The Staggering Cost of Being Black in America

Armed with the tools of modern finance, engineer and businessman Shawn Rochester ‘97 offers an accounting.

Interview by Karen McCally ‘02 (PhD)

The premise isn’t new: engineer and business executive Shawn Rochester ’97, in a recent book, The Black Tax: The Cost of Being Black in America (Good Steward Publishing), shows myriad ways in which African Americans have borne and continue to bear financial costs rooted in racial discrimination.

But while there’s been a steady outpouring of studies detailing racial discrimination in housing, consumer lending, e-commerce, the job search, social programs, and other aspects of American economic life, Rochester has found a way to organize and share that information to increase its impact. He surveys much of the research in the form of a slender paperback. And while many studies focus on the discriminatory nature of policies, and the moral wrongs associated with them, Rochester notes that his book is among very few, if any, that examine the costs of being black through the lens of personal finance.

Relying on research in journals of economics, law, and public policy, Rochester tallies the lost income of blacks, relative to discrimination in a particular marketplace. And I would think, periodically, I would read articles about some research about I was well into my corporate career, but post business school.

When did you start thinking about what you call the black tax?

“I think there are two things going on. We have a tradition of focusing on the injustice and the immorality of things. We have a tradition of focusing on civil rights and notions of coming together, which are important outcomes. It seems like there was an assumption that economic advancement would just flow naturally from civil rights. So economics took a back seat.

There’s also just such little information out there about this story of continuous economic deprivation. I think we have a qualitative sense that things were bad. I think we have a qualitative sense that it was a long time ago. But as for how bad it was, it’s very difficult to come across this information.

But my training fits into providing this information. So I thought, “Let’s try to quantify it.” And what I’ve found is a lot of people working on small portions of a large puzzle, creating the important elements of the calculation, but in many disparate places.

You’ve spoken about the book to a range of audiences—a multiracial audience at Google, an elite group of black business

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executives, undergraduates at Rochester, United Nations ambassadors. What kinds of reactions have you received?

The reactions are, “Wow, I had no idea.” That’s what I hear continually. I think there’s also a sense of, “I felt this way. But I couldn’t put the words to it.” The question I get inundated with is, “What can we do?”

**How do you respond to that question?**

I urge people to do what I call getting your PHD: Purchase, Hire, and Deposit black. The majority of impact happens through payrolls and supply chains. And then, if you put deposits in a black financial institution, you’re directly investing in black enterprise, which is starved of capital. That’s hugely powerful. And anybody can do that.

My next projects continue to address this question. I’ve completed a second book in my Good Steward Financial Empowerment Series, which will be out soon. It’s called CPR for the SOuL: How to Give Yourself a 20% Raise, Eliminate Your Debt, and Leave an Inheritance for Your Children’s Children. SOuL stands for practicing Stewardship, Ownership, and Legacy.

And then my other project is to help people who are looking for those black enterprises to find them. People want to act on what they now want to do. I’m working on putting something together. This is a grassroots movement. I think people are coming from the right place. I think it’s wonderful when people cut a check to the Boys and Girl Club, or some other nonprofit organization in the black community. But don’t do just that when you control a business that has a $15 billion supply chain. You could create 10,000 jobs.

**ADDING IT UP:** In a recent book, businessman and engineer Rochester examines the financial impact of racial discrimination on African Americans. Just how much can it cost black families over a lifetime? What’s been the cost to African Americans over centuries?

*an Inheritance for Your Children’s Children.* It offers financial advice targeted to African Americans, in the context of the circumstances outlined in *The Black Tax.* SOuL stands for practicing Stewardship, Ownership, and Legacy.

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