of R1s. So presumably Mills’s suggestion is that in the 16th and 17th centuries, Europeans conceptualized Africans and Native Americans as belonging to distinct and inferior kinds. They saw each ‘group,’ to different degrees, as uncivilized & heathen; members of those groups had the status of ‘subpersons.’ There that evaluation made way for especially exploitative processes that were prohibited in the case of the Europeans themselves. English people were subject to indentured servitude; Africans were subject to slavery. Treatment that would not have been considered acceptable if directed towards the Portuguese was considered acceptable for those from the Portuguese colony of Angola, because the Portuguese were understood as having some kind of moral status that the Angolans did not. “In the first instance...what justifies racial exploitation is that the R2s are seen as having less human worth, or zero worth. They have fewer

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60 Mills does not use this term in Racial Exploitation but it appears throughout his body of work: see The Racial Contract.
rights, or no rights." Such exploitation could not have occurred without some preexisting ideas about the victims' moral worth that made it appear justifiable.

This idea is often treated as commonsensical, and it has been argued at greater length by a number of historians. Alden Vaughan wrote, "Racism was one cause of a particular type of slavery, though... causation is itself a shaky concept in complex situations. It may be more useful to see Anglo-American racism as a necessary precondition for a system of slavery based on ancestry and pigmentation." James Sweet wrote, "Iberian racism was a necessary precondition for the system of human bondage that would develop in the Americas during the sixteenth century and beyond."

But many other historians disagree. Here, for example, is Jacqueline Jones on this point:

For treaty purposes in 1652 at least, the English were willing to grant certain Indian tribes the status of nation, with all the military and political significance the term implied. These Native groups possessed the numbers and the military prowess to extract from the English a measure of fearful respect; and in fact all Indians were either allies or foes, social relations the English well understood. Absent from these considerations was any sense that the Indians were part of a homogeneous race of people. Rather, there were clear social and political divisions among various cultural groups, differences that rendered generalizing about these Native peoples difficult and indeed counterproductive for anyone on the front lines of colonial profit-seeking.

In the late seventeenth century, a shortage of English indentured servants, combined with more favorable mortality rates for seasoned Africans, made slavery more profitable for colonial households, even those of modest means... Eventually planters would justify the system of slavery with theories of racial difference, theories that their colonial forebears had no incentive to create or invoke. British North American slavery evolved from a struggle for empire and a quest for mastery in the fields, and racial prejudice was more of an afterthought than a cause.

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63 Sweet, "The Iberian Roots of American Racist Thought," 166.
64 Jones, A Dreadful Deceit, 18.
65 Jones, 44. Jones does say that English servants were seen as having rights whereas Africans and Native Americans were not. She writes, "Because of their nationality, English servants possessed basic rights (though those rights were often honored in the breach), whereas Indians and Africans were utterly without rights by
The sociologist Oliver C. Cox wrote,

[T]he slave trade was simply a way of recruiting labor for the purpose of exploiting the great natural resources of American. This trade did not develop because Indians and Negroes were red and black...If white workers were available in sufficient numbers they would have been substituted....[this was] a practical exploitative relationship with its socioattitudinal facilitation—at that time only nascent race prejudice.\(^6\)

Barbara Fields summarizes:

Scholars occasionally maintain that English indentured servants escaped that fate [perpetual enslavement and inherited slave status] while Africans fell victim to it because Europeans would only go so far and no farther in oppressing people of their own colour. But they really only believe such folklore when they are floating in the twilight world of racial ideology [...] Once restored to honest daylight, they know better. They know that Greeks and Romans enslaved people of their own colour. They know that Europeans held other Europeans in both slavery and serfdom, and that the law in Tudor England provided for the enslavement of vagabonds. They know that the English considered no brutality too extreme in bringing to heel the supposedly savage and undoubtedly fair-skinned Irish.\(^7\)

This question brings us quickly to fundamental debates in historiography. But there is strong evidence that in the early years of colonial expansion into the ‘New World,’ and in the early years of the Atlantic slave trade, Native Americans and Africans were not seen as sharing an inferior “moral/ontological/civic status.” Nor was it the case that Europeans saw each other as sharing equal moral status, as full persons; many of them were, after all, \textit{unfree}. The sharp ideas that white Americans had in the 1800s and 1900s about the propriety of different treatment for white people vs. black people, or white people vs. ‘red’ people, on the basis of race, were very comparison. Neither group had been party to the generations-long process of negotiation between the English landed gentry and their field workers, a negotiation that had yielded legal protections for impoverished white men and women." Jones, 41. Similarly, Barbara Fields writes, “The freedoms of lower-class Englishmen, and the somewhat lesser freedoms of lower-class Englishwomen, were not gifts of the English nobility, tendered out of solicitude for people of their own colour or nationality. Rather, they emerged from centuries of day-to-day contest, overt and covert, armed and unarmed, peaceable and forcible, over where the limits lay.” Fields, “Slavery, Race and Ideology in the United States of America,” 103.\(^6\) Cox, \textit{Caste, Class, and Race}, 332.\(^7\) Fields, “Slavery, Race and Ideology in the United States of America,” 102-3.
different from the ideas and norms that were prevalent earlier on in the centuries-long processes of expropriation and enslavement.

Furthermore, even if we set aside the historical question, the claim that in paradigm cases of racial exploitation the status of the subordinate race \textit{made the transaction possible }or made its terms worse is hard to understand. In examining the causal stories of how a group comes to be exploited—and how people who are exploited come to constitute a group—we cannot say with such confidence what explanatory role any particular factor played, especially when the factor in question is as elusive as 'perceived moral status.' There are instead looping effects between ideology and material relationships: degrading and exploitative practices cement subordinate status, and subordinate status leaves people vulnerable to further degradation and exploitation.

Legitimating ideologies do not need to be articulated before practices can begin. Sharp racial ideas developed and deepened in the course of processes of exploitation. Some historians argue that these ideas were developed for the purpose of justifying ongoing exploitation only once challenges to it arose; for example, the historian David Brion Davis has argued that race became the "central excuse for slavery" around the time of the American Revolution, when there was a need for an ideology that could make sense of the existence of slavery alongside emerging ideas about the inherent equal moral status of men.\textsuperscript{68} As Barbara Fields wisely notes, "A commonplace few stop to examine holds that people are more readily oppressed when they are already perceived as inferior by nature. The reverse is more to the point. People are more readily perceived as inferior when they are already seen as oppressed."\textsuperscript{69}

In some of the cases that should be most important to Mills, it's not clear that those who were exploited constituted racial groups or that their subordinate racial status made their

\textsuperscript{68} Davis, \textit{The Problem of Slavery in the Age of Revolution, 1770-1823}, 303.  
\textsuperscript{69} Fields, "Slavery, Race and Ideology in the United States of America," 106.
exploitation possible. Later on, of course, there came to be very sharp ideas about racial status, and especially exploitative or degrading forms of treatment were explicitly justified by reference to race. To be racialized in one way or another meant to have or lack certain rights and privileges. But in these earliest cases, there is good evidence that racial categories did not neatly precede exploitation.

IV. Racial Counterfactuals

To clarify what it means for an exploitative relation to be an instance of racial exploitation, Mills relies on counterfactuals about race:

[...] I suggest that the paradigm case of racial exploitation is one in which the moral/ontological/civic status of the subordinate race makes possible the transaction in the first place (that is, the transaction would have been morally or legally prohibited had the R2s been R1s) or makes the terms significantly worse than they would have been (the R2s get a much poorer deal than if they had been R1s).

Mills also says that after the period of overt white supremacy, there is secondary or derivative racial exploitation, where the R2s are materially handicapped “by comparison with what, counterfactually, would have been the case had they been R1s.”70

That the relevant comparison is what would have happened had the R2s been R1s rather than what in fact happened to the R1s is crucial. Mills does not say that paradigm racial exploitation occurs when “R2s are subject to worse terms than R1s are,” nor that derivative racial exploitation occurs when “R2s are materially handicapped compared to R1s.” He uses the counterfactual formulation repeatedly.

That is because a counterfactual formulation is necessary for distinguishing racial exploitation from what Mills calls “standard capitalist exploitation.” He writes, recall, “It could be that the relations between R1 and R2 are simply standard capitalist relations. Imagine, say, that a group of capitalists from one racial group hires a group of workers of another racial group, but race plays no role in the establishment or particular character or reproduction of the relations of exploitation.”71 (As I mentioned above, I have trouble imagining such a case, but set that aside for now.) In such a scenario, it would be clear that R2s were being exploited at the hands of R1s, and thus that the R2s were getting a much poorer deal than the R1s. But this is not, by stipulation, a case of racial exploitation. Though the R2s are getting a much poorer deal than the R1s, they are not getting a much poorer deal than they would be if they were R1s. The question for Mills is whether the race of the R2s is significant in explaining their exploitation, or merely accidental—to what extent their exploitation occurs because they are R2s. And the use of a racial counterfactual is supposed to isolate the role of race by treating it as a variable of the exploited that can be switched on and off. So the question of whether the exploitation is racial becomes the question of what would have happened if the exploited had, counterfactually, been members of the dominant racial group.

In thinking about whether something that happened to members of one group, R2s, could have happened to members of another group, R1s, it matters very much how we describe exactly what it was that happened. Which features we consider essential may alter our sense of whether something could have happened to someone else, or to another group. Let’s set aside the language of R1 and R2 and just focus on the groups to which those terms refer: In the USA the R1s are white people and the R2s are, in almost all of the examples Mills gives, black people. How should we fill out the thought experiment that the racial counterfactual raises—of whether a

71 Mills, 122.
certain practice would have been morally or legally prohibited, or have had better terms, had the black people who were in fact exploited instead been white? First, it’s not clear whether Mills means for the counterfactual to apply to everyone who was subject to a certain exploitative practice, or to particular individuals or small groups. But much more importantly, it’s not clear what properties to switch—which properties are supposed to count as the racial ones.

Racial concepts have included ideas about religion, ancestry, nationality, language, skin color, facial features, and speech, and the importance of each of these has varied. So it is not clear how exactly to imagine the Africans who were enslaved or the freedmen who would go on to be sharecroppers as having been white. Mills surely does not mean merely a phenotypical switch—imagining people as “looking white.” It is not mere appearance on the basis of which people are sorted into racial categories. To pass as white was long distinguished (and in some places still is) from being white. And there have been many people designated black, and mistreated on that basis, who could easily be read as white in other circumstances. To be racially categorized is to be categorized as belonging to a particular social group with a particular history. So it is not at all clear how to imagine African slaves or black sharecroppers as having belonged to the social group of white people.

Europeans and their descendants enslaved Africans and their descendants. Some people administered a wildly violent system of production and others were its victims. One way of interpreting a claim like, “This person would not have been enslaved had he been white,” is that had he been white he would have been on the other side of the relation, on the exploiting side rather than the exploited. But, as I suggested above, this can’t be what Mills means. To determine whether a relationship between white employers and black employees is, for Mills, racially exploitative, we are supposed to ask of an exploited black employee, “what position

72 See, e.g., Williams. Life on the Color Line.
would he be in were he white?” We are not thereby being asked to imagine him as being on the other side of the transaction, as being an employer rather than an employee. Instead, we are trying to determine whether he would receive better treatment at the hands of his employers were he a white, rather than a black, employee.

So Mills is not asking us to imagine what would have happened had the people who were in fact exploited been in the position white people in fact were in, on the other side of the exploitation relation, but to imagine that the exploited were the very same people they were, similarly situated prior to the exploitative transaction, except white. But given the differing material circumstances of “racial groups” before they were racial groups, and given how racially stratified most of American history has been, we can’t treat race as a variable in this way; we can rarely meaningfully ask, “What would have happened were everything about her the same but her race?” To begin that thought experiment, we need to know much more: what is it that we are supposed to imagine changing, and what is it that we are supposed to imagine staying the same?

The racial counterfactual test is also hard to interpret in the contemporary cases Mills gives. In contemporary cases, he says, members of subordinate racial groups are nominally treated fairly, but they “inherit a disadvantaged material position that handicaps them—by comparison with what, counterfactually, would have been the case had they been [white].” They “bring to the table a thinner package of assets than they otherwise would have had, and so they will be in a weaker bargaining position than they otherwise would have been.”73 But again, it is much less clear than Mills suggests how to think about what material position any particular black person in the present would be in had he or she been white. How should we interpret the claim that had someone been white he would have gotten a better education, for example? One way of imagining that is to imagine such a person having been raised by the same family but

“looking white,” perhaps paid more attention by racist schoolteachers. Another is to imagine the same person born to a median white family—something like his soul plucked out of his body and put into that of a white child. But in this latter case it’s not just the child’s racial designation that we are imagining changing, it’s the racial designation of his parents, his grandparents, his neighborhood, the likelihood his parents own their home, the median value of their home, and so on. So it is not clear how to toggle race as though it were a variable, leaving everything else in place.

The point is not that it is impossible to make sense of these racial counterfactuals, but rather that making sense of them requires filling in much more surrounding detail. Because we cannot separate cases of exploitation into those in which had the exploited nonwhite people been white, they would have been better off (cases of racial exploitation) and those in which being white wouldn’t have helped (cases of mere standard capitalist exploitation), Mills’s characterization cannot serve as a general test for whether a transaction was racially exploitative. To separate cases in this way, we would need a much more detailed picture of what the relevant counterfactual is. In each case, depending on what we count as part of the racial switch and what we don’t, we will get different answers.

V. Racial Discrimination

Throughout this discussion, Mills seems to be relying heavily on the model of discrimination. He seems to be thinking that racial exploitation occurs whenever people experience racial discrimination that imposes economic disadvantages on them, whether the disadvantage in question involves being paid less by an employer, being excluded from a union, or having to pay higher prices for goods.
Though Mills doesn’t discuss discrimination explicitly, he uses language that is often used to explicate discrimination. First, he says that racial exploitation occurs when the lower status of the subordinate race makes exploitative transactions possible. Note the similarity to this characterization of the wrong of discrimination: “[People] are, because of their group membership and the disadvantages they suffer due to that membership, made vulnerable to domination and oppression.”74 Second, he says that racial exploitation involves “differential and inferior treatment.” Note the similarity to a second characterization of discrimination: “to discriminate against someone is to treat her disadvantageously relative to others because she has or is believed to have some particular feature that those others do not have. In short, discrimination against someone simply is disadvantageous differential treatment.”75 And finally, Mills uses racial counterfactuals.

Claims of discrimination are often adjudicated using racial counterfactuals. The legal scholar Issa Kohler-Hausmann has recently argued that the model of race that discrimination law uses is a counterfactual causal model.76 The National Research Council’s report Measuring Racial Discrimination says, “[T]o measure discrimination researchers must ask the counterfactual question: What would have happened to a nonwhite individual if he or she had been white?”77 And in ordinary situations, when people are accused of racial discrimination, they often respond by saying that race was irrelevant to their behavior: they would have behaved similarly had the target of alleged discrimination been white.

Some of the cases Mills discusses are straightforward cases of discrimination, and these are the cases in which it is easiest to make sense of the relevant racial counterfactuals. One of

74 Altman, “Discrimination.”
75 Lippert-Rasmussen, Born Free and Equal?, 15.
76 Kohler-Hausmann, “Eddie Murphy and the Dangers of Counterfactual Causal Thinking About Detecting Racial Discrimination.”
77 National Research Council, Measuring Racial Discrimination, 77.
Mills’s later examples of racial exploitation is this: “Male Chinese immigrants are forced to pay a head-tax for admission into the United States at a time when no such tax is imposed on white immigrants.” In this kind of case, it is perfectly clear what it means ask of a particular Chinese immigrant, after he has been charged, “What would have happened had he had been white?” We are being asked to suppose the individual in question had whatever features the official immigration agents used to determine whether someone was white. If the Chinese immigrant could have somehow disguised himself as a white immigrant for his encounter with immigration agents, he would not have had to pay the fee. The racial counterfactual is easy to interpret because this is a paradigm case of racial discrimination. Mills’s characterization of racial exploitation applies best to cases with this structure, where we know from the description of the case that the person in question was disadvantaged because of his race.

There can be no question that over the past several centuries official bodies have often created and enforced norms that explicitly mandated different treatment on the basis of race. But many cases of what Mills identifies as racial exploitation do not have this structure.

To see the problems, let’s focus on Kasper Lippert-Rasmussen’s characterization of discrimination. He writes, “to discriminate against someone is to treat her disadvantageously relative to others because she has or is believed to have some particular feature that those others do not have. In short, discrimination against someone simply is disadvantageous differential treatment.” Lippert-Rasmussen goes on to offer a more refined view of discrimination, highlighting three aspects: discrimination in his preferred sense is a matter of treatment; it is because of or ‘on the basis of’ having (or being believed to have) some property; and that property is membership in a socially salient group.

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79 Lippert-Rasmussen, Born Free and Equal?, 15.
The earliest cases Mills discusses should not be thought about on this model for several reasons. First, the charge of “differential and inferior treatment” makes sense only in a particular historical context where people desire to be treated similarly. But in many of the cases Mills describes, we have no clear idea about what the presumably desirable “same treatment” would be, or who the relevant comparison class is. In many of Mills’s cases, those who were exploited probably did not want to be treated the same as white people or gain full membership in the white polity so much as to throw off their oppressors and exercise self-governance in other ways.

Second, and more importantly, if we are cataloging instances of racial discrimination and trying to analyze other practices on that model, we can lose sight of the relationship between these practices and processes of racial formation. As Lippert-Rasmussen noted, to say that a particular action or policy was racially discriminatory is to say that someone was mistreated because of her race. That suggests that the social world merely responds to racial properties or racial categories. But these social practices of racial distinction are the very practices that delimit and reproduce racial categories.

Groups that are considered to be subject to discrimination rather than “idiosyncratic aversion”—in contrast to the group of freckled people, or the group of people with brown hair—are groups constituted by domination and its legacy. These significant social categories do not describe people grouped together merely by a set of value-neutral characteristics that are naturally significant enough to constitute a group. They are differences that take on meaning and value in relation to dominant social systems and practices, differences that people have imbued with significance and arranged themselves in relation to over very long periods. The claim implicit within the discrimination model—that people should not receive differential treatment

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because of their race—is a normatively defensible claim only if we think a person’s race is a non-normative property like her skin color, rather than her membership in a historically advantaged or disadvantaged social group.

So racial exploitation should not be analyzed on the model of discrimination. Though many cases of discrimination have created material advantage for white people and material disadvantage for nonwhite people, the practices most important for creating the racialized division of labor and the racial wealth gap should not be thought of on the model of discrimination. People were not subject to this exploitation “because of their race.”

To summarize, these are the problems I’ve identified with Mills’s account of racial exploitation. First, the account he gives does not fit all of the historical cases that are supposed to be examples of racial exploitation. In the most significant early cases, for example, subordinate racial status did not precede the practices and transactions in question, and thus could not be said to have made them possible or made their terms worse. Second, the account relies on racial counterfactuals that are in many cases hard to make sense of. Mills says that cases of racial exploitation are transactions for which people would be subject to better terms were they instead white. But it is often not clear how to imagine them being white—on some ways of imagining that switch, they would have been better off, and on other ways, they would not have been. And finally, I suggest that behind these problems is the fact that Mills is relying too heavily on the model of racial discrimination. If we try to see all of these practices as having the structure of discrimination cases, we gloss over the much more complicated and variable relationships they have with racial formation.

By theorizing all of these cases together Mills can suggest there is a distinct economic relationship that contravenes widely accepted norms and that merits redress. But given the
problems I've raised, racial exploitation as Mills has defined it is not a sufficiently distinct and unitary phenomenon to constitute a previously unidentified form of exploitation. American plantation slavery and contemporary employment discrimination both involve nonwhite people being mistreated in comparison to a salient, contextually defined group of white people. But they are just too different in scope, in the ways that the victims were exploited, and in the ways that others benefited, for them to be examples of the same kind of phenomenon.

The goal of developing a theory of racial exploitation and the goal of producing a strong argument for redistributing wealth can be decoupled. One could develop an account of racial exploitation while leaving its normative implications open. And one could give very different arguments for dramatic changes to our economy that would make it more racially just.

Here, very briefly, are two sketches of alternative accounts of racial exploitation. First, sometimes people use the term "racial exploitation" just to refer to exploitation of 'the subordinate races' by 'the dominant race.' In fact, this is what Mills seems to mean by "racial exploitation" in earlier work. In The Racial Contract, he writes, "The whole point of establishing a moral hierarchy and juridically partitioning the polity according to race is to secure and legitimate the privileging of those individuals designated as white/persons and the exploitation of those individuals designated as nonwhite/subpersons." The white/non-white bifurcation corresponds to the division between the exploiters and the exploited. This is a global bifurcation, since Europe grew wealthy through slavery and colonization, and a national bifurcation, since white settlers grew wealthy through land expropriation and slavery. Here, Mills does not distinguish between standard capitalist exploitation and racial exploitation. Instead, he is arguing that standard capitalist exploitation is racial exploitation.

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Yet another account of racial exploitation might refer to something much more specific. It could begin, for example, with an account of racial formation, explaining how racial categories are reproduced and transformed, how they structure social space, and how people inhabit them. Within such a framework, one could develop a theory of racial power and powerlessness. Formal legal restrictions have largely been replaced by social rules about who belongs where, who is entitled to what, and what behavior is proper or acceptable for whom. Relative to particular contexts, and the norms that dominate in those contexts, people wield a particular kind of power or are particularly vulnerable because of their racial designations. So one might propose a theory of racial exploitation according to which it involves taking advantage of racial privilege or racial vulnerability—in other words, exploiting the social permissions and restrictions that constitute the system of race. This kind of account would need to begin with a much more elaborate theory of race and racial norms to describe what taking advantage of specifically racial power differentials would involve. But an account like this does not connect obviously to a redistributive argument.

VI. Capitalist Norms and Arguing for Redistribution

Mills’s goal in setting apart a concept of racial exploitation was to ground a case for wealth redistribution in the liberal-democratic norms of equality that supposedly accompany capitalism. His claim was that while the ideology of capitalism does not provide the tools to recognize class exploitation as such, it can acknowledge the wrong of racial exploitation. In these cases of racial exploitation, primarily but not entirely in the past, explicit status distinctions between black and white people correspond to differential opportunities in the marketplace. But liberal-democratic norms say that everyone must be treated as free and equal—in contrast to, for
example, the status distinctions of feudalism. So cases where people were barred from capitalist competition will be cases where the output of the capitalist process is illegitimate. And illegitimacy in particular cases and transactions, on and on for centuries, will translate to the deep illegitimacy of the current wealth distribution. The project, then, was to argue that because the liberal-democratic norms have been systematically violated, the property claims that have resulted from processes in violation of those norms are unjust, and thus that redress is owed.

Mills claims that transactions are illegitimate when people are formally barred from participating, not when they are merely disadvantaged in participating. Mills writes elsewhere, "Presuming the competition was fair by capitalist norms, [poor white] children will be disadvantaged in escaping their parents' status, but not barred... To be on a lower rung of the social ladder because of bad luck in the social lottery is different from being on a lower rung because of social oppression that denies equal personhood." If people are excluded from certain transactions or from entering certain kinds of pools that make wealth accumulation easier (attending certain schools, living in certain neighborhoods) because they cannot afford to do so, that does not contravene capitalist norms; if they are excluded because of belonging to a racial group, it does. So it is crucial that Mills be able to distinguish between racial exploitation and class exploitation. The claim that some transactions can be seen, from the dominant perspective, as legitimate (because they constitute mere class exploitation) while others are illegitimate (because they constitute racial exploitation) is what makes it the case that there should be a redistribution in service of a nonracial capitalism rather than a socialist revolution eliminating private ownership of the means of production altogether.

But I have argued that Mills's characterization does not allow us to sort the history of capitalism into cases that have violated liberal-democratic norms and cases that have not, cases of racial exploitation and cases of standard capitalist exploitation. Mills's characterization of racial exploitation does not pick out all the cases he wants it to, because it only really fits discrimination-like cases. If the distinction between racial exploitation and standard capitalist exploitation can't be maintained, then we need a new characterization of what racial justice requires.

As Oliver C. Cox wrote, "The capitalist exploiter, being opportunistic and practical, will utilize any convenience to keep his labor and other resources freely exploitable. He will devise and employ race prejudice when that becomes convenient." On this way of thinking, racism is a tool for making extraction and exploitation easier. Racializing processes that designate people as members of dominant or subordinate races—especially those processes that have created the distinction between 'white people' and everybody else—have continuously served to rationalize and justify exploitation.

Nancy Fraser, a proponent of this kind of view, argues that political distinctions between "free, exploitable citizen-workers and dependent, expropriable subjects...[are] constitutive of capitalist society." Some people, the exploited, work for wages; others, the expropriated, have their labor, land, and resources taken from them. She continues, "The subjection of those whom capital expropriates is a hidden condition of possibility for the freedom of those whom it exploits...[E]xpropriation works by confiscating capacities and resources and conscripting them into capital's circuits of self-expansion." The distinction between the citizen-workers who are the focus of classic Marxian analysis and the expropriable subjects, those whose resources and

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83 Cox, *Caste, Class, and Race*, 333.
84 Fraser, "Expropriation and Exploitation in Racialized Capitalism," 163.
85 Fraser, 166.
labor power are simply taken by force, often tracks racial lines. Fraser's suggestion is that that is no accident: capitalism makes use of and then re-entrenches status hierarchies, racial and otherwise, in order that those in the most degrading economic positions can come to be seen as belonging there. From this perspective, to demand a nonracial capitalism is to misunderstand what race is and what role it plays in capitalist accumulation. I now turn to that idea.
On the Idea of a Non-Racial Capitalism

1. Introduction

Among historians, *racial capitalism* has become more common as a term for indicating that the history of capitalism is also a history of the production of racial hierarchy. Histories and theories of capitalism have often begun with industrialization and wage labor in English cotton mills, treating the slave labor that produced the cotton as “pre-capitalist,” a residue of prior modes of production. But enslaved human beings were just as much a part of an expanding global system of credit and production as those stationed at the other end of the commodity chain. So since very early in its expansion, capitalism has involved a racialized division of labor, and it has continually relied on the “elaboration, reproduction, and exploitation of notions of racial difference.”

Theorists of racial capitalism would insist that any attempt to analyze capitalism and racism separately is bound to mislead or obscure.

In a similar vein, radical theorists and activists have often insisted that capitalism requires racism, or that capitalism is inevitably or inherently racist. Critical social theorists who have taken this idea seriously have sought explanations for racism, racial oppression, and racial ideology grounded in “the logic of capitalism,” the features and dynamics that are definitive of or otherwise required by capitalism as a system. The underlying political claim is that the struggle for racial justice must be anticapitalist.

In this paper I assess the goal of a nonracial capitalism. This is a goal that Charles Mills has held explicitly, and a goal that I take to be implicit in many forms of antiracism that are not anticapitalist. I first consider views according to which that goal is incoherent, because

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86 The term is often attributed to Cedric Robinson’s work *Black Marxism* but, as Peter James Hudson describes, it comes from South African activists and intellectuals of the late 1970s and early 1980s. See Hudson, “Racial Capitalism and the Dark Proletariat.”

capitalism is necessarily racist. I am hesitant about this approach, because everything depends on what dynamics one treats as definitive of capitalism. Capitalism is a historical social system that has always coincided with racism and racialism. If one abstracts away from that history narrowly, using a minimal conception of capitalist dynamics, then one ends up with the idea that capitalism need not produce or require racism; if one abstracts away from that history more fully, for example by treating imperialism as a necessary dynamic or outcome of capitalism, then racism is more clearly a component of the system. One should be very cautious about distinguishing between capitalism “in theory” and capitalism as it has actually occurred in our world. The only material we have for the theory is the course that the one historical social system has taken.

So instead, I argue that we should think of the question of whether a nonracial capitalism is possible as a question about whether we could get from here to there. On that way of looking at it, it is a very strange goal. Labor relations and flows of capital for the past several centuries have produced a global economic core and a periphery, places of incredible material abundance and others of incredible material deprivation, and that dichotomy underpins a global racial hierarchy. It is impossible to imagine tearing down that hierarchy while leaving intact the basic structure of production. So it is not at all clear what a nonracial capitalism could look like, starting from where we are now.

II. Mills’s goal of a nonracial capitalism

Charles Mills writes in “Racial Exploitation”:

Whereas Marx’s famous claim is that capitalism needs to be abolished to achieve the end of class exploitation (since a capitalism that did not extract surplus value would liquidate itself), racial exploitation is at least in theory eliminable within a capitalist
framework. That is, it is possible to have a non-racial capitalism, either because races do not exist as social entities within the system or because, though they do exist, there is no additional racial exploitation on top of class exploitation.

Since we live in a post-Marxist world in which Marx’s vision seems increasingly unrealizable, with no attractive “communist” models to point at, this conclusion is welcome because it implies that the struggle for racial justice need not be anti-capitalist. One simple formulation of the political project would thus be the demand for a non-racial or a non-white-supremacist capitalism. (Representing white supremacy as a system in its own right, with its distinctive modes of exploitation, has the virtue of clarifying what the real target is.)

However, I qualified the “eliminable” with “in theory.” The counterargument that needs to be borne in mind is that while a non-racial capitalism could have developed in another world, the fact that the capitalism in our world has been so thoroughly racialized since its inception means that racial inequality has long been crucial to its reproduction as a particular kind of capitalist formation. Logical distinctions in theory between US capitalism and white supremacy are all very well, but their fusion in reality into the composite entity of white-supremacist capitalism makes any political project of attempting to separate the two a non-starter, in part because of the reciprocal imbrication of class and race, class being racialized and race being classed. I will not say anything more about this counterargument, but it should be noted as an important objection to the whole project.\(^8^8\)

One characterization of what I am attempting to do here is to fill out the “important objection to the whole project.”

In this passage Mills gives two characterizations of what a nonracial capitalism might mean: one in which “races do not exist as social entities” or one in which “there is no additional racial exploitation on top of class exploitation.” Mills does not give any explanation of what a capitalist world in which races do not exist as social entities would look like, and I have previously argued that Mills does not succeed in distinguishing racial exploitation from class exploitation. But Mills also treats “nonracial capitalism” and “non-white-supremacist” capitalism interchangeably, and in the second paragraph, he suggests that a nonracial capitalism would

\(^8^8\) Mills, “Racial Exploitation,” 126.
preclude racial inequality. For now, we can proceed by allowing "nonracial capitalism" to serve as a placeholder for a capitalism in which there is neither racism understood as an ideology nor racism understood as the set of material structures that the ideology justifies.

III. Capitalism "in theory"

A first response to Mills worth exploring is that a nonracial capitalism is not possible even "in theory." On this kind of view, a nonracial capitalism initially looks possible only because the picture of capitalism one begins with is impoverished. Racism is an ingredient necessary for keeping the system running, or is in some way a component of the mode of production itself. For example, consider these claims, familiar among radicals:

- Capitalism requires imperial expansion, which requires or inevitably produces racism.
- For capitalism to persist, workers must be prevented from seeing that they share material interests, so capitalists must stoke racial animosity.
- Capitalist production necessarily creates a reserve army of labor. This produces a social need for an explanation for the reserve army's exclusion from formal employment, and attributing their exclusion to natural inferiority is most effective.

To defend any of these suggestions, one would have to give a full picture of the social dynamics that produce the effect in question, and explain why capitalism necessarily involves these social dynamics—why, for example, there couldn't be a non-imperialist capitalism. Then one would have to do one of two things. First, one could argue that whatever the theory explains is sufficiently close to what we normally consider *racism*. Explanations that seem promising at first pass often identify a need, but it is generally not clear why it has to be racism that fills that need. For example, capitalists may need some way of dividing workers—but it is not clear why this requires racism in particular, when there are other means of dividing people.
The alternative is to argue for a redefinition of racism, according to which it *just is* whatever plays the particular function that has been identified—racism just is that set of beliefs that justifies imperialism, for example. But this seems to produce a successful explanation only by relying on an overly expansive conception of racism. In identifying racism with a particular function or a particular need that capitalism creates, one answers a slightly different question. One has argued not that capitalism requires *racism*, the actual phenomenon in our world, but just that it requires something that does what racism does.

There are two reasons to be cautious about explanations of this form. First, each of them tries to provide a theory of racism that is in some way internal to the theory of capitalism. Everything depends on what characterization of capitalism one provides: what one treats as definitive and central, how one delimits the system from everything it interacts with, how much complexity one entertains. But there is not a context-independent characterization of capitalism. Different characterizations will be suited to different purposes. So whether one is able to explain capitalism in such a way that it seems to be inherently or necessarily racist depends on how maximal a conception of it one begins with.

Second, these explanations are ahistorical: they identify timeless dynamics of capitalism and timeless roles for racism to play within it. But racism is not so uniform: “the conditions that sustain its advantageous expression are rarely permanent.” And capital is very flexible; there are few guarantees about what will be in the interests of particular capitalists at particular times and places. While there have been particular social relations at particular periods that have in some sense created a need for racism, how racism is expressed and to whose benefit varies. So

89 Miles and Brown, *Racism*, 118.
90 Oliver Cox argues that Sepulveda won the Valladolid debate because he “contrived a reasonably logical justification for the irrepressibly exploitative situation... the whole world, so to speak, was calling for it.” Cox, *Caste, Class, and Race*, 335. Elsewhere, he writes, “It would be next to impossible for, say, the British in East India
trying to explain racism as playing a single role or as created by a single dynamic ignores its historically specific character.

IV. Fraser’s theory

To explain some of these problems in more detail, I will examine the conception of capitalism and racism that Nancy Fraser provides in her APA Presidential Address, “Is Capitalism Necessarily Racist?” Fraser begins by claiming that capitalism “has always been deeply entangled with racial oppression.” She then sets out her topic as follows:

What is the nature of this entanglement? Is it contingent or structural? Did the capitalism/racism nexus arise by chance, and could matters in principle have been otherwise? Or was capitalism primed from the get-go to divide populations by “race”? And what about today? Is racism hard-wired in the deep structure of contemporary capitalism? Or is a nonracial capitalism finally possible now, in the twenty-first century?91

Fraser’s answer is that there is a structural basis for racial oppression within capitalism. She locates it in capitalism’s reliance on two distinct modes of accumulation, exploitation and expropriation, and their assignment to two different populations. But, she argues, the relationship between these two modes has varied across time, and in each phase, a “historically specific configuration of the two exes underpins a distinctive landscape of racialization.”92

For Marxists, capitalism necessarily involves exploitation: the seizure of surplus value from wage laborers. This seized value is absorbed into a cycle of accumulation that continuously

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91 Fraser, “Is Capitalism Necessarily Racist?,” 21.
92 Fraser, 23.
enriches the capitalist class but leaves the working class in the same position, with nothing to sell but their labor power.

Fraser argues that this traditional Marxist picture leaves out a second form of capital accumulation. In addition to accumulation by exploitation, she argues, capitalism requires accumulation by *expropriation*. While wage laborers are exploited, those who perform “unfree, dependent, and unwaged labor” are expropriated. Expropriation also involves the seizure of a variety of resources and capacities: “land, animals, tools, mineral or energy deposits—but also human beings, their sexual and reproductive capacities, their children and bodily organs.” The concept of expropriation is similar to the concept of “primary accumulation,” the accumulation that predated capitalism and created the capitalist class and the working class. But, Fraser argues, expropriation is ongoing, and “the commandeered capacities get incorporated into the value-expanding process that defines capital.” So expropriation is “confiscation-cum-conscription-into-accumulation.”

The distinction between exploitation and expropriation as modes of capital accumulation corresponds to a distinction in political status: the distinction between free workers who are afforded the protections of citizenship and those who are designated “inherently violable,” continually subject to further expropriation. In administering the institutions that distinguish “citizens from subjects, nationals from aliens, entitled workers from dependent scroungers,” states identify some people as merely exploitable and others as expropriable.

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93 Fraser, 26.
94 Fraser, 26–27. Fraser may overstate the difference between what she says and what Marx says. For example, throughout, Fraser emphasizes that debt is a primary mechanism of expropriation, but Marx writes, for example, “The public debt becomes one of the most powerful levers of primitive accumulation,” and “Along with the national debt there arose an international credit system, which often conceals one of the sources of primitive accumulation in this or that people.” Marx, *Capital Vol. I*, 919-20.
95 Fraser, 29.
Fraser claims that this distinction—between two kinds of political subjects, who play different roles in circuits of capital accumulation—allows us to make sense of capitalism’s relationship with racial oppression. She argues that expropriability, the condition of being deprived of political protection and continually subject to violation, “constitutes the core of racial oppression.”

In this way, Fraser claims, capitalism has a “noncontingent reliance on a stratum of unfree or subjugated people, racially marked as inherently violable.” While capitalism always requires both exploitation and expropriation, Fraser writes that in the past it also “required their mutual separation and assignment to two distinct populations, divided by the color line.” In the present, though, which Fraser calls the era of financialized capitalism, the distinction between the populations subject to exploitation and those subject to expropriation is less sharp than it was in the past; financialized capitalism “subjects propertyless people of every hue to both exes simultaneously.” People everywhere are exploited as wage laborers, but they are also expropriated in virtue of being paid less than the socially necessary cost of reproduction and being forced into debt.

So though Fraser’s initial question is in terms of racism, she ends up trying to explain the relationship between capitalism and racial oppression. She argues that racial oppression has historically been required in the sense that (1) capitalism required expropriation; (2) it required that expropriation be assigned to a population distinct from the population that was exploited, and (3) this in turn required political orders that conferred the status of “expropriable” onto some people. I will quote the next claims directly: “It is expropriability, the condition of being

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96 Fraser, 30.
97 Fraser, 31.
98 Fraser, 37.
99 Fraser, 37.
defenseless and liable to violation, that constitutes the core of racial oppression. What distinguishes free subjects of exploitation from dependent subjects of expropriation is the mark of “race” as a sign of violability.”

There are important questions about the initial steps. First, quite a lot is shoved under the umbrella of “expropriation.” It is not clear that the distinction Fraser points to is the most natural or important one. The process by which value is seized from women doing unpaid work in the home is very different from the process of enclosure or enslavement. Second, Fraser does not do enough to defend the claim that capitalism requires expropriation, nor enough to explain why exploited and expropriated populations had to be separated in the past. We know that this is in fact the broad-strokes story of European expansion, but Fraser does not make clear what it was about “capitalism”—rather than, say, the specific historical situation facing the European merchant class in the 1600s and the availability of labor—that required this separation.

Most importantly for our purposes, Fraser’s picture of race is unclear. At some points she argues that the distinction between exploitation and expropriation “correlates” with racial categories. If the relationship is merely one of correlation, then Fraser needs to explain why there is such a correlation; otherwise, she has merely given us the categories of exploitation and expropriation without explaining why particular groups are subject to particular modes of accumulation. That is, expropriability seems to be a category of oppression, but it is not clear what makes that oppression racial. The concern is analogous to one that has been raised against Marxists concerning gender oppression:

Just as capital creates [social locations] indifferent to the individuals who fill them, the categories of marxist analysis, ‘class,’ ‘reserve army of labor,’ ‘wage-laborer,’ do not explain why particular people fill particular places. They give no clues about why women

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100 Fraser, 30. Emphasis in original.
are subordinate to men inside and outside the family and why it is not the other way around. Marxist categories, like capital itself, are sex-blind.\textsuperscript{101}

Similarly, Fraser’s categories of exploitation and expropriation do not explain why particular people fill particular places.

The other possibility is that the distinction Fraser offers is itself supposed to explain the process of racialization. “The color line” between white people and people of color\textsuperscript{102} marks the distinction between those subject to exploitation and those subject to expropriation, or the descendants of those groups. But this explains why there is a structural basis for racial oppression in capitalism only by relying on an overly broad and general characterization of what makes oppression racial.

V. \textit{A Historically Situated Question}

We are ultimately interested in the question of capitalism’s relationship with racism for political purposes. Given that fact, we should not interpret the question of a nonracial capitalism as one about whether in some other possible world a non-racial capitalism could have arisen, or whether any system that qualified as capitalist would also necessarily involve racism. Instead, we should think of it as a question about the future: whether we could get from here to there, and whether that is a worthy goal.

To answer this question we should first seek to understand the way that capitalism is presently racialized. We need to examine, for example: Who composes the global owning class?

\textsuperscript{101} Hartmann, “The Unhappy Marriage of Marxism and Feminism: Toward a More Progressive Union,” 7–8.
\textsuperscript{102} This is a term Fraser uses regularly. She also writes, “The contrast between dependency and freedom was sharpened and increasingly racialized, mapped onto two categorically different “races” of human beings. In this way, the \textit{free white exploitable worker} emerged as the antithetical flip side of its own abjected enabling condition: the \textit{dependent racialized expropriable subject}. And modern racism found a durable anchor in the deep structure of capitalist society.” So for her, the racial distinction to be theorized is white/nonwhite. Fraser, “Is Capitalism Necessarily Racist?,” 32.
Where is capital accumulating fastest? Where are new markets emerging, and who is positioned to capitalize on them? In what industries are profit margins highest, and where are the sources for the raw materials used in these industries? Where is labor cheapest? Where are the tax havens, and what global institutions protect them? Under whose control are the key canals likely to remain? What areas are going to become too hot or dry to live in, and what migration patterns will result? This set of questions refocuses our attention away from capitalism as an idealized economic system to the actual social system of production the word describes.

In *The Racial Contract*, Mills writes:

>[T]he world is essentially dominated by white capital. Global figures on income and property ownership are, of course, broken down nationally rather than racially, but if a transnational racial disaggregation were to be done, it would reveal that whites control a percentage of the world's wealth grossly disproportionate to their numbers. ... It seems undeniable that for years to come, the planet will be white dominated... Economic structures have been set in place, causal processes established, whose outcome is to pump wealth from one side of the globe to another, and which will continue to work largely independently of the ill will/good will, racist/antiracist feelings of particular individuals.\(^{103}\)

This is a good description of the *material* structures that reproduce the global racial hierarchy. Given this picture of the way the world is set up, what might a nonracial capitalism look like? This description suggests that getting to a nonracial capitalism would involve eliminating the structures that funnel value from some regions of the world to others. But these structures are not isolable components of the global economy. There are not a few key institutions one could alter to make the price of labor the same everywhere in the world, or to make the purchasing power of

a dollar the same everywhere in the world. So it is very unclear what kind of global relations of production would merit the label “nonracial capitalism.”
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