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"Are U.S. and Black America's Interests Aligned?"

Introduction

Something of importance (a requirement) is performed persistently; there is limited variation in the effort over time. If expenditure is the metric used to measure persistence, then there is the possibility of persistent expenditures for relatively unimportant items because they are small in value. However, it is expected that persistent expenditures will occur over time for the most important requirements. This principle applies to both the private and public sectors.

This statistical analysis brief enquires whether what statistically proves to be important to the U.S. is broadly and practically important for Black Americans. That is: Is there broad consistency between what the U.S. and Black America deem to be important?

We permit important requirements and persistent demand for, and production of, them to be revealed through U.S. Department of Commerce, Bureau of Economic Analysis (BEA) statistics on Fixed Investment (Private and Public).[i] For the private sectors, and to avoid the aforementioned concerns about the smallness of expenditure requirements, we focus only on primary nonresidential structures categories, on housing units, residential improvements, and on intellectual property formation in software and research and development. For the public sector, we address the smallness issue by only accounting for structures and intellectual property requirements that exceed $100 billion in nominal value by 2023.[ii] We perform the analysis using nominal expenditure and chain-type quantity index values, which account for price change over 1960 – 2023. We compute variances for the structures and intellectual property requirements and use the smallest variances to indicate expenditure persistence and importance.[iii]

Results

Table A.—Expenditure Requirements with Lowest Variances in Nominal Value, 1960-2023

Line No.	Private Sector	Public Sector
1	Manufacturing structures	Intellectual property in software
2	Other nonresidential structures	Education structures
3	Power and communication structures	Highways and streets
4	Mining exploration, shafts, and wells structures	Intellectual property in research and development
5	Commercial and health care structures	

Table B.—Expenditure Requirements with Lowest Variances in Chain-Type Quantity Index Values, 1960-2023

Line No.	Private Sector	Public Sector
1	Other nonresidential structures	Highways and streets
2	Power and communication structures	Intellectual property in research and development
3	Manufacturing structures	Education structures
4	Residential improvements	Intellectual property in software
5	Commercial and healthcare structures	

Comments and Conclusion

We constrain the analysis to **five** broad private sector expenditure requirements, and to **four** expenditure requirements for the public sector (the latter occurring mainly to address the smallness concern).

For the private sector, Tables A and B reflect four overlapping expenditure requirements: Manufacturing; Other nonresidential structures (such as educational and vocational, lodging, amusement and recreational, and transportation structures that are small in value individually, but their total value rises to significance); Power and communications structures; and Commercial and healthcare structures (to include office, health and medical, shopping, and food and beverage structures). The two tables' separate inclusion of expenditures to produce energy (Mining exploration, shafts, and wells structures) and for Residential improvements is reasonable. However, whether on a nominal value basis or after accounting for price change, the U.S., as one would expect, has just been about "the business of doing business" over the past 63 years.

It is easy to argue that, if the U.S. economy grows and Black Americans can capture jobs, then there should be no concern. But a worthy cautionary note is that the structural nature of the U.S. evolving (transforming) economy is turning toward the disbenefit of Black Americans.

As for the public sector, the two tables show matching entries: Intellectual property formation (Software and Research and development) and Education and Highways and streets structures. The latter two are as expected. But it is surprising that government spends so substantially on Intellectual property formation. What should be made transparent is that it is government spending, but mainly private sector enterprises benefiting. While Black Americans may benefit from expenditures on very important Education and Highways and streets structures, by design, Black Americans are not positioned to benefit much at all from Intellectual property formation.

Whether the U.S. and Black America's preferences are well-aligned or highly unaligned is largely irrelevant. Black America **does not** have the political and/or socioeconomic clout to alter either outcome. We should make our primary future task transforming this outcome for the better or adopting a different strategy altogether.

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Endnotes

[i] We employ data from BEA: (1) Table 2.7. Investment in Private Fixed Assets, Equipment, Structures, and Intellectual Property Products by Type; (2) Table 2.8. Chain-Type Quantity indexes for Investment in Private Fixed Assets, Equipment, Structures, and Intellectual Property Products by Type; (3) Table 7.5. Investment in Government Fixed Assets; and (4) Table 7.6. Chain-Type Quantity Indexes for Investment in Government Fixed Assets.

[ii] It is noteworthy that BEA reports for 2023 total private nonresidential and residential structures investment of $1.9 trillion, and $1.5 trillion in intellectual property formation. For the public sector (Federal and state and local), BEA reports for 2023 $451.6 billion in structures expenditures and $350.2 billion in intellectual property formation.

[iii] We compute variances using Microsoft EXCEL's VARA option.