

# SUURJ: Seattle University Undergraduate Research Journal

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Volume 4

Article 6

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2020

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Cara Nguyen  
*Seattle University*

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### Recommended Citation

Nguyen, Cara (2020) "The Relationship Between White Supremacy and Capitalism: A Socioeconomic Study on Embeddedness in the Market and Society.," *SUURJ: Seattle University Undergraduate Research Journal*: Vol. 4 , Article 6.

Available at: <https://scholarworks.seattleu.edu/suurj/vol4/iss1/6>

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# **The Relationship Between White Supremacy and Capitalism: A Socioeconomic Study on Embeddedness in the Market and Society**

**Cara Nguyen, Economics**

**Faculty Mentor: Erik Olsen**

**Faculty Content Editor: Erik Olsen**

**Student Editor: Hatcher Chapman**

## Abstract

Economic liberalism has built a market system that is founded on the belief that it is separate from other social institutions, that it is self-regulating, and that it operates without bias. This paper claims that despite the classical liberal values that the market is built to serve, capitalism exists within a context in which societal contracts like cultural and racial contracts influence market outcomes. Specifically, the racial contract in the United States contextualizes the capitalist free market system as a system that normalizes, empowers, and encourages the exploitation and abuse of Nonwhite people, specifically Black and Indigenous folks. The market was constructed and functions within a white supremacist society, which means that its outcomes uphold white supremacy. By weaving discussions of the foundations of the free market system like market embeddedness, neoliberalism and economization, settler versus Indigenous views of land, and the creation of racial contracts, the paper details how capitalism and white supremacy are intimately related. Ultimately, the domination and exploitation of Nonwhite people will continue to be an integral part of the liberal capitalist market system, regardless of whether this is done consciously or not. It will continue because it is built into the structures of the market. The project of challenging white supremacy, then, is directly tied up in the project of dismantling the capitalist market.

The conceptualization of the free market by Adam Smith and the discussion of private property by John Locke both built the foundation of capitalism and served as a basis for the way that capitalism evolved into its modern form. Exhibiting classical liberal values such as individual freedom and equal opportunity under the law, the way that Smith envisions the free market seems to result in a system that gives everyone equal chances at sustaining themselves in society; yet, how the market functions shows otherwise. Economic liberalism has built a market system that is founded on the belief that it is separate from other social institutions, that it is self-regulating, and that it operates without bias. I claim that despite the classical liberal values that the market is built to serve, capitalism exists within a context in which societal contracts like cultural and racial contracts influence market outcomes. Specifically, the racial contract in the United States contextualizes the capitalist free market system as a system that normalizes, empowers, and encourages the exploitation and abuse of nonwhite people, specifically Black and Indigenous folks. The market was constructed and functions within a white supremacist society, which means that its outcomes uphold white supremacy. My analysis will explore how the market and society exist in an intimate relationship that results in the upholding of white supremacist institutions, practices, exchanges, and systems. I first seek to understand how the market interacts with those that use it by dissecting the work of Milton Friedman, Karl Polanyi, and Wendy Brown, then contextualize this in the context of racial contracts discussed by Charles Mills and Robert Bunge. Ultimately, this paper will show how capitalism as a system contributes to the dehumanization, exploitation, and subjection of nonwhite communities in the United States.

Smith's free market depends on the idea that all actors are able to make whichever decisions in their self-interest and that no one is able to be coerced into making decisions against their will. Milton Friedman, a foundational neoliberalist is a great fan of the free market, believing that if all actors are voluntary and informed, "co-operation is thereby achieved without coercion" (Friedman 13). His belief in capitalism's ability to provide the needs for all assumes that, technically, all those who are involved in the market are in a certain sense choosing to take part in it, which means that they have the desires, resources, and knowledge to do so. Free-market liberalism presupposes that decisions made within the market are free, meaning that folks are allowed to make their own choices based on their self-interests. In pursuing our self-interests through the market, everyone ought to have a meaningful opportunity to get what they want. Friedman asserts that the market is built to be impersonal, that it "separates economic activities from political views and protects men from being discriminated against in their economic activities for reasons that are irrelevant to their productivity – whether these reasons are associated with their views or their color" (Friedman 21). This reveals his core belief: that the market is successful because it is separate from other social institutions and that bias is unable to make its way into market outcomes because of

this distinction. His line of thought comes from a long tradition of economic theory. However, sociologists, anthropologists, and political theorists have dismantled this long-standing assumption and show that the market and society are deeply embedded in one another.

Karl Polanyi is the most notable thinker when it comes to discussing the embeddedness of the market. He is an economic theorist with a strong background in history, anthropology, and social theory, often drawing on the works of Max Weber and Karl Marx to develop an understanding of economic systems and the exchanges that occur within them. In *The Great Transformation*, he claims that “man’s economy...is submerged in his social relationships” (Polanyi 38). His work details the history of economic thought, recognizing that much of it has depended on conceptualizing the economy as a system of markets that works through automatically functioning price mechanisms (Polanyi xxii). He describes economic liberalism’s goal with creating the free market system as a, “veritable faith in man’s secular salvation through a self-regulating market” (Polanyi 141). Polanyi argues that economic liberalism has failed to understand that, “the control of the economic system by the market is of overwhelming consequence to the whole organization of society” (Polanyi 60). Simply stated, the market functions within social institutions. Since the market is run by and engaged with by humans, the relationships and politics of community life bleed into market outcomes. The way that individuals move through their communities is reflected in how they move in the market; market decisions are less about an individual’s accumulation of material goods, and more about being a way to, “safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve his end” (Polanyi 48). The critical takeaway from Polanyi is the idea that the market cannot be separated from society because the market is simply a tool by which individuals and communities seek to meet their needs, and needs are informed by social and geographic locations, political alignments, and religious beliefs, all of which are rooted in different power dynamics and societal structures. Through Polanyi, we can see clearly how economic liberalism’s desire to make the market an impersonal, autonomous system is impossible.

Whereas Polanyi helps us understand how society has bled into the market, Wendy Brown helps us understand how the market has bled into society. Her studies on neoliberalism as it exists in the United States today show that it has led to the economization of all things, namely the self and the state. Economization refers to the fact that everyone begins to evaluate all aspects of society on the basis of economic value. In this process, everyone in society begins to seek out ways in which to, “maximize their capital value in the present and enhance their future value, and both persons and states do so through practices of entrepreneurialism, self-investment, and/or attracting investors” (Brown 22). Neoliberalism seeks to economize ways of being in community, and to bring market mechanisms into relationships to oneself and others. As neoliberalism attempts to affirm free markets and to push for dis-embeddedness, it

enacts policies of deregulation and privatization that shift societal structures from communal ways of being to strictly individualized and isolated relations. Each individual becomes defined by their economic value, which is calculated in their ability to produce, sell, market, and invest. Brown emphasizes that the processes of deregulating the market and privatizing public goods are implemented by those with political and financial power. This leads us to continue our analysis on market embeddedness by understanding that alongside our preferences and needs, bringing our relationships into the market inevitably draw in the power dynamics that exist within them. These power dynamics are the result of a variety of social contracts including but not limited to, political contracts, racial contracts, gender contracts, and religious contracts. We begin to see how the market is far from impersonal that each market decision engages with power dynamics which allow us to see how structures of inequality have emerged and are fortified through “free” market mechanisms. Is it truly a free market if its functions are constrained by and informed by power relations?

To speak of the market is to speak of value. Under capitalism, different people have different economic values based on what they’re able to offer to the market. This indicates that humans have values beyond their physical bodies and personal attributes, but also the land that they occupy and the labor and capital that they are able to provide. Under capitalism, land, labor, and capital are intimately tied to what we consume and how we consume. The broader question that must be asked is how land, labor, and capital are intimately tied to power relations, and more specifically to white supremacy. How might white supremacy inform the way we interact with these aspects of capitalism, and how might that inform the way interact with one another? It is necessary to understand how folks are both racialized and then valued in capitalism in these terms. Brown’s discussion of economization helps us see how conceptualizations of the value of land, labor, and capital are intimately connected to ideas of human value.

Understanding the roots of the free market system illuminate how its processes have always been racialized. Through reading Locke, we see how the inception of private property, a key aspect of capitalism, is informed by racialized and generally exclusionary harmful foundations pertaining to a commercial culture organized around the values of productivity and control of land. His attitude towards land represents the sentiments of settler colonizers and capitalists, who believe that land is only seen as valuable as a means of production. “As much land as a man tills, plants, improves, cultivates, and can use the product of, so much is his property,” states Locke, establishing the core value of free market capitalism (1980 21). His devotion to Christianity informs this perspective, as seen in this quote: “God, when he gave the world in common to all mankind...God and his reason commanded him to subdue the earth, i.e. improve it for the benefit of life, and therein lay out something upon it that was his own, his labour” (Locke 21). This is the cornerstone of the free market, which thrives on

the production and consumption of resources. It is, as Locke would say, God's will to have mankind produce, for to do otherwise would be a waste. The capitalist believes that without labor, land would "scarcely be worth anything" (Locke 27). Capitalism is sustained through the necessity of production, which is based on the idea that all land, labor, and capital ought to be used in this process of production so as to be useful or seen as valuable. In a capitalist society, and its inherently settler colonial attitudes, value is dependent on productivity.

Ideologically opposed to Locke is Robert Bunge, an Indigenous Lakota Sioux writer who asserts that land is valuable beyond what it offers to production. In "Land Is A Feeling," Bunge provides a perspective on land that aims to emphasize the difference in the white settler perspective and Native American perspective, stating that, "to the native American, [land] is the mother of all that lives, the Ur-source of life itself, a living, breathing entity – a person" (2). Bunge asserts that to the Native American, the land is a provider and a being to be cared for, rather than something to be exploited for the sake of production. There is a deep connection between the land and those that inhabit it, one that encompasses identity, life, and meaning. To sever that connection by viewing land as merely a means of production is a white settler perspective that ultimately leads to religiously sanctioned exploitation and abuse. Bunge notes that the "European newcomer to America had a land ethic based on sanctions originating in both the Bible and Classical Greek thought – namely, Genesis I:28," which claims that man ought to 'subdue' and 'have dominion over...every living thing that moveth upon the earth'" (4). The key part of this text reading is when Bunge makes the connection between the white man's relationship with land and the white man's relationship with others. In reference to the colonial mindset, he says that the "lack of respect for growing, living things soon led to lack of respect for humans too" (2). In viewing land as something to be cultivated and dominated instead of something that has inherent value, one begins to view a human as something to be used instead of someone that has inherent existential value. This ideology leads to the emergence of unjust power relations.

Where does this leave the person of color? Locke's idea of who belonged to society centered on the idea of reason. Those who are rational are able to consent to forming civil society, or the body politic. Those who are not, are stuck in a state of chaos in which, "all government in the world is the product only of force and violence, and that men live together by no other rules but that of beasts...and so lay a foundation for perpetual disorder and mischief, tumult, sedition and rebellion" (Locke 7). The opposite of this society, the one in which rational men agree to create, is a "community for their comfortable, safe, and peaceable living one amongst another, in a secure enjoyment of their properties, and a greater security against any, that are not a part of it" (Locke 52). Placing these words in the context of the white settler colonial state, we can see a distinction is developed between civil society and Indigenous societies. The civil man is capable of reason, government, and agreement, and the

Indigenous man is only capable of violence, force, and unruliness. This sets up a dynamic in which the Indigenous person is not only incapable of joining civil society, but is, by nature, directly opposed to it. The Indigenous person is not just a threat to civil man but to private property, the ultimate belonging of concern. The civil man is a cultivator, a harvester, a planter, and a worker, rooted in rationality, productivity, and morality. The Indigenous man, violent, uncontrollable, and animalistic, is useless. The white settler is of value while the Indigenous person is not.

Mills' work, *The Racial Contract*, analyzes the devaluation of the nonwhite person, concluding that the social contract conceived of by Locke was ultimately an agreement between other white people (men, specifically) that actively cast aside nonwhite communities. Indigenous people are "deemed childlike, incapable of self-rule and handling their own affairs, and thus appropriately wards of the state" (Mills 13). It is incredibly profitable for the white man to view the nonwhite person as a child that needs looking after because it allows for him to take ownership over the nonwhite person in the name of taking care of them. The white person sees the nonwhite person as someone lacking direction and moral grounding, thus justifying the white man's desire for control and paternalism. It is important to note that Friedman also echoes these sentiments of paternalism in his conceptions of the marketplace. He believes that the only types of people that cannot properly participate in the market are madmen and children. He states that they are not intellectually capable of making choices for themselves and thus are unable to engage in the market as an equal competitor. When read next to Mills, it becomes clear that the categories of madmen and children can be understood to include those who are not seen as capable by the dominant capitalist class. The infantilizing of people of color was done purposefully to ensure economic domination. Mills points out that the concepts of discovery and exploration that exist presuppose that, "if no white person has been there before, then cognition cannot really have taken place" (45). This belief that nonwhite people are incapable of thinking for themselves leads to the creation of the Western ideal in which Europe "emerges as the global locus of rationality" (Mills 45). An assumed lack of morality and rationality justifies "the need for Europeanization if moral redemption is to be possible" (Mills 46). Thus, all of society that is untouched by European, Western, white ideals is inherently worthless and only gains value when Europeanization happens. Actions based on these ideals is white supremacy at work. White supremacy is global and categorizes everyone into two categories: white and nonwhite. These categories could also be understood as valuable and worthless. Since the market cannot exist outside of society, this leads to an assumption that white people are the only ones valuable in the so-called free, opportunity-creating market.



So, we end up back to the concept of the market, only this time with the acknowledgement that nonwhite people have no stake in the market as it exists in its white supremacist global context. The simultaneous and connected structures of free market capitalism and white supremacy have not only dehumanized Nonwhite people, but have resulted in their abuse and exploitation in the market. We return to Brown's theory of economization, which emphasizes economic value as the most prominent indicator of human value under capitalism, to explain how this happens. This parallels with Bunge's reading on land and worth; everyone is deemed as worthless if they are not actively working towards creating value, whether that be through external production or internal transformation. The idea is reminiscent of Bunge's assertion that once land loses its meaning, humans do as well. As if the white man did not already have the tools to debilitate the nonwhite person, the economization of society as brought about by neoliberalism and more generally by ideological defenses of the capitalist market present the white man with more opportunities to undermine and devalue nonwhite communities. Measuring the economic value of a human is calculated in their ability to produce, sell, market, and invest. If someone is unable to give another economic benefit or advantage, then the capitalist mindset says they are irrelevant. White supremacy's role in economization returns us to the idea that those untouched and undeveloped by European values cannot properly contribute to society. Thus, even in an economic sense, the nonwhite person is unable to properly assert their value. It is then justifiable to reject the integration, involvement, and investment of nonwhite people because such decisions are not economically sound.

This conflicts with Friedman's depiction of the market as a place free of coercion. To counteract the argument that people of color still choose to participate in the market, we ought to remember that a choice made under external economic pressure is not a free choice. In order to survive at all, nonwhite people must interact with a market that routinely disenfranchises them. To say that involvement in the market is voluntary is an irresponsible conclusion to make, as nonwhite people, who are devalued from the market, still need access to resources, goods, and services in order to meet their own needs. The interaction that a white man has with the market is infinitely different than the interaction that a person of color has with the market, simply because one has the ability to make decisions freely and the other does not. Conclusively, one could say that the nonwhite person is coerced into entering the market, as there are no other means in which they can sustain themselves. Participating in a system that is built to harm and exploit you contributes to the constant dehumanization and degradation that nonwhite people face living in a white supremacist society. Since both white and nonwhite people are involved in the market, a power structure arises within the market itself in which the white man has the ability to bend the market in his favor at the cost of the nonwhite person. All this is done in the name of protecting the nonwhite person— "I know what you

need, so heed my instructions.” Nonwhite people are thus either excluded from some markets or coerced into the purchasing of overpriced products and incompetent services because they have no other options. Whatever the white men wish to sell to nonwhite communities, and at whatever price he deems acceptable, are the only options available because the white men are in control of the market. What is supposedly a system of equal opportunity and freedom, is in actuality a system that allows for the domination of one group over another in the name of economic maximization and production.

The market continues to feed white supremacy in so far as white supremacy continues to power the market. Capitalism thrives off of white supremacy because it creates a justification for the exploitation that is necessary for individuals to chase profit and hoard the means of production. To separate society and the market is to ignore the ways that they uphold each other, both in the realms of economic power and societal relationships. The market is a function of white supremacy just as white supremacy is a function of the market. The use and abuse of nonwhite communities to propel white institutions into further economic, social, and political gain is attributable to the reality that all social forces exist in a direct relationship to white supremacy. Free market capitalism, which Friedman, a white, property-owning man, places all of his faith in, is classified as functioning properly only because it is working in his favor. If the pursuit of self-interest continues as an unquestioned ideology, which it will under capitalism, then the white man will never confront the fact that nonwhite people fuel his success. If capitalism continues, the domination and oppression of nonwhite people will never be challenged by the white ruling force. It is also important to recognize that it is not just individual self-interest that is keeping white supremacist logics in the market. These logics have been so deeply entrenched in the free market capitalist system that it enacts white supremacy on structural levels, meaning that all those that operate under this market system are subject to perpetuating white supremacist social relations and a white supremacist market system. Unfortunately, the system is working exactly as it should and exactly as Bunge said it would, with the land, “consumed, used-up, depleted” and the nonwhite human stripped of their inherent value, dehumanized to the point of becoming an object of the market (10).

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