

Racism and Capitalist Accumulation:

An Overdetermined Nexus

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Introduction

Human beings live in social relationships. Unlike animals that act mostly out of instinct, humans shape not only their natural environment but their internal consciousness to fit the requirements of the social relationships within which they live. Louis Althusser understood that it is through a "structure of representations" (identities, forms of consciousness, subjectivities) that we live these social relationships. Consciousness is socially constructed, complex, and contradictory, and, as such, the consequence of a history of interacting social and natural processes.

What is the nexus connecting the social construction of consciousness to capitalist exploitation? More specifically, what is the effect of determinate cultural processes within which human beings are categorized and then essentialized on the basis of socially constructed (and, necessarily, supernatural) notions of phenotype and/or genetic origin (producing *racial consciousness*)? The social construction of such racial consciousness is defined herein as *racism*. What is the role of racism in creating conditions for the existence of capitalist surplus labor? How should one proceed to answer these questions? Is it simply a matter of looking at the effects of racism upon those economic processes directly impacting the performance of surplus labor, e.g. processes shaping absolute and relative wage rates, differential rates of employment, and so on. In a recent article, Edna Bonacich (1999) pointed to a wide range of what she described as "class theories of ethnicity": "theories of labor migration and immigration, dependency theory, dual labor market, split labor markets, internal colonialism, theories of middleman minorities, labor aristocracy theories, world systems theory, and more." We are concerned with two absences in the theoretical frameworks Bonacich refers to as "class theories of ethnicity": firstly, these theories share the common characteristic of reducing a cultural phenomenon (either racism or ethnocentrism) to an epiphenomenon of economic processes and secondly, these theories, even when focused on economic processes, omit any reference to the production, appropriation and distribution of capitalist (or any other kind of) surplus value. Such analyses take us no closer to understanding the theoretical practice of creating racialized subjects, particularly when such subjects are involved in capitalist exploitation. And without such an understanding, it remains problematic to link the racialized subject to economic processes, in general, and particularly to link the racialized subject to capitalist exploitation. In other words, before one can make sense of racialized labor markets, among other such phenomena, then one must make sense of the racialized subjects comprising such labor markets and before one can understand racialized subjects one must analyze the process by which such subjects come into existence, i.e. racism.

Ironically, the reductionist moment in the first absence --- making racism an epiphenomenon of the economic --- makes it difficult to recognize the second absence --- the omission of exploitation from these theoretical frameworks. The tendency is to see these theoretical frameworks as simply *too* focused on the economic, rather than to recognize that the particular versions of economic determinism deployed might leave out an economic process that, in and of itself, could revolutionize the way economics is understood. For instance, Omi and Winant (1994) recognize the limits of economic determinist explanations and develop their racial formation theory in opposition to such approaches, but there is no recognition in their own framework of this missing social process of capitalist exploitation. Instead, Omi

and Winant proceed to construct their own essentialist theory of the social impact of racism.

For Omi and Winant, racial identity ceases to be an epiphenomenon of the economic and may even exist as an oppositional force to the economic: "It would be more accurate to say that race and class are competing modalities by which social actors may be organized." (Omi and Winant, p. 34) We applaud Omi and Winant's break with economic determinism. However, their alternative is to express economic and cultural processes in terms of political processes. In their criticism of Michael Reich, they write that "economic interests come strongly to the fore, and political/ideological factors appear as mere manifestations of underlying economic relationships. But in practice economic interests are defined politically and ideologically." (Omi and Winant, p. 33) They could have more accurately written simply "politically" because the ideological (what we refer to as cultural) is conflated with political processes. The economic *and* cultural become *expressions of* (are reducible to) political struggles. It is within and through political struggles that the phenomenon of racialized subjectivity is manifest and then influences the economic. Here is where we part company with Omi and Winant. It is our contention that while racism, as a distinct cultural process, is shaped by political *and* economic processes, including capitalist exploitation; it also shapes those other social processes. Racism is, therefore, not a mere epiphenomenon of the political, the economic, or the natural. Racism (and all other cultural processes), politics, and economics exist as a result of the combined effects of all the social and natural processes comprising the social formation at any given historical moment. It is in the maelstrom of this dynamic interaction of social and natural processes that human consciousness/subjectivity is constantly shaped and reshaped, including the racialized subjectivity that is the primary concern of this paper.

We consequently take seriously the project of making sense of racism, as a process within which racialized subjectivity is generated, not as an expression of political projects or activities (as in Omi and Winant) or of economic projects, interests, and activities (as in Oliver Cox and the many economic determinists to follow his lead), but as a social process with its own effects upon the social formation in question. To the point, racism is understood as a powerful social process, in and of itself, that may produce contradictory effects upon other social processes, including capitalist exploitation (as well as on such natural processes as the physical appearance of agents).

The problem, therefore, is to specify the nexus connecting racism to these other social processes. In this paper, our focus is on the nexus connecting racism to the production, appropriation, and distribution of capitalist surplus value. In other words, we struggle with the problem of identifying the logic through which capitalist exploitation and racism coexist in determinate social formations and the ways in which that coexistence shapes the specific manifestations of both phenomena. This implies locating the logic of capitalism within specific instances of racism and the logic of racism in specific instances of capitalism, not to find an essence, but to find moments of mutual causality.

Racism and Dissociation

In order to proceed, we must first recognize where we are. The human being, the so-called agent in social relationships, is not programmed by Microsoft. She has no *fixed* operating system in the box at birth. She is neither the transcendently rational agent of neoclassical economic theory, nor the class-conscious agent of some versions of Marxian theory. She is, rather, an agent with a consciousness that is in constant

formation and reformation, shaped by all manner of social and natural processes. Her subjectivity is in flux for the entirety of her existence because consciousness is the product of the social and natural processes (the "world") going on all around her and inside of her. Her subjectivity is, therefore, always at risk.

What is the impact of racism upon her consciousness? In a social formation within which the magic of race is operative, she may learn to discover her essence in race. Rather than experience the complicated and constantly changing human that we claim her to be, she may *see* herself as simply a "black" woman, for instance. The fact that many others may *see* her in this way is an important factor in her own *seeing*, of course, but her own *seeing* is also an important force in the social formation and in reproducing herself as an *expression* of race. She has formed a racialized consciousness and she lives within social relationships as a racialized agent.

The fact that she may see herself as a "black" woman effects the way she experiences her-self. She must dissociate. She becomes disconnected, at the level of consciousness, from her complexity and becomes the "black" woman. The racial essence becomes her and she becomes it. However, this racialized consciousness remains problematic precisely because she remains complexly shaped by the other political, cultural, economic and natural processes in the social formation. She may, for instance, be employed as an automobile worker and her activities as an automobile worker may pull her towards a different self-identity than the racial notion. It is a requirement of her employment (of her voluntary participation in her own exploitation) that she become an automobile worker, as this identity is understood by her employer. At any given moment, social circumstances push her to subsume all the other selves she has constructed in the identity of automobile worker. She may have to struggle to be both automobile worker and "black" woman or, alternatively "black" automobile worker or "black" woman automobile worker. However, if her employer (or, more precisely, the managers who supervise her identity) want her to be a "black" automobile worker, then she must understand the meaning of this racialized direct producer role and adopt the appropriate behaviors. In this circumstance, a woman who has not properly adopted the racialized identity required of her within the social formation in question may be at risk of losing her position in the capitalist fundamental class process. If the performance of surplus labor is racialized (and cultural factors are always important to specific manifestations of exploitation), it provides a powerful motivator for agents to adopt a racialized consciousness and the requisite behaviors. In this elaborate act of juggling with appropriate self-identities the agent loses the sense of what Marx (1994:74-75) called her *species being*. Perhaps someday this necessary practice of dissociation will be viewed as pathological. However, in a capitalist social formation, as in some other exploitative social formations, it is simply normal.

Indeed, as indicated above, identity juggling takes place at the site of capitalist surplus value production, where it influences the magnitude of the surplus through such factors as worker productivity, quality of team work, a worker's tendency to help teach other workers how to do their job (training costs) etc. To return to our example, the capitalist industrial enterprise that produces automobiles becomes, in a racialized economy, a site comprised of racialized subjects who just happen to take part in the various activities necessary to the production of automobiles and, more importantly, capitalist surplus value. The racialized nature of these automobile workers may become more important in the consciousness of the individual agents involved than the concrete activities engaged in. In other words, our "black" woman automobile worker may be more concerned about the racialized nature of her interactions on the factory floor, or even in meetings of the UAW, than the fact of her exploitation. Indeed, her exploitation may be (or become) invisible and that invisibility may be dependent, in part, on the racialized nature of the

production process and all the other activities that make up the automobile firm. The disappearance of exploitation, as a *conscious* aspect of reality, may influence a wide range of economic and non-economic processes, including negotiations over wages and benefits, willingness to perform certain activities that might otherwise be considered unacceptable, and so on. Therefore, the existing rate of exploitation may be dependent, in part, on the existence and nature of a racialized economy. Indeed, in this sense, to the extent racism cloaks exploitation, racism may be an important factor in minimizing opposition to exploitation (it is difficult to oppose something that is invisible) and therefore to the very existence of exploitation.

The Labor Market, Dissociation, and Racial Consciousness

The fact that racial consciousness requires a form of dissociation provides us with our first moment of coherence between racism and capitalist exploitation. As indicated in the automobile worker example, capitalist exploitation also requires a form of dissociation. The creation and reproduction of an agent capable of selling labor power on a labor market produces a form of dissociation. This dissociation is an adaptation to a cultural requirement of capitalism. The agent must become the person the employer wants to hire in order to get a job and must then be the person the employer wants to keep employed. And she must do all of this in order to gain permission to participate, on a daily basis, in her own exploitation. Her consciousness becomes fragmented between the employee-person her boss desires and the other persons she must be to successfully participate in other social relationships. Each persona is essentialized and compartmentalized. The one human being has become multiple agents in the social formation. It is not much of a leap to add a racialized subject to the mix. Indeed, the presence of a racialized subjectivity may provide psychological benefits in the context of exploitation. For example, a person who must abandon certain favored behavioral attributes in order to sell her labor power may gain compensatory attributes associated with being a member of a transcendental race. Gunnar Myrdal talked about this in terms of "white" workers gaining status as a consequence of racism. To the extent that certain workers gain status within the workplace as a consequence of racism, these workers may be willing to work for less material compensation. This is one way in which racism may reduce the value of labor power. It may also do so by creating self-doubt, self-hatred, and low self-esteem in those excluded from the transcendental race. The "black" woman worker may, for instance, believe herself lucky to have any job and to be worth less than the going wage, such that she not only willingly accepts that wage but, if faced with the prospect of a lower wage, might be quick to acquiesce. The more workers who have such a self-perception, the more difficult it is to raise wages. In this sense, racism may be of benefit to capitalists, in general.

However, one should not conclude from this that racism is necessary to capitalism or vice versa. Capitalism may produce its own dissociation through the labor market. It is in the interest of those who seek wage labor employment to adjust their consciousness to the demands of that market, to make themselves marketable. The very process of making oneself marketable produces the appropriate essentialized identity and fragmentation of consciousness. In addition, capitalist society may produce multiple processes by which such dissociation occurs. And it should also not be assumed that racism requires capitalism. The racialized variant of slavery that prevailed in the Western Hemisphere and depopulated the African continent may have been far more effective as a mechanism for creating racialized consciousness and dissociation than capitalism, even in the most racialized versions of capitalism (the USA and South Africa, perhaps).

Indeed, we want to be careful not to fall into agreement with Oliver Cox's thesis that racism was simply another aspect of primitive capitalist accumulation. In other words, racism was understood as not only functionally linked to capitalism but capitalism was understood as having generated racism. Our disagreement with Cox's approach, and that of the many others who have taken up his mantle, is that this form of determinism makes two heroic assumptions: firstly, that *primitive accumulation* implies an inevitability to the rise of capitalism and secondly, that racism is born of capitalism. We do not believe that the rise of capitalism was inevitable, nor do we agree with the idea that racism was linked to the rise of capitalism. Instead, we believe that Marx's *primitive accumulation* was an attempt to specify certain historically concrete processes under which capitalism did rise to prominence and the role of these processes as conditions for that rise to prominence and that an important step to understanding racism is to take a similar approach. We believe that racism has its own conditions of existence and, like capitalism, those conditions of existence are not absolute, but were generated within a historically specific context.

Primitive Racial Theorization: Aristocratic Racism

Does racism have its "primitive" preconditions of existence: *primitive racial theorization*, if you will? Clearly, racism, as a distinct cultural process, required certain conditions of existence to be in place for it to exist. What were those processes? And if, in the process of delineating some of those processes, we discover additional social processes that simultaneously contributed to the existence of racism and capitalist exploitation, then we may be able to further elaborate aspects of the nexus between racism and capitalism.

In order to understand this cultural process of racism, we must explore the formation of theories --- narratives --- within which the species *homo sapien sapiens* is subdivided into these supernatural groupings called races. It is through the formation of such narratives that racial consciousness is created. It would seem reasonable to assume that the genesis of racial consciousness is an important aspect of primitive racial theorization. The origins of consciousness remain murky, but clearly we are not born with a racialized consciousness. The creation of racial consciousness is an external process and one that conflicts, on some fundamental level, with the egocentric consciousness, as well as scientific notions of the commonality, including common ancestry, of all members of the species *homo sapien sapiens*.

Racial consciousness requires first locating the significance of the self within a larger group for which one has no direct connection --- projecting the self into a *superorganic corpus* that is itself a subset of humanity --- and second defining membership in this superorganic corpus on the basis of a supernatural notion of phenotype and/or genetic origins, such that the corpus itself takes on a supernatural character. We can subdivide the constitution of this racial consciousness into these two component parts: the ability to define the self as a member of a supernatural corpus --- to essentialize the self in transcendental racial terms --- and the ability to identify membership in the corpus on the basis of supernatural notions of phenotype and/or genetic origins.

The former aspect of racial consciousness has many possible preconditions, including the identification of the self as subset of a kinship group, which is defined in terms of ancestral nearness. Given that the nurturer(s) is(are) often a kinship group member(s), identification with kinship group is often facilitated by emotional attachments generated within the nurturing process. Rituals and family names (attached to the individual as socially-recognized-as-significant identifiers) reinforce the fusion of subjectivity with kinship. This notion of ancestral nearness can then serve as the basis for one form of racism: the concept

of race as based upon a fictional ancestral commonality, the myth of a *primordial community* shared by a limited subset of humanity.

Indeed, one form of primitive racial theorization may be the *aristocratic racism* of the feudal era in so-called Western Europe and Great Britain: the notion of the aristocracy as members of a singular ancestral corpus. *Noble birth* was assigned a transcendental nature in aristocratic racism, setting the nobility apart from commoners as a separate race. This form of primitive racial theorizing did not depend upon phenotype, but rather was based upon notions of ancestral nearness: the aristocrats were viewed as related and their shared corpus was held as the *transcendental race*, theorized as literally closer to God than the commoners. This thinking may have played an important role in shaping European feudalism, among other social and natural processes.

However, aristocratic racism was itself preceded by a complex set of political, economic, and cultural processes by which an aristocracy was established in various geographic spaces of what is today called Europe. The rise to dominance of a group of individuals, who then established themselves and their immediate kinship group as the aristocracy, was a precondition for the creation of a mythology of aristocratic transcendence, the basis for aristocratic racism. Therefore, aristocratic racism did not precede the existence of an aristocracy, defined in terms of political, economic, and cultural domination of the "masses," but was rather a mythologizing of that aristocracy, therefore changing the nature of the aristocracy from the mundane to the transcendental. The creation of the narrative of aristocratic racism was, then, an important condition for the reproduction and expansion of the reach of the aristocracy.

Etienne Balibar views racism "as a super-nationalism" because the constitution of races transcends the political boundaries of nation-states (which were in the early stages of nation-state building, to a significant extent, the personalized boundaries of the hegemony of a particular aristocratic subgroup). This was certainly the case for aristocratic racism. The European aristocratic race was scattered among several countries (perhaps creating the early basis for a notion of Europe as a cohesive place). The creation of feudal hierarchies within which aristocrats were shielded from the performance of surplus labor, even as they often held positions of appropriating or receiving the appropriated surplus labor of others, was facilitated by the creation of the aristocratic version of racialized consciousness: the consciousness/subjectivity of the transcendental aristocrat and the consciousness/subjectivity of the mundane commoner. So long as the serf saw himself as a member of a low race in relation to the exalted aristocrats, then it was easier to exploit him and more difficult for him to resist.

Aristocratic racism not only served this specific purpose in reinforcing a particular social order during the feudal period of so-called European social formations, but may also have served as the theoretical foundation for the creation of a new form of racism --- a post aristocratic racism --- that would serve a new social order. The new form of racism was based on *phenotype* as the marker of transcendence. This new form of racism, described here and elsewhere as *white supremacist racism*, separated humanity into a *transcendental white race* and the primitive non-white races defined by exclusion from the corpus of the transcendental white race (despite the apparent focus on skin pigmentation, relatively inactive melanin was not, however, a guarantee of being a member of the transcendental white race). The narrative of white supremacy served as a condition for the existence, reproduction, and expansion of the *slave trade and colonialism* and vice versa.

White Supremacist Racism

The growth of the dominant form of slave/colonial era racism, *white supremacist racism*, did not completely displace aristocratic racism --- the narrative of the transcendental aristocracy remains an important part of many cultures --- but rather provided an alternative form of racism, and one that not only transcended national boundaries but also transcended the boundaries of the older form of racism. Aristocrats and commoners could both be located inside the transcendental white race (although racial variations are complicated enough that some commoners could also be located outside of this transcendental white race). The creation of a transcendental white race and inferior non-white races facilitated the mobilization of certain humans and resources to the project of conquest. The literature is rich in discussions of the importance of racism to both the slave trade and colonialism.

Thus, one of the preconditions for the movement from aristocratic racism and other racisms based upon notions of a transcendental primordial community to a white supremacist narrative based on a supernatural notion of phenotype was the complex political, economic, and cultural processes of slavery and colonialism. Phenotype is actually a proxy for a wide range of exclusions and inclusions necessary to the slave and colonial projects. For example, darkness was constructed as a proxy for exclusion from the realm of the civilized, which implied being outside of those civil rights accorded to white subjects. This allowed for the torture of slaves and colonial subjects, in violation of standards of acceptable treatment of human beings. Phenotype provided a convenient marker, but remained and remains a flexible one. Phenotype is, after all, a continuum, rather than a phenomenon easily fitted into discrete categories. White supremacist racism is extraordinary flexible about who is included and excluded from the transcendental white race and the ability to see race in different ways in different places and times demonstrates once again the flexibility and malleability of human consciousness.

This flexibility is currently manifest by the ways in which the discourse of white supremacy have mutated into forms that consciously avoid use of the term "race" in favor of proxy terms, such as culture. The white supremacist paradigm is, nevertheless, deeply embedded in the language of many contemporary social formations, is reproduced in popular and academic discourse, media presentations, and governmental rules and regulations, and is an important defining process in what is often described as Western culture. In this way, white supremacist racism serves as a narrative that reinforces certain political and economic processes. In particular, the political hegemony of the so-called Western powers/nation-states is ultimately justified and reinforced by the white supremacist paradigm. This racist paradigm produces *a* knowledge of the West, which is the proxy for whiteness, as the civilizing force and of the non-West, which is the proxy for non-whiteness, as the barbarians in need of civilization. A wide range of political alliances are rooted in this conception and there is an active struggle by nation-states to leave the world of non-whiteness and become part of the corpus of the transcendental white race, embodied in such institutions as the North Atlantic Treaty Organization and the European Community. At the same time that this national struggle over whiteness is playing itself out, there are internal struggles within the so-called Western nations over who is allowed in and who is excluded from the transcendental white race. The ability to successfully become or remain white has important implications for individual subjectivity and the range of perceived and actual choices available to the individual agent.

Nevertheless, it would be a mistake to conclude that those who are designated as outside of the transcendental white race would necessarily want inside. The creation of racial consciousness is not quite so simple. Being designated as barbarian in the civilized/barbarian dialectic may be perceived as advantageous. The barbarian is often perceived as possessing spiritual and physical prowess and the

capacity for extraordinary violence. In the struggle for social survival and status, there are circumstances where being perceived in this way may be an asset. Thus, an agent who has been racialized as barbarian/non-white may celebrate this status and work towards the reproduction of the underlying white supremacist paradigm. This may generate conflicts within the created corpus of non-whites, as some struggle against stereotypes and others fight just as valiantly to reproduce those stereotypes.

Social institutions tacitly created for the benefit of the non-white may also participate in the reproduction of white supremacist racism because the existence of the institution is wedded to the existence of the paradigm. This is precisely the charge many political conservatives have made against civil rights organizations. They are correct; insofar as their argument is that these organizations depend for their existence upon the very white supremacist paradigm that their leaders criticize. Such organizations typically structure their language, in the form of the public utterances, official publications, and other forms of discourse along patterns and with concepts that reproduce the racist narrative.

However, it is a bit unfair to criticize the civil rights organizations for reproducing language that is pervasive in racialized social formations. In the United States and other racialized social formations, it is commonplace that the news media reports stories infused with the language of white supremacy, using racial categories as if they were real scientific terms for describing identity. Governments use these racial categories in statistical productions on their citizens, subdividing their own and other populations based upon certain conventions about appropriate (but, nevertheless, supernatural) concepts of phenotype and genetic origin. Laws are passed based on these concepts, determining rights on the basis of race, including rights related to gaining citizenship. In other words, the staff and leadership of civil rights organizations are, no doubt, just as unconscious in their reproduction of racism as is the media and the government and most other institutions and individuals in the social formation.

Economic Rationality, Racism, and the Growth of Capitalist Labor Markets

The pervasiveness of racial consciousness cannot help but shape the economic relationships in contemporary capitalist social formations. The interaction of racialized agents shapes the parameters of a wide range of economic processes such as market exchange transactions, employment contracts, pricing, capital budgeting decisions, and so on. The fact that one can observe patterns of differential economic success and failure based on racial categories is evidence of the impact of racism upon agents.

Economic theories, both Marxian and neoclassical, have attempted to explain rational behavior of agents in the context of the market for labor-power. The Marxian approach has been to make sense of this market in the context of capitalist exploitation, for which the market in labor-power is a precondition. Capitalism presupposes the existence of free wage laborers. In the Marxian tradition, direct producers become "free" to sell their labor-power as a result of determinate social and natural processes. It is in this process of gaining *capitalist freedom* that the rationality of wage laboring is formed.

Capitalist freedom came to exist in contrast to serfdom and slavery. In this sense, it was born of a complex association of ideas. In some instances, this would have included, from the earliest stages of capitalist development, ideas produced within racist paradigms. The wage laboring consciousness necessary for an agent to be willing and able to sell her labor power would have been influenced, in the Western Europe and Great Britain of early capitalist development, by aristocratic racism and then later by white supremacist racism. The perception of capitalist freedom, in contrast to serfdom or slavery, would certainly have made it easier to create, reproduce and expand the wage laboring consciousness.

Thus, the creation of labor markets would, necessarily, be very different in an environment where direct producers view themselves as already free. There are countless stories of the difficulties of creating labor markets in African colonies, for instance. The classic case is that of Tanganyika, under German colonial rule, where resistance to working as wage laborers was so strong that entire villages would move rather than submit to the labor market in order to meet the imposed hut taxes. These villagers had lived as communal producers, collectively performing and appropriating surplus labor. Their history was one of collective decision-making, communal freedom, and the absence of racialized consciousness. Capitalist freedom did not appear to be an attractive alternative.

This was not the case in Britain, Western Europe, or the United States, where the perceived alternative was, in many but not all cases, serfdom or slavery. Under those conditions, the legitimacy of capitalist freedom was less likely to be challenged. We have already mentioned the importance of dissociation to creating a wage laboring consciousness, one in which the individual can sell her labor power like so many bushels of tomatoes. The various forms of racialized consciousness that were prevalent in most capitalist social formations, having already produced forms of dissociation and alienation in the consciousness of direct producers and others, may have been critical to the rapidity with which labor markets were established and expanded.

Racialized Capital Budgeting and Capitalist Accumulation

However, when capitalist relationships develop within a racialized social formation, then racism will have a powerful impact in shaping the variant form of capitalism that arises. We can see this in the process of capitalist accumulation whereby direct appropriators --- capitalist boards of directors --- make decisions about financing investment (accumulation) in which wage laborers are hired and set to work with specific technology in the hopes of generating surplus value for the capitalist firm.

Marx recognized that movements in the rates of exploitation and profit shaped the health of a capitalist economy, the tendency towards capitalist crises, and, consequently, the process of capitalist decision-making. However, in order to understand the cultural influences upon this tendency, one must directly and explicitly incorporate the subjective element into the methodology for evaluating accumulation. In order to understand the way the subjective element influences capitalist accumulation we must first recognize who the capitalists are and what shapes their consciousness. Today the first appropriators are typically the members of the board of directors in a public corporation. They are legally responsible for appropriating and then distributing the surplus value. In Marx's time, this legal right of appropriation and first distribution of the surplus value was often secured by ownership rights. However, in the current environment where ownership rights have been commodified and widely dispersed among shareholders, the right of appropriation and first distribution is secured by election to the board of directors. Election to the board depends on theories generated in the investment community. The most prevalent theory is that firm success is best measured by its potential for value creation. The most widely accepted tool for evaluating this potential, among directors, investment analysts, and academics, is the calculation of the discounted net present value of firm investments.

Capitalist directors make decisions about advancing capital on the basis of calculations of net present value based on perceptions of the future that are shaped by the cultural processes prevalent within the

social formation. Indeed, it is a commonplace for capital budgeting officers and capitalist directors to use a mathematical approach called discounting to evaluate and make final decisions on future investments. This may be expressed mathematically as follows:

$$NPV = \sum \frac{SV_i}{(1+r)^i},$$

where NPV is net present value of the future surplus value generated from a specific investment, SV_i is the surplus value generated during period i , and r is the discount rate. We have used surplus value in this calculation, although typically managers will use the term cash flows in the numerator. Cash flows can be generated by the appropriation of surplus value from capitalist wage laborers, the appropriation of non-capitalist surplus value (e.g. from feudal serfs), from the receipt of subsumed class payments from other capitalist firms, or from non-class payments. For the moment, we will focus only on the first of these sources and, therefore, refer to capitalist surplus value in the numerator. The point, however, is that the decision to advance capital to purchase means of production and labor-power (the process of capitalist accumulation) is shaped by the deployment of this model, which incorporates *perceptions* of risk and return.

In other words, the degree to which surplus value generated in a future period determines capital accumulation in the present period is influenced by the subjective element of perceived risk as represented in the above equation by the discount rate, r . In a racialized social formation, the capital budgeting process is shaped, in part, by the racialized consciousness of the managers and directors who live that process. In other words, the capital budgeting process is racialized.

What distinguishes a racialized capital budgeting process and how might racism contribute to the creation or mitigation of capitalist accumulation crises? One way to answer this question is to interrogate the net present value equation, under the recognition that the managers whose decisions are shaped by NPV are doing so under the influence of racialized consciousness. The surplus value generated by exploiting workers in future periods is always uncertain. Capitalist managers in a racialized social formation, charged with developing investment plans, must do so based on calculations that are shaped by racialized notions of worker performance and reliability, among other factors. The perception that "blacks" are less reliable than "whites" would, for instance, result in a higher perceived rate of risk that the expected surplus value will not be forthcoming when such surplus value is generated by the exploitation of "black" workers. This higher risk is translated into a higher discount rate. The discount rate could be high enough to counteract even very large rates of exploitation in the "black" community. This would help to explain the lower rate of such investments in "black" communities than in "white" communities.

These racialized capital budgeting decisions shape the relative magnitude and types of employment available in specific geographic spaces and can strongly influence the living conditions of racialized individuals. Racialized capital budgeting decisions can result in "blacks" facing a shortage of certain types of employment and reduce the overall rate of capital accumulation. On the one hand, this can have positive effects on the reproduction of capitalism insofar as "blacks" are forced to accept higher rates of exploitation or pushed into unfavorable areas of employment that might otherwise go wanting or require much higher wages. Higher rates of "black" unemployment may have a positive impact on both "black" and "white" rates of exploitation. On the other hand, the racialized capital budgeting process may slow

the overall rate of accumulation by making some areas of potential investment unattractive. This could result in or exacerbate accumulation crises and threaten the continued prevalence of capitalist exploitation.

Conclusion

In this paper we have theorized racism as the process of creation and reproduction of racialized consciousness/subjectivity, grounded in a notion of transcendental races, created from supernatural concepts of phenotype and/or genetic origins. It is our argument that the presence of racism in a social formation results in the racialization of all other social and natural processes. Racism changes the decision-making of agents engaged in economic (as well as other) processes. Therefore, every transaction carried out by racialized agents is necessarily racialized. The free market is a *racialized* free market. Similarly, capital budgeting decisions --- the choice and financing of investments --- are shaped by racism.

The social conditions under which people live in a society where racism is prevalent are shaped by racism. These racialized social conditions, including employment opportunities, incomes, health statistics, and a wide range of other factors are used as data in social analysis. For example, income inequality along constructed racial lines provides data for the racist narrative in which race is given substance as a real biological determinant of abilities, behaviors, and sentiments. The racialized capital budgeting decisions that produce higher "black" unemployment and lower "black" incomes become the data for arguing that "blacks" are innately less productive.

Our position is that the existence of racism alters the logic of capitalist accumulation and vice versa. This is not to say, however, that we view either as the condition of existence of the other. The struggle to end racism is not collapsible into the struggle to end capitalist exploitation. Nor is the reverse the case. There is a need to further untangle the nexus connecting racism and capitalist accumulation, as part of a larger effort to recognize and make sense of these two phenomena. In particular, for those who are interested in understanding capitalist accumulation and crises, understanding this nexus promises to significantly alter and improve their analyses. The same can be said for introducing this nexus into attempts to make sense of racism.

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