

The Split-Level Challenge

by WHITNEY M. YOUNG, JR.

There are two infallible ways to surprise the average American when discussing race. One is to describe in any depth the Negro middle class. Seldom publicized, it has burgeoned to include doctors, lawyers, engineers, designers, editors, government officials, scientists, teachers, and businessmen—representatives in all the professions that demand skill and sophistication. Well-read, well-traveled, well-dressed, its members are among the 20 per cent of American blacks whose family income exceeds \$10,000; the 40 per cent who own their own homes; the 70 per cent whose marriages are stable. In every way these Negroes are the equals—and often the superiors—of white people in those categories. Yet these are the potential neighbors whom white suburbanites “fear”; the scientists and professionals whom used-car salesmen feel will “lower the neighborhood’s standards.”

A second unfailing method of surprise is to portray the dimensions of deprivation in America’s central cities—the rats, the odors, the hate, the despair. Walk a main street in a Negro ghetto. Here you will pass numerous marginal “mom-and-pop” stores, an occasional white-owned department store selling shoddy goods at higher prices than the big downtown establishments, boarded-up vacant shops with TO LET signs moldering from months of exposure, and knots of jobless men on stoops and street corners. Here and there is a skills training center or a new venture formed by ambitious young entrepreneurs, but by and large the scene is atypical of a booming economy. Most white Americans would associate such scenes only with the Great Depression, or played-out mining or mill towns.

The truest comparison might well be with another country—an economically underdeveloped nation. For the discrimination that has kept Negroes from the jobs, education, and skills needed in our highly advanced technological society has also created an economically deprived “nation” in the

heart of our urban centers of economic power. It is against this backdrop that the place of black capitalism in ghetto development must be discussed.

The economic gap that separates white and black Americans is, despite all the efforts of recent years, *growing*. Last year, for example, amid much fanfare, the government announced that Negro family income, as a proportion of white income, rose sharply. Negro family income was now 59 per cent that of white family income, said the federal press release—a 4 per cent jump in only two years. But in 1952, Negro family income was 57 per cent that for white families—so the proportionate gain was a mere two percentage points in a decade and a half.

And the *dollar gap* between the two groups actually grew. In 1950, median white family income was \$3,445; median black family income, \$1,869—a dollar gap of \$1,576. By 1967, after widely heralded social reforms, white income had soared to \$8,318. Negro income was \$4,939. And the dollar gap was now \$3,379. The seriousness of this situation is sharpened when we realize that black people, to a greater degree than whites, are urbanized. Better than half of all Negroes live in central cities, compared to only a fourth of whites. City life is more expensive, and the dollar gap means a dangerously lower standard of living.

The federal government, taking into consideration living costs and stand-

ards, estimates that an urban family of four must have an income of \$9,243 to maintain a “moderate standard of living.” Nothing fancy, no big cars or private schools—a *moderate* standard of living. That is nearly double the median black family income. In the black ghetto, income is even below the official “lower living standard,” which, for a family of four, is \$5,994.

Last year, we congratulated ourselves on an overall unemployment rate of 3.6 per cent, although that figure, the lowest in fifteen years, was still triple that for countries such as Japan, Germany, and Sweden. But Negro unemployment was around 7 per cent. And that does not include people who worked part-time when they wanted to work full-time, nor those who, in bitterness and despair, simply gave up and dropped out of the job market. Special surveys of ghetto areas found unemployment rates at 9 per cent, and underemployment ranging up to half of all workers. Among black teen-agers—and the black population, with a median age of 21.7 years, is younger than the white—unemployment reached the disastrous rate of more than one out of every four!

We must also keep in mind that these are monthly averages, and behind the numbers are people—human beings, with families to support and dreams to fulfill. Typically, the actual *number* of individuals unemployed at one time during the year is triple the monthly average, so a 7 per cent unemployment average means roughly one out of five workers experienced some unemployment during the year.

These figures are grim, but they don’t begin to show the true extent of the racial gap: that Negroes experience poverty at a rate triple that for whites; that black high school graduates make *less* than whites with a grade school education; that infant mortality among blacks is double that for whites; that life expectancy is shorter; that housing conditions are far inferior; that in almost every area of life in these prosperous United States, the gap between white and black in the decencies of life is vast—and growing.

But what of the future? Surely all the training programs, the increased emphasis on education, the crumbling job barriers that are allowing blacks into corporate ranks and into unions heretofore closed to them, the growing emphasis on black-owned businesses—all these recent developments will culminate in the very near future and the gap will close and, on an economic level at least, whites and blacks will be equal.

No.

Given present trends and the absence

Negro Vocational Representation

Percentage of all employees in field

Occupation	1940	1956	1966
Professional and technical	3.7	3.7	5.9
Managers, officials, proprietors	1.7	2.2	2.8
Clerical		3.8	6.3
Sales	1.2	1.8	3.1
Craftsmen and foremen	2.7	4.2	6.3
Semiskilled	5.8	11.3	12.9
Farmers and farm managers	15.2	8.5	6.1
Farm laborers and foremen	17.5	22.9	20.2

Source: U.S. Census

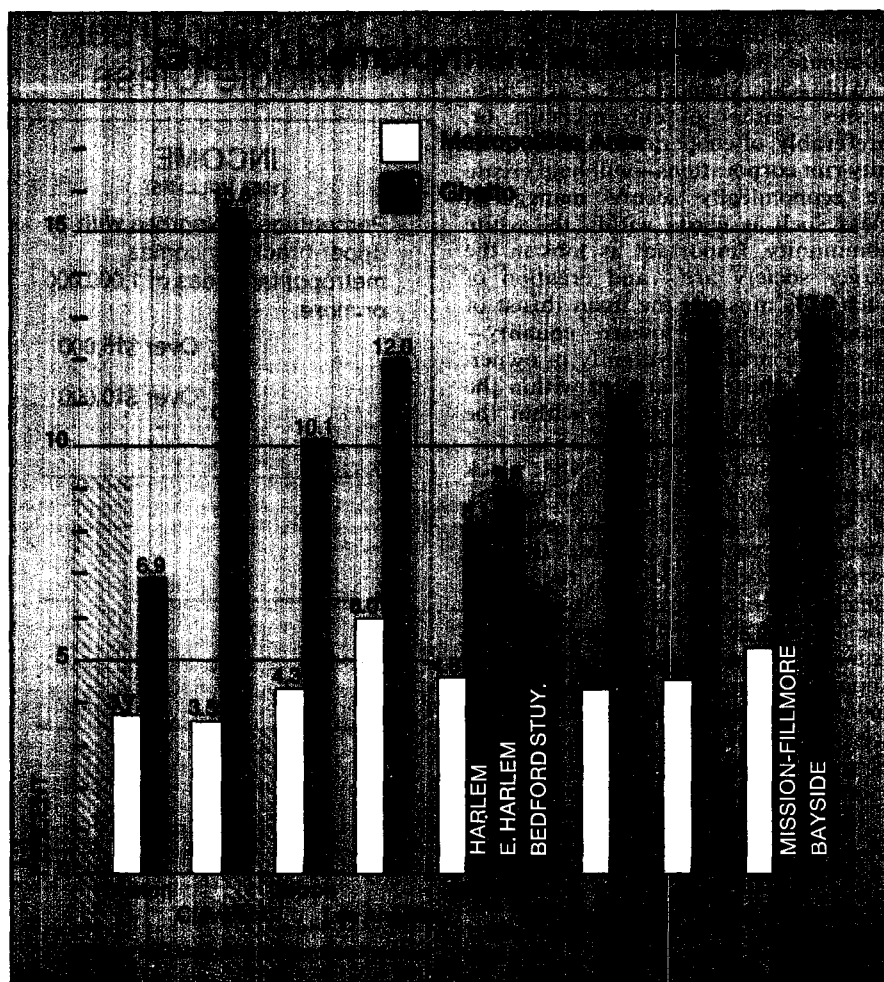
of a clear national commitment to equality, the future looks as bleak as the past.

The main reasons are that black people are concentrated in central cities, and discrimination (largely in the form of zoning laws that exclude lower-income families) keeps them out of the suburbs and disproportionately concentrated in jobs most likely to be automated out of existence in the coming decade. The Commerce Department has estimated that twenty-five of the largest metropolitan areas will lose three million jobs by 1975. More than half of all new employment in the past decade took place outside the central cities; in the larger metropolitan areas, four out of five new jobs were created in the suburbs. A Rand Corporation study projects a 20 per cent shift in employment from city to suburb by 1975, with 56 per cent of metropolitan-area jobs in the suburbs.

The composition of the job force also signals trouble. One economist has written: "If non-whites continue to hold the same proportion of jobs in each occupation, . . . the non-white unemployment rate in 1975 will be more than five times that for the labor force as a whole." Harvard economist Otto Eckstein, meanwhile, estimates that although Negroes will be 12 per cent of the 1985 work force, they will hold a smaller percentage of jobs in the professional, skilled, clerical, or sales fields—the very fields where employment is expected to grow. At the same time, he calculates, blacks will constitute a fourth of all laborers and farm workers and two of every five private household workers.

If full economic equality were achieved, there should be 1,330,000 Negro managers and proprietors; Eckstein estimates there will be only 420,000. For Negro salespeople, instead of an economic equality ratio of 830,000, he foresees fewer than half that—410,000. Instead of 2,160,000 black clerical workers, he projects only 1,510,000. Thus, while the economy expands and more jobs are created, Negroes will remain underemployed. Clearly, a massive national commitment to close the gap is mandatory. No nation can flaunt its affluence before a permanently deprived underclass and expect to survive.

Joseph Kennedy, father of the late President John F. Kennedy, said during the Depression that he would gladly part with half his fortune if he could be assured of keeping the other half in safety. Fortunately, sacrifices on such a scale are not necessary—yet. What is needed is a reallocation of resources, and a sharing of the power and the fruits of this society with those citizens now excluded from them.



Back in 1961, President Kennedy made a simple decision: the United States would land a man on the moon by the end of the decade. Plans were drawn, billions of dollars were allocated, personnel were trained—an unprecedented national effort was mounted. And now an American flag stands on the barren, crater-pocked moonscape, and the world hails the first men to walk on the surface of the moon. The same commitment is needed so that men can walk in dignity here on the barren streetscapes of the urban ghetto—a reordering of national priorities backed by dollars, jobs, schools, and housing, to bring about true equality for all American citizens.

I served on the Commission on Technology, Automation, and Economic Progress, and our report, *Technology and the American Economy*, identified more than five million new jobs that could be created in such key public service areas as health, education, safety, home care, and sanitation. These aren't make-work; they are meaningful jobs in crucial fields now starved for workers. Experiences in New Careers programs, training programs, and with the so-called hard-core unemployed indicate that the valuable human resources now wasted by a profligate

society can be turned to productive uses.

It is necessary to take a split-level approach—integration and simultaneous economic development of the ghetto. Although the job-creating potential of the government and of private industry is paramount, it would be tragic to neglect the importance of building sound economic structures in the ghetto. Black people must themselves have access to capital and to industries that not only create jobs but also give the black community the power—the economic muscle—to compete on equal terms with other groups.

What black citizens—North and South—share to a degree not experienced by white Americans is an all-pervasive sense of powerlessness. A few years ago, when the Chicago Urban League surveyed the racial composition of that city's decision-makers, it concluded that "it is safe to estimate that Negroes held less than 1 per cent of the effective power in the Chicago metropolitan area." Although 28 per cent of the city's population is black, only two of the 156 top posts in the city's administration were held by blacks; a mere 227 of the 9,909 policy-making positions in the private sector were held by Negroes; and no blacks

were in policy-making posts in the major non-financial corporations that dominate the city's economy.

Wide-scale support for black businesses—either of entrepreneurs or, preferably, of cooperative and community-run corporations—will help create an economically secure managerial class such as exists within the white community. Important as jobs in the larger society are—and creation of such jobs must be the main thrust of economic efforts toward equality—there is a pride and dignity in ownership that must be satisfied within the black community, as it is within the white.

If anything represents the black ghetto economically, it is the paucity of black-owned businesses and the marginal existence of those that do exist. A recent study by the Small Business Administration found that the "typical" minority-owned business is a one-man personal service or retail shop in the central city that has \$20,000 or less in annual sales. About a third were family-run stores, and only one of ten black-run businesses employed more than ten workers.

In New York, one out of forty whites owns his own business; only one out of a thousand Negroes does. Newark, with a black majority, has only 10 per cent of its businesses owned by blacks. Once again the situation is worsening. Between 1950 and 1960, while the total number of businesses was increasing, Negro business ownership declined by 20 per cent. Forty years ago there were forty-nine Negro-owned banks in thirty-eight cities; now there are twenty in nineteen cities.

There are many ways in which this gap might be closed. Credit and insurance remain among the biggest problems for the black businessman. Banking and insurance "pools" can solve this by spreading the risk thinly among participating companies. Federal assistance to ghetto businesses should be greatly increased, and training and management-consulting services provided. Government at all levels can stimulate the development of strong, job-producing industries through loans and contracts that guarantee to buy products and services.

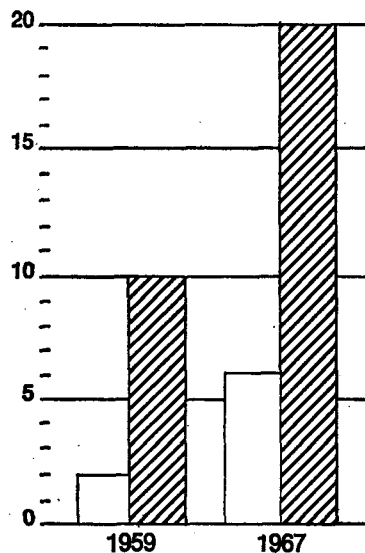
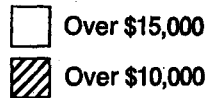
In *Beyond Racism* I proposed development of community corporations—Neighborhood Development Corporations—funded by a National Economic Development Bank financed by government-backed bonds bought, in part, by federally insured financial institutions. It is important that these new ghetto industries be just that—industries that create jobs and power and not just marginal hand-to-mouth retail operations.

Private business has an important

The New Urban Middle Class

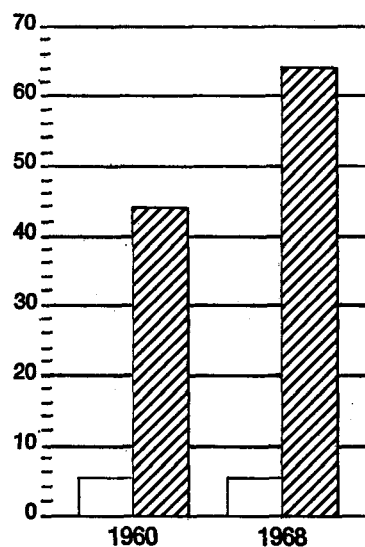
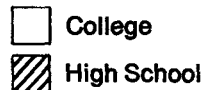
INCOME (1967 DOLLARS)

Percentage of Negroes with upper-bracket incomes, metropolitan areas of 1,000,000 or more.



EDUCATION

Percentage of Negroes in metropolitan areas who have completed:



Source: Current Population Reports

role. It has the expertise, the resources, and the power to help build a healthy ghetto economy. I would like to see a self-imposed tithe of 2 per cent of net corporate profits *invested* in ghetto enterprises to be operated and eventually owned by blacks. This would create a development fund of more than \$2-billion a year in new factories, marketing facilities, professional services, or guaranteed purchases of goods on a subcontracting basis. It is done every day in other fields; subsidiaries are created and then spun off. Why not in the ghetto?

Appropriate tax and regulatory legislation could also free more of the \$1-trillion in lendable assets of banks, savings and loan associations, and insurance companies. If only a fraction of these funds were made available for ghetto-based economic development corporations, the poverty-stricken ghetto could become a thing of the past.

I hope that the cynicism that pervades so much of modern life has not yet grown to exclude the demands of common morality. The black man was brought to these shores in chains, enslaved for 250 years, kept in peonage for most of the past hundred years, and now suffers disproportionately in all areas of life. Common decency demands that this situation be changed. The growing anger of the black masses, especially among the younger people who see through the hypocrisy of this society, will not lessen unless such a national commitment is swiftly implemented. Countering such protest with increased repression can only fan the flames of anger and eventually lead to the kind of police-state that will enslave all Americans.

Those in this morally underdeveloped nation who do not readily respond to the demands of conscience may be more responsive to self-interest. The black minority, disproportionately disadvantaged as it is, constitutes a huge market that cannot be ignored. Negroes earn about \$30-billion, form up to 50 per cent of the total consumer market for certain goods, and will be in the majority in about a dozen major cities well before 1980. Economic equality would mean enlarging this market by about \$25-billion, and it would also mean the creation of a stable urban middle class.

Our economy can ignore this huge market and the implications of equality only at its peril. The question really becomes: Does a society dominated by white-run institutions have any kind of future in a world that is three-fourths non-white? And can a business-oriented society survive when its major centers of power and commerce are populated by poverty-stricken, angry black majorities?



New York's Lower East Side, early 1900s—"an interacting and integrated set of ethnic subeconomies."

The Missing Bootstrap

by NATHAN GLAZER

Ten years ago, when I was working on *Beyond the Melting Pot*, a study of the ethnic groups of New York City, I was struck (as many had been before me) by the absence of Negro business in the major areas of Negro settlement—Harlem, Bedford-Stuyvesant, South Bronx, and even in the somewhat more middle-class Negro areas of Jamaica. If one viewed the Negroes as another major wave of immigrants to the city, this was perhaps the most striking difference between them and earlier waves—German, Irish, Jewish, Italian—and

even the other major contemporary wave, the Puerto Ricans. Perhaps the Irish came closest to the Negroes in their aversion to opening—or inability to open—small businesses to serve their communities, but even the drought of businesses owned by members of their ethnic community could not compare with the desert of Negro ghetto areas.

In addition, each of these communities—including the Irish—had developed economic specialties in the form of small businesses which served the rest of the community. These specialties can still be observed for even the most assimilated immigrant groups;

the Irish provided saloons for the rest of the community, the Jews delicatessens, the Italians their own distinctive restaurants, fruit stores, fish stores.

But these most visible lines of business were perhaps the least important of the "ethnic specialties" whereby ethnic groups, dominant or prominent in a given trade, provided services to the entire community and thus became part of an interacting and integrated set of ethnic subeconomies. Thus, the Irish, for various reasons, became dominant in port services. Jews became dominant in the needle trades, where they replaced the Germans and the English. Italians