

“In All of Thy Getting...”

Isn't it rich when you finally find an application or interpretation of something that was drilled into you as a child? In this case, "...in all thy getting, get **understanding**..." (Prov. 4:7). In today's Hip-Hop Culture, "**understanding**" might be translated as "**overstanding**," but the meaning remains the same. What am I referring to, and why should you care?

I am referring to the current financial crisis, and you should care because your today and tomorrow are at stake. America's business is doing business, and if you don't have the means to do business (i.e., no money), then you are likely to be left out in the cold.

The financial crisis is the culmination of a series of money events that pushed Black Americans disproportionately into the realm of pennilessness. According to the National Community Reinvestment Coalition (NCRC), subprime mortgage loans were more prevalent than prime loans among blacks in 98.5% of 331 metropolitan areas surveyed in 2003.¹

Subprime loans have been fingered as the culprit for the financial crisis. True or not, we must ask: "How could this happen? Where were our warners? Who will save us?"

Like many other Americans, Black Americans foolishly, and in some cases unsuspectingly, fell into the grasp of mortgage companies who bamboozled them into subprime loans. They fell into this trap, because too many Black Americans don't know how to do business. Business is about contracts, and subprime mortgage contracts were stacked against the uninitiated and unaware.

Subprime loan contracts came out of the imagination of those steeped in high finance. Realistically, we could not expect Blacks in this field to issue a warning. Having become quite ill on the consumption of subprime loans, the nation has turned to economists to provide healing. If economists can prescribe a cure, then why did they not warn of the illness to come? Specifically, where were Black economists at the beginning of this game? Why didn't they sound the alarm so that Black Americans could avoid falling into the trap?

As a Black economist, I think that it wasn't that we knew and didn't tell, I think that it was a case of not knowing until it was too late. "You didn't know?" How can trained Ph.D.'s not know? Because like most other disciplines, economics is compartmentalized, and unless you specialize in financial economics, you don't have a clue about what goes in the world of high finance.

The problem is that too many Black economists specialize in labor economics and study and write about discrimination. While Black economists focus on discrimination,

¹ See Susie Kirchhoff, "Minorities depend on subprime loans," *USA Today*, March 16, 2005. Retrieved from the Internet on October 4, 2008; http://www.usatoday.com/money/perfi/housing/2005-03-16-subprime-usat_x.htm .

other economists in the field of high finance shape business in the American and world business arenas. Black economists do a lot of getting, but maybe they are not getting enough “[understanding/overstanding](#).”

I tabulated the number of “finance” doctoral degrees issued as a proportion of total economics doctoral degrees awarded during 2002-2007. The proportion averaged 10.7% over the period.² Interestingly, the contribution of finance and insurance industries to total gross domestic product in the U.S. was around 8% in 2002.³ A simplified analysis of these statistics infers that we are producing a sufficient number of financial economists—assuming that we are producing enough economists overall. However, what we don’t know, because the statistics are not available, is: “How many financial economists are Black?” As a member of the National Economic Association (an association for Black economists), I can assure that the number of Black financial economists is miniscule.

Who will save Black Americans from this crisis? Must I remind you, that it’s all about “individual responsibility?” If you get yourself into a mess, then you’re going to have to figure out how to get out of it or drown in it. Don’t look for Black economists to come to your rescue. If they haven’t rescued you in the past, why should they begin now?

If you can read, however, then you can figure out how to get yourself out of the mess. It is easy to say, “That stuff is too complicated, only the experts understand it.” How did the experts learn it? They either taught themselves by reading or were taught. While it is good to have great teachers, it is often better to do your own research and derive your own methods for problem solving.

Professionals have a saying. “There are two things that you should not do: Serve as your own doctor or lawyer.” This makes good business for doctors and lawyers. Your financial health is not a medical condition, but it may turn into one if you don’t solve your financial problems. You can serve as your own financial expert if you learn basic economics and finances. Keep to simple practices. Avoid super sophisticated investment schemes and loans, such as derivatives and subprime loans unless you completely [understand/overstand](#) them. If you follow sound economic and financial principles, then you can transport yourself out of your financial crisis.

If you avoid the “suffering servant,” “victim,” and “need an expert” mentalities, then you will not only be able to engineer your way through the current financial crisis, but you will also be able to help others achieve the same outcome. Fortunately, this approach will ensure that in addition getting knowledge, you will get proper wisdom and “[understanding/overstanding](#).”

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² These proportions were derived from an annual listing of newly awarded doctoral degrees that appears in the *Journal of Economic Literature*, which is published by the American Economic Association.

³ These ratios are based on 2002 Benchmark Input-Output data from the Bureau of Economic Analysis, U.S. Department of Commerce. The 2002 data represent the most recent and completely available information