

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

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ECONOMIC GAINS OF BLACK AMERICANS OUTPACE WASHINGTON RHETORIC

Mark L. Melcher

Last month, I wrote an article about the debate in Washington over what the federal government should do about and for America's decaying older cities. I contrasted the solution proposed by the big shots in Washington and the big shots running these cities (that lots more federal money is needed), with the solution already being implemented by ordinary Americans everywhere (i.e., they're moving out of them). By voting with their feet, I said, ordinary Americans, as usual, are way out ahead of their so-called "leaders."

The centerpiece for this story was a book entitled *Edge City* by *Washington Post* reporter Joel Garreau. This week, in light of the heated debate last week over the appointment of Lani Guinier to head the Justice Department's civil rights division, I'd like to return to another subject covered in Garreau's terrific book, specifically the section in which he talks about the surprising growth and relative prosperity of America's black middle class.

I think his facts demonstrate that Lani Guinier's view that the United States is "shaped by irrational, majority prejudice," run by "a permanent, hostile, fixed majority" that precludes "interest satisfaction for disadvantaged minorities," is simply a view from a read-view mirror.

I am not trying to minimize problems associated with racism in the United States. But I think Garreau's data show U.S. skeptics and the world at large that enormous strides are being made to solve America's racial problems within the current governmental framework, and that the kinds of changes Lani Guinier proposed in the American system of democracy are not only not necessary, but probably not desired by nearly as many black Americans as might be assumed.

The message here is similar to the one associated with the cities. While Washington big shots argue endlessly with "establishment" black big shots, over what Washington should do about and for black Americans, ordinary black Americans are going about their business, building a better life for themselves and their families. And once again, it would appear that ordinary citizens are way ahead of their so-called "leaders."

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The growth in America's black middle class is no secret, of course, especially to anyone familiar with consumer marketing. But constant media attention to rising crime and violence among America's relatively small black underclass, and an equally constant drumbeat of carping about racism and inequality from the professional representatives of "the poor" in Washington, has, I think, created an impression in the mind of many Americans, and even more so among Europeans and Asians, that the majority of black Americans live in third world conditions and that there is little hope for improvement in their lives.

This impression leads to gloomy forecasts about the future of the United States, and is thus depressing to the financial markets, to savings and investment trends generally, and to public confidence in our system of government. And it is untrue.

In a chapter called "Atlanta: The Color of Money," Garreau notes that there is a huge demographic change occurring among America's blacks. He illustrates this point with a discussion of a prosperous middle-aged couple living on the north side of Atlanta. They are well educated, he says, and after successful careers working for others, they have both started their own businesses. They are, says Garreau, in every way typical of the new citizen of Edge City; except for one thing: they are black.

"For [they] and people like them" Garreau says, "are part of one of the biggest changes in black affairs in American history . . . They are part of a new black middle class without precedent in size and accomplishment in the more than four hundred years blacks have been in the New World. This black middle class is succeeding by the standards of the majority white culture in mainstream American careers. What's more, this new black middle class is burgeoning in the suburbs surrounding Edge Cities."

By the second decade of the next century, Garreau argues, this new American black middle class could be as large in percentage terms for blacks as the white middle class is for whites. Already, he says, in the Atlanta area, of the 19% of all families that are black: 40% are suburbanites; a third live in predominantly white areas; and almost a third make more money than the typical white family in America. In Atlanta, he notes, middle-class black families living in middle-class neighborhoods have virtually the same incomes as their white neighbors.

Nor is Atlanta an aberration. According to Garreau, in the Oakland area, 36% of all black families are more prosperous than the typical white family in America. On Long Island, it's 49%. In the Chicago area, it's 30%. In the Miami area, it's 24%. In the Los Angeles area, 33%. In the Detroit area, 31%. In the Washington area, it's 46%.

The following statistics, gleaned from several back issues of American Demographics, support what Garreau is saying.

- o One-quarter of black men now have incomes of over \$25,000, compared with 14% in 1967.
- o The number of black women earning over \$25,000 has more than quadrupled, from 3% in 1967 to 13% in 1991, in real terms.

- o The figures for the wealthier blacks are even more dramatic: there are three times as many black individuals earning over \$50,000 today than in 1967.
- o Of black families, 12% earn over \$50,000, double the figure from 1967, after adjusting for inflation.
- o Income distribution is more even today for blacks: 30% earn more than \$35,000 per year, compared with 19% in 1967.

Garreau's explanation? He notes that following the civil rights reforms of the 1960's, a large number of blacks began, quietly and without fanfare, to do what generations of poor immigrants - Irish, Italian, Polish or whatever -- had done: they pulled themselves up by their bootstraps. And just as for the immigrants before them, they did not join the great middle class overnight; in fact, it was the work of generations, as parents struggled to give their children a better life.

Nationwide, Garreau notes, the number of black-owned businesses has more than doubled since 1970, while the number of black managers and administrators has nearly tripled, and the number of black lawyers has increased more than six fold.

The result, Garreau continues, is that the black population in America today is divided roughly into thirds. One-third is the largely suburban middle class. Garreau notes that black sociologist Bart Landry has argued that if you include those areas within the city limits that are suburban in character -- something found in most cities -- the proportion is 46%.

Roughly another third -- 30% of black families -- continues to be in poverty. However, Garreau points out, according to most calculations, only about a third of that third--perhaps 10% of the total black population -- is "swept up in those profoundly depressing problems clustered under the rubric 'underclass.'"

Estimates by researchers at the Urban Institute indicate, Garreau says, that "underclass neighborhoods" -- areas where high school dropouts, unemployed men, welfare recipients, and female-headed families are especially numerous -- contained a total of 2.5 million people in 1980; a dreadful number, Garreau admits, but he adds that even if that population were all black, which it is not, it would work out to only 9.4% of America's blacks.

Finally, Garreau notes, that there is a working class between the two, which benefited greatly from the sustained tight labor markets of the 1980s. Garreau cites a report from the National Bureau of Economic Research, in which Harvard economist Richard Freeman showed that when the unemployment rate dropped below 4% in the cities he studied, the key employment rate for young black men with a high school degree or less improved by a third.

To put it another way, in 1983 the unemployment rate in those cities for members of that group was 41%. In 1987, it was 7%. Future years in which growth occurs, Freeman argues, will probably be similar. Fewer young people will be entering the work force in the 1990s than there were during the baby boom, and young black males will benefit.

Continuing on this positive note, Garreau points out that the idea that in the 1990s most blacks are somehow behind all whites in educational achievement is just plain wrong. Since the 1960s, he says, "black educational attainment has seen one of the steepest growth curves of any population group in American history -- including the Chinese, the Japanese, and the Jews. Only 38% of young adult blacks had a high school education in 1960. That figure had soared to 55% by 1970, 75% by 1980, and had reached 83% by 1986. The high school dropout rate plummeted.

"Between 1984 and 1989, the number of black students taking college Advanced Placement exams almost tripled. Those who received grades high enough to qualify for college credits more than doubled. Of all black kids who had graduated from high school in 1988, 27.1% were in college. To put that another way, a higher percentage of young black Americans are in college than there are young Swiss or English people in college."

The mistake that most critics of black progress make, according to Garreau, is that they use averages; often comparing blacks to the "pinnacles of economic, educational, and social achievement of the whites who live in the most affluent suburbs." This is okay, he says, "except that if you compare everything to peaks in which \$300,000 houses are 'normal,' then by definition everything else -- black and white -- is going to look like a valley."

Furthermore, Garreau argues that "the suburban black middle class demonstrates that averages are not fully representative of the black experience in America anymore, because those averages are lowered by that third of the black population still suffering from extreme tribulation."

In historic terms, Garreau concludes, the post-civil-rights-era black is in much the same position today that the Irish immigrant was in 1920. Indeed, he says, the one-third of black America that is fairly described as suburban middle class is becoming indistinguishable statistically from whites of the same class, not only in income and education, but in consumer behavior and attitudes toward government.

"None of this is to suggest that the problems of race and poverty in America are solved," Garreau notes, and ticks off a litany of well-known problems in the black community that prove the point.

"Some of the highest birth rates in America are recorded in neighborhoods where a third of the population is unemployed half the year. The virulence and toxicity of new drugs such as crack are awesome in their effects. The murder rate in inner-city neighborhoods exceeds one a day. During the sharp recession of the early 1980's, the size of the black middle class shrank. Black college enrollment for males has declined from the 1970s. One in four young black males in America is in jail, on probation, or dead before the age of 30. There is only one black-owned corporation in the Black Enterprise 100 that would compare with any corporation in the Fortune 500 . . . "

Yet, according to Garreau, "what can be said with a fair amount of confidence . . . is that the rise of Edge City has not had an evil effect on the aspirations of all black people. It has been at least matched by the rise of a large, churchgoing, home owning, childrearing, back-yard-barbecuing, traffic-jam cursing black middle class remarkable only for the ordinariness with which its members go about their classically American suburban affairs."

Thus, Garreau notes that while the poorest black families are those headed by single mothers with median incomes of only \$12,000, black married-couple families in which both husband and wife work have, by contrast, median incomes of over \$40,000. Families headed by single fathers have a median income of \$22,000, substantially higher than that of families headed by single mothers.

Garreau's data contain many implications. One economic point he makes is that, "if black household and income profiles converged to those of all Americans, there would be a near \$100 billion increase in personal incomes, about a 3% increase in gross national product (roughly equivalent in scale to the total GNP of Switzerland, Belgium, or Sweden), and a consumer market target that stirs the imagination."

In closing, I would argue, with much hope and optimism, that while a growing, strong black middle class doesn't necessarily assure a better life for all blacks in the United States, it certainly increases the odds.

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