

***Part III: Black Socio-Economic Conditions and Black Institutions***

### ***Important Black Economic Statistics: Assets, Income, and Taxes***

The following statistics are for the years 2004 and 2005, and present a comparison of average estimated values of key economic variables for Black and White Americans.

<u>Key Economic variables</u>	<u>Blacks</u>	<u>Whites</u>
Households average net value of assets (wealth) <sup>+</sup>		
Average net value of total financial assets	\$ 5,000	\$249,233
Average net value of total nonfinancial assets	\$194,255	\$424,215
Household average net worth ( <b>assets less liabilities</b> )	\$160,887	\$564,972
Average Consumer Unit Income by Type and Taxes*		
Money income before taxes	\$39,385	\$60,791
Wages	\$32,500	\$47,440
Self-employment	\$ 1,271	\$ 4,122
Social Security, private and Government retirement	\$ 3,768	\$ 6,631
Interest, dividends, rent, and other property income	\$ 302	\$ 1,551
Unemployment, workers compensation, and Veterans benefits	\$ 187	\$ 209
Public assistance	\$ 813	\$ 273
Regular contributions for support	\$ 294	\$ 380
Other income	\$ 249	\$ 184
Taxes, personal	\$ 603	\$ 2,683
Federal	\$ 287	\$ 1,912
State and local	\$ 257	\$ 578
Other	\$ 59	\$ 193

Sources:

<sup>+</sup>--<http://www.federalreserve.gov/pubs/oss/oss2/2004/scf2004home.html> (total number of households, 112.1 million); and

<sup>\*</sup>--<http://www.bls.gov/cex/2005/share/race.pdf> (99.031 million White consumer units and 14.042 million Black consumer units). Both sources retrieved from the Internet on September 22, 2007.

## ***Where do Blacks Live in the United States by Metropolitan Area?***

Given the history of Blacks in America and the fact that Blacks are rational economic agents, one would conclude that there could be a strong relationship between the cities in which Blacks choose to reside and the extent to which those cities provide overall favorable conditions for Blacks. Of course, other factors could play a significant role in determining where Blacks decide to reside; i.e., greater demand for Black labor and higher levels of compensation may attract Blacks to particular cities, even though overall conditions in those cities may not be as favorable as elsewhere. Everyone is familiar with the great waves of Black migrations from the South to the North after the Civil War and up to and during World War II. However, since the 1990's, Blacks have reversed that migration pattern and, today, more Blacks live in the South than in the North.

Below, you will find a list of ten Metropolitan Statistical Areas that boast the largest Black populations in 2005 as reported by the U.S. Census Bureau (<http://www.census.gov>). What is not provided is an indicator of how Blacks self-report the overall conditions in these cities.

### **Top 10 Black Populated Metropolitan Statistical Areas:**

1.	New York	3.7 million
2.	Chicago	1.7 million
3.	Atlanta	1.5 million
4.	Washington, D.C.	1.4 million
5.	Philadelphia	1.2 million
6.	Miami	1.1 million
7.	Detroit	1.0 million
8.	Los Angeles	1.0 million
9.	Houston	0.9 million
10.	Dallas	0.8 million

## ***The Number and Nature of Black Businesses***

The U.S. Department of Commerce's Census Bureau conducts a census of Black-owned business enterprises every five years (quinquennially). Black ownership is determined by the 51 percent rule (i.e., Blacks are identified as owning at least 51 percent of the enterprise). The first such census was conducted in 1969, and follow on censuses have been conducted for each year ending in 2 and 7 since that time (i.e., 1972, 1977, 1982, 1987, 1992, 1997, and 2002). The sheer number of Black enterprises has grown substantially over the last nearly forty years, and the types of Black businesses in operation have changed significantly (enterprises are self-classified by the industries in which they derive the majority of their receipts). It is agreed that the growth in Black enterprises is good; however, it is somewhat disconcerting that the ability of Black enterprises to support employees has declined over the period. In other words, although the number of Black enterprises has grown, the percentage of Black enterprises that have employees has declined dramatically—from about 28 percent in 1969 to less than 10 percent in 2002.

Below, selected statistics related to Black-owned enterprises are presented from the 2002 Census Bureau report; <http://www.census.gov/prod/ec02/sb0200csblk.pdf>; retrieved from the Internet on September 5, 2007.

Total Number of Enterprises: 1,197,567  
 Total Value of Gross Receipts: \$88.6 billions  
 Total Number of Enterprises with Employees: 94,518  
 Total Number of Enterprises without Employees: 1,103,049  
 Total Number of Employees of Black-Owned Enterprises: 753,978

Top Three Industries Based on the Number of Enterprises within 3-Digit NAICS:

(812) Personal and Laundry Services; (624) Social Assistance; and (561) Administrative and Support Services.

Top Three Industries Based on the Total Value of Receipts within 3-Digit NAICS:

(541) Professional, Scientific, and Technical Services; (621) Ambulatory Health Care Services; (561) Administrative and Support Services.

Top Three Cities (Number of Enterprises and Value of Gross Receipts):

New York : 98,080 Enterprises; \$5.1 billion  
 Chicago: 39,419 Enterprises; \$2.1 billion  
 Los Angeles: 25,954 Enterprises; \$1.9 billion

The numbers within parentheses above are three-digit NAICS codes.

## ***Top Black American-Owned Enterprises***

Blacks often feel a sense of accomplishment and pride when they hear that the Black American economy exceeds \$700 billion—among the top 20 economies in the world. Of course, the Black American economy could be larger if we emphasized entrepreneurship to a greater extent, and if we planned economic activity in our community more effectively. Nevertheless, it is always interesting to see how Black American-owned enterprises perform each year. One can obtain such a perspective by viewing the June issue of *Black Enterprise Magazine*. The magazine has a 35 year history of providing information about the top 100 Black American enterprises.

We use the June 2007 issue of Black Enterprise Magazine to provide the eight top Black American enterprises in terms of gross receipts, fund amount, and total assets as reported for 2006.

### **Top Black American-Owned Enterprises, 2006:**

- World Wide Technology, Inc.: \$2.0+ billion, (Information Technology Products), - Maryland Heights, Missouri
- CAMAC International Corp.: \$1.6 billion, (Oil and Gas Exploration), Houston, Texas
- Prestige Automotive: \$1.5 billion, (Automobile Dealer), St. Claire Shores, Michigan
- GlobalHue: \$0.6 billion, (Advertising Agency), Southfield, Michigan
- Carver Federal Savings Bank: \$0.8 billion, (Banking), New York, New York
- The Williams Capital Group, Limited Partnership: \$142 billion fund, (Investment Bank), New York, New York
- EARNEST Partners: \$26 billion in total assets, (Asset Management Company), Atlanta, Georgia
- Fairview Capital Partners, Inc.: \$2.4 billion in total assets, (Private Equity Fund), Farmington, Connecticut

Source: <http://www.blackenterprise.com/cms/exclusivesopen.aspx?id=3090>; retrieved from the Internet on September 15, 2007.

## ***What do Blacks Buy Most?***

The U.S. Department of Labor, Bureau of Labor Statistics, is responsible for conducting the Consumer Expenditures Survey (CES), which collects information on consumer spending. The CES reports the following expenditures for Black Americans for 2005; percent of total for selected categories of expenditures.

<b>Given Average Annual Income of \$32,849:</b>	<b>100.0%</b>
<b>Food at home</b>	<b>8.1%</b>
<b>Food away from home</b>	<b>5.0%</b>
<b>Shelter, owned dwellings</b>	<b>9.7%</b>
<b>Shelter, rented dwellings</b>	<b>9.6%</b>
Utilities, fuels, and public services	9.9%
Household furnishings and equipment	3.0%
Apparel and services	6.0%
Transportation, new cars and trucks	3.0%
Transportation, used cars and trucks	4.0%
Transportation, gasoline and motor oil	4.7%
Transportation, other vehicle expenses	5.2%
Healthcare	4.4%
Entertainment	3.8%
Education	1.5%
Cash contributions (charitable)	3.7%
Pensions and Social Security contributions	9.2%
<b>Percentage of total accounted for</b>	<b>90.9%</b>

As an explanation, the foregoing table indicates the percentage of total expenditures that is accounted for by selected types of expenditures within the average Black American household. For example, the table shows that Black Americans, on average, spent 8.1% of their annual average income on food at home, and 5.0% on food away from home (i.e., at restaurants and other non-home eating places in 2005).

The Shelter (owned dwellings and rented dwellings) percentages are not intended to indicate that the average Black American household spent 9.7% and 9.6% on owned and rented dwellings, respectively. Rather, these two percentages are intended to indicate that Black Americans who own their dwellings spent about the same amount on dwellings as those Black Americans who rent. A very rough estimate of the percentage of average annual income spent by the average Black American household on dwellings can be derived by summing the two percentages; i.e., around 19.3%.

Source: <http://www.bls.gov/cex/2005/share/race.pdf>; retrieved from the Internet on September 22, 2007.

## ***What is the Black Home Ownership Rate and Household Net Worth?***

Amidst the sub-prime loan crises of 2007 and all that ensued, home ownership does not appear to be producing the rates of return that were expected and that materialized over the recent decade or so. However, homeownership appears to remain a wise long-term investment choice. In fact, when taking into account the tax benefits of homeownership, it is difficult to pass up on seeking home ownership.

The comparative data that are presented below provide insight on the relative position of Blacks versus Whites on home ownership and net worth (i.e., net worth is equal to total assets less total liabilities).

### Housing Tenure\*

Percentage of Black households that own homes	49%
With mortgage	32%
Without mortgage	17%
Estimated market value of owned home	\$76,405
Percentage of White households that own home	70%
With mortgage	44%
Without mortgage	26%
Estimated market value of owned home	\$172,808

### Net Worth<sup>+</sup>

Black (including non-White, Hispanics) average household net worth (families with holdings)

Median	\$ 29,670
Mean	\$160,887

White (non-Hispanic) average household net worth (families with holdings)

Median	\$142,700
Mean	\$564,972

### Sources:

\*--<http://www.bls.gov/cex/2005/share/race.pdf>; and

+-- <http://www.federalreserve.gov/pubs/oss/oss2/2004/scf2004home.html>. Both sources were retrieved from the Internet on September 22, 2007.

### ***What is the Rate of Black Vehicle Ownership?***

As Meizhu Lui, Emma Dixon, and Betsy Leonard-Wright recount in their 2006 report, *Stalling the Dream: Cars, Race and Hurricane Evacuation*, most of us are familiar with the classic stereotype of Black Americans being overly car rich. The historical image that comes to mind, which must have been used to create this stereotype, is a Black “Welfare” mother with lots of children on the porch of her home with her Black boy friend’s Cadillac sitting in the driveway. Although he can’t afford it, the boy friend owns a very expensive car.

The facts stand in stark contradistinction to this stereotype. Consider the following findings by Lui, Dixon, and Leonard-Wright’s concerning the percentage of automobile non-owning households by ethnic group:

<u>Ethnic Group</u>	<u>Percentage of non-owning households</u>
Black	24%
Latino	17%
Native American	15%
Asian	13%
White	7%

The Federal Reserve Board’s Survey of Consumer Finances for 2004 provides the following average (mean) results for households actually owning automobiles:

<u>Households</u>	<u>Total value of all vehicles owned</u>
Black	\$14,995.50
White	\$21,754.00

<u>Households</u>	<u>Total value of all outstanding vehicles loans</u>
Black	\$12,138.10
White	\$13,926.00

These data clearly reveal that barely 75 percent of Black American households own cars, compared with higher ownership percentages for all other large ethnic groups. In addition, the average value of Black-owned cars falls far below that of Whites; and the loan-to-asset value ratio is considerable higher for Blacks (about 81 percent) when compared with that of Whites (about 64 percent).

Sources: [http://www.faireconomy.org/Stalling/stalling\\_the\\_dream\\_2006.pdf](http://www.faireconomy.org/Stalling/stalling_the_dream_2006.pdf) ; and <http://www.federalreserve.gov/pubs/oss/oss2/2004/scf2004home.html>. Both sources were retrieved from the Internet on September 22, 2007.

## ***Are there Opportunities for Trade with Africa?***

No question about it, international trade is a key component of U.S. economic activity. For many years now, the U.S. has imported (purchased from other countries) more goods and services than it has exported (sold to other countries). In certain circumstances, it is ideal for a nation to export more (sell more of its products) than it imports (buy products from abroad). African nations constitute a set of small trading partners with the United States; in 2006, all of Africa exported \$87.2 billion in goods and services to the United States, while this nation sent \$34.9 billion in goods and services to Africa. The large U.S. trading partners are the European Union, countries in the Americas, and Asia. A key reason why African nations do not trade more with the U.S. is because the former mainly have primary products (agricultural and natural resources) to trade. Given that the U.S. or its immediate neighbors produce sizeable quantities of primary products, African nations are not in a very good position to compete to export their goods to the U.S. On the flip side, the U.S. mainly exports high priced, sophisticated products (airplanes, computers, medical equipment, military goods, etc.), and because African nations are not now in a position to purchase considerable quantities of these products, the U.S. is unable to export much of its products to Africa.

Nevertheless, there are niche areas where the United States and African nations can engage in more trade. Tourism is one such area. Increasingly, Americans (including Black Americans) are finding tourism to be a favorable experience in Africa. With tourism comes exposure to the cultures of African nations and a possible affinity for African products, which can be imported. In addition, as the United States permits more Africans to emigrate to this country, then more Americans will become more familiar and comfortable with Africans. This, book, may spark additional interest in Africa, its people, and its products and services.

Controversial, yet important efforts to open Africa for American firms to do business include those by Andrew Young who is former civil rights leader and confidant of Martin Luther King, former U.S. Ambassador to the United Nations under the President Jimmy Carter Administration (1976-80), and former Mayor of Atlanta, Georgia. Young's company, GoodWorks International (GWI), assists American firms developing business relationships in Africa. Young has been criticized recently for his special relationship with Nigeria's President Olusegan Obasanjo. Nevertheless, GWI appears to be an effective deal maker in Africa.

Similarly, U.S. Congressman William Jefferson (D-LA) has played a key role as Co-Chair of the Africa Trade and Investment Caucus, among other positions, to stimulate U.S. trade with African nations. He was instrumental in passing the first Africa Growth and Opportunity Act (AGOA) in the Congress. Congressman Jefferson is currently fighting bribery charges that are linked to his work on U.S.-Africa Trade.

## ***How Important is Black Investment in Education?***

There is, of course, the mythological “great controversy” between two great Black American Educators: Booker T. Washington and W. E. B. Dubois. The literature records Washington as favoring an emphasis on practical skill formation among Blacks, while Dubois favored academic training for its own sake. Washington asked, what profiteth a person to study the classics (literature, language, and the arts) when s/he is unable to feed her/himself. Dubois posited that it was important for the Black “talented tenth” to become educated so that they could provide leadership to the remainder of the Black population in the nation.

It is widely recognized that both perspectives have great merit. Blacks must learn practical skills to ensure their survival or be left at the mercy of those who have such skills. At the same time, Blacks require higher knowledge in order to be able to interpret the most sophisticated developments in the world and to provide insights on appropriate responses to these developments.

In a recent article by Black economists Darity, Mason, and Stewart (2006), an argument is presented, which explains that individuals may decide to treat other individuals according to objective principles or they decide to adopt some group perspective in their treatment of other individuals.<sup>4</sup> That is, Whites may treat Black persons fairly or they may adopt a “White group” perspective and treat Black persons in a racist manner. A basic yardstick for fair treatment may be based on the knowledge (education) possessed by White and Black individuals; i.e., adoption of a rule “the smartest wins.” Racist treatment could reflect a failure on the part of Whites to acknowledge the knowledge (education) possessed by Blacks, fearing that that knowledge (education) threatens the status quo; i.e., White’s superior status would be undermined by recognizing equal or superior knowledge possessed by Blacks.

Consistent with Darity, Mason, and Stewart (2006), according to economist Kenneth Arrow (1972), the greater the level of education possessed by Blacks, the greater the amount of racial discrimination encountered.<sup>5</sup> Why? Because, a Black person who possess a doctoral degree, when denied an employment opportunity, has more to lose than a Black high school graduate because the compensation normally due to the former is expected to far exceed that due to the latter.

Nevertheless, over the course of time, Black Americans have continued to break down barriers to opportunities using education as a weapon. Consequently, it is generally agreed that when it comes to education, it is appropriate to adopt the old economists’ adage, “more is better” as long as it is in appropriate fields. However, let there be no

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<sup>4</sup> See Darity, W., Mason, P., and J. Stewart, “The Economics of Identity: The Origin and Persistence of Racial Identity Norms,” *Journal of Economic Behavior & Organization*, 60(2), 2006, 283-305.

<sup>5</sup> See Arrow, K, “Models of Job Discrimination,” in *Racial Discrimination in Economic Life*, edited by A. E. Pascal, Lexington, Lexington Books, 1972, 83-102.

controversy in this conclusion, by “more” is meant, more practical and applied as well as academic education.

The importance of investing in education is highlighted in the following statistics on average annual earnings:

Less than High School Graduate:	\$ 19,915 <sup>+</sup>
High School Graduate (Diploma):	\$ 29,448 <sup>*</sup>
College Graduate (Bachelors Degree):	\$ 54,689 <sup>*</sup>
Master’s, Professional, or Doctoral Degrees:	\$ 79,946 <sup>+</sup>

Source: <http://www.census.gov/Press-Release/www/releases/archives/education/009749.html>; retrieved from the Internet on September 5, 2007.

<sup>+</sup>--Statistics for 2006.

<sup>\*</sup>--Statistics for 2005.

## ***What is Black Educational Achievement at the High School Level?***

The importance of educational achievement morphs over time. In the past, a premium was placed on completing high school and obtaining a diploma. Today, we have already moved past the point where obtaining an undergraduate (Bachelors) degree is an almost absolute must if one is to be able to capture employment that pays sufficiently to meet average living standards. Of course, there are exceptions; holders of certain licenses to practice skilled trades earn six-figure salaries (i.e., over \$100,000 annually) and have access to comfortable lives. Given these circumstances, today, completing high school and obtaining a diploma is the essential first step toward higher education and prospects for earnings that may facilitate average lifestyles or better.

Below, statistics are presented on Black American educational attainment at the high school level based on 2006 Current Population Survey data; <http://www.census.gov/population/www/socdemo/education/cps2006.html> (retrieved from the Internet on September 5, 2007).

Black Population 18 years and older: 25.6 million

Number: Less than high school completion: 5.1 million

Males: 2.4 million

Females: 2.7 million

Percentage: Less than high school completion: 19.9%

Males: 9.4%

Females: 10.5%

Number: High school completion: 9.1 million

Males: 4.4 million

Females: 4.7 million

Percentage: High school completion: 35.5%

Males: 17.2%

Females: 18.4%

## ***What is Black Educational Achievement for Bachelor's Degrees?***

Black Americans have made great advances in earning Bachelor's Degrees. Today, although the ranks of Americans who attend college continue to swell, Black Americans are more than keeping pace. The percentage of Black high school graduate who attend college continues to grow. It is true that Blacks take longer to complete their college education than Whites, however, the number of Blacks completing Bachelor's Degrees also continues to grow.

Below, statistics are presented on Black American attainment of Bachelor's Degrees based on 2006 Current Population Survey data, <http://www.census.gov/population/www/socdemo/education/cps2006.html> (retrieved from the Internet on September 5, 2007), and on data from the National Center for Education Statistics, Digest of Education Statistics, <http://nces.ed.gov> (retrieved from the Internet on September 5, 2007).

Black Population 25 years and older: 21.6 million

Number with some college: 4.1 million

Males: 1.7 million

Females: 2.4 million

Percentage with some college: 19.0%

Males: 7.8%

Females: 11.1%

Number with Associates Degrees: 1.7 million

Males: 0.6 million

Females: 1.1 million

Percentage with Associates Degrees: 7.9%

Males: 2.8%

Females: 5.1%

Number with Bachelors Degrees: 2.7 million

Males: 1.1 million

Females: 1.6 million

Percentage with Bachelors Degrees: 12.%%

Males: 5.1%

Females: 7.5%

Top five graduating fields in 2004-5: (1) Business; (2) Social Sciences; (3) Psychology; (4) Health professions; and (5) Communications and Journalism.

## ***What is Black Educational Achievement for Master's Degrees?***

Master's Degrees are the degrees of distinction today. That is, Bachelor's Degrees are commonplace, so one must attain the next level—Master's Degrees—to distinguish oneself from the crowd. As in other areas of education, Black Americans continue to catch up in their proportional attainment of Master's Degrees.

Below, we provide statistics on Black attainment of Master's Degrees based on 2006 Current Population Survey data, <http://www.census.gov/population/www/socdemo/education/cps2006.html> (retrieved from the Internet on September 5, 2007), and on data from the National Center for Education Statistics, Digest of Education Statistics, <http://nces.ed.gov> (retrieved from the Internet on September 5, 2007).

Black Population 25 and older: 21.6 million

Number with Master's Degrees: 996,000

Males: 381,000

Females 615,000

Percentage with Master's Degrees: 4.6%

Males: 1.8%

Females: 2.8%

Top fields of study for Black American holders of Master's Degree in 2004-5

(1) Education; (2) Business; (3) Public Administration; (4) Health Professions; and (5) Psychology.

## ***What is Black Educational Achievement for Doctoral & Professional Degrees?***

Since 1876, when Edward Alexander Bouchet was the first Black American to earn a doctoral degree (Yale University in Physics), Black Americans have continued to seek the highest certification offered by educational institutions. There are Black American holders of doctoral degrees in most, if not all, important fields. However, Black representation across fields is uneven—with a disproportionate number of Black recipients of doctoral degrees in education. Along-side, and in certain cases exceeding the earning potential of, doctoral degrees are professional degrees, such as lawyers, certified public accountants, and engineers. These are important degrees because they reflect Black potential to contribute to the smooth functioning of the broader society; e.g., the execution of justice; operations of commerce; and the construction and maintenance of the nation's infrastructure.

Below, we provide statistics on Black American attainment of professional and doctoral degrees based on 2006 Current Population Survey data, <http://www.census.gov/population/www/socdemo/education/cps2006.html> (retrieved from the Internet on September 5, 2007), and on data from the National Center for Education Statistics, Digest of Education Statistics, <http://nces.ed.gov> (retrieved from the Internet on September 5, 2007).

Black Population 25 years and older: 21.6 million

Number Holding Doctoral Degrees: 105,000

Males: 62,000

Females: 43,000

Percentages Holding Doctoral Degrees: 0.5%

Males: 0.3%

Females: 0.2%

Top fields of study for Black American holders of doctoral degrees in 2004-5:  
(1) Education; (2) Psychology; (3) Health Professions; (4) Biological and Biomedical Sciences; and (5) Theology and Religious Vocations.

Number Holding Professional Degrees: 160,000

Males: 63,000

Females: 97,000

Percentage Holding Professional Degrees: 0.7%

Males: 0.3%

Females: 0.4%

Top fields of study for Black American holders of professional degrees in 2004-5:  
(1) Law; (2) Medicine; (3) Theology; (4) Pharmacy; and (5) Dentistry.

## ***Black Married and Unmarried Mothers and Government “Welfare”***

When “experts” consider all of the real or mythological “dysfunctional” behaviors and related outcomes that are attributed to Black Americans [e.g., in the areas of educational achievement; economic performance (lack of job discipline and entrepreneurship); criminal activities, including drug abuse; and poor health, including susceptibility to HIV AIDS and other chronic illnesses such as diabetes], they often point to one causal factor: Destabilized Black American families. These experts contend that the absence of a well-functioning family (i.e., father, mother, and children), is the underlying cause of conditions that lead to unhealthy and unstable inter-family relations, which produce dysfunctional behaviors. In turn, the dysfunctional behaviors result in adverse outcomes for the family, the Black community, and the larger society. Too often, the experts perform their analyses and arrive at these conclusions without fully acknowledging the external, initial causes of destabilized Black American families.

*BlackEconomics: A Primer* attempts to partly explain Black dysfunctional outcomes by providing facts about the Black family—particularly, Black mothers who participate in government “Welfare” programs. The key statistics that are presented below are for 2001, and are reported in *Participation of Mothers in Government Assistance Programs: 2001*, which was released by the U.S. Department of Commerce’s Census Bureau in September of 2005.

Number/Rate of Black Mothers Participating in U.S. Government Welfare Programs:<sup>6</sup>

Total Mothers Participating	35.2 million
Total Black Mothers Participating	5.6 million
Black Mothers Participation Rate	15.9%

The 15.9 percent participation rate exceeds the proportion of Black Americans in the U.S. population in 2001—just over 13.0 percent. Black married mothers constituted about 7.0 percent of all married mothers in the U.S. in 2001. About 18.4 percent of all unmarried women over 18 years of age during 2000 were Black.

The report indicates that 65.2 percent of mothers participating in government welfare programs were unmarried. By applying this percentage to the 5.6 million Black mothers who participated in government welfare programs, we estimate that about 3.7 million Black mothers were unmarried participants.

Source: <http://www.census.gov/prod/2005pubs/p70-102.pdf>; retrieved from the Internet on September 15, 2007.

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<sup>6</sup> Participation in the following government “Welfare” programs is accounted for in the report: Temporary Assistance to Needy Families (TANF); Food Stamps, Women and Infant Care (WIC); Medicaid; Housing Assistance; and General Assistance and “Other” Welfare.

## ***What are the Facts on Black Participation in the Federal Social Security Pension and Disability Payment Systems?***

There is a stereotype that Black Americans, especially males, are lazy, and do not contribute the nation's economy. On the other hand, there is a notion rooted in fairness that one should be wise and refuse to put forth effort when not properly compensated. Does Black participation in the Federal Social Security pension and Disability payment system shed light on this stereotype and notion?

Unfortunately statistics are not readily available from the Federal Old Age Survivors and Disability (OASDI) payment system concerning the number of participants by race. However, several important studies have been performed with respect to OASDI using responses to participant surveys. A 2002 study that was performed by Social Security and Urban Institute scholars (Lee Cohen, C. Eugene Steuerle, and Adam Carasso) provides important statistics about Black versus non-Black OASDI participants born between 1956 and 1964, which are provided below.

<u>Ethnicity/Gender</u>	<u>Own Real Internal Rates of Return*</u>
Black non-Hispanic Male	2.1
White non-Hispanic Male	1.5
Hispanic Male	1.8
Black non-Hispanic Female	3.3
White non-Hispanic Female	3.0
Hispanic Female	3.4

<u>Ethnicity/Gender</u>	<u>Own Net Lifetime Benefits**</u>
Black non-Hispanic Male	(\$36,970)
White non-Hispanic Male	(\$93,877)
Hispanic Male	(\$52,982)
Black non-Hispanic Female	\$15,891
White non-Hispanic Female	\$ 6,583
Hispanic Female	\$20,984

\*--Here, the own real internal rate of return is the interest or discount rate that would make the flow of (actual and expected) participants' Social Security and Disability Insurance taxes and subsequent benefit payments exactly equal.

\*\*--Own net lifetime benefits are the (actual and expected) net present value (see footnote 3 above) of total benefits less total Social Security and Disability Insurance taxes. The Social Security Trust Fund discount rate was used to estimate expected benefits and taxes.

Sources: <http://www.urban.org/publications/1000629.html>; retrieved from the Internet on September 22, 2007.

## ***How Many Blacks are in Politics: National, State, and Local Governments?***

Like the American Revolutionists, Black Americans have placed a high value on political representation as a symbolic and operational right. Various versions of the Voting Rights Act provided Black Americans with increasing power at the polls. Following the 1960s' Civil Rights Era, Black American voters have increasingly sent Black representatives to Washington. As of 2007, there were 43 Black Americans in the U.S. Congress: One U.S. Senator; 41 Representatives in the House of Representatives; and one Delegate in the House.

At the state and local levels, Black participation in elected positions also continues to expand. The U.S. Department of Commerce's Census Bureau reports the following statistics on Black American elected official at the state and local level for 2001.

Number of State and Local Government Black Elected Officials:

Total Black Elected Officials: 9,022

Total Black Members of State Legislatures: 594

Total Black Holders of City and Country Offices: 5,456

Total Black Elected Law Enforcement Officers: 1,044

Total Black Elected Public Education Officials: 1,928

Sources: <http://www.congressionalblackcaucus.net/>; and [http://www.census.gov/compendia/statab/elections/elected\\_public\\_officialscharacteristics/](http://www.census.gov/compendia/statab/elections/elected_public_officialscharacteristics/). Both sources were retrieved from the Internet on September 14, 2007.

## ***Which Black Health Statistics are Important?***

Good health is a prerequisite for a high-quality life. While Black Americans may live in a high-income nation, and enjoy—on average—high-incomes relative to most of the remainder of the world’s peoples, Black American experience serious health downsides in relative and absolute terms. From higher than average infant mortality, to a disproportionate incidence of HIV AIDS and Diabetes, to Sickle Cell Anemia, Black Americans face significant barriers to good health. Solutions to establishing better health among Black Americans include:

- Increased knowledge of health and healthcare issues; including knowledge of the value of regular health assessments and improved health practices—i.e., regular exercise and balanced diets.
- Increased access to healthcare, which may be accomplished, in part, by training more Blacks in the healthcare field.
- Improved diets, which may be accomplished, in part, by ensuring that better quality foods are available in Black communities; i.e., reduce fast food stores in Black communities and increase stores that sell fresh foods.
- Increased exercise to help achieve and sustain good health.
- Guarded sexual practices to avoid sexually transmitted diseases.
- Improved mental health, which should help reduce stress—a major underlying factor that produces adverse health outcomes.

There is a common and continuous dialogue on Black healthcare problems. Quite often, however, statistics on the state of Black American health relative to Whites are not provided within these dialogues. Hence, we provide key statistics on Black versus White American health below.

Relative Age-Adjusted Incidence of Death per 100,000 Population for Blacks Relative to Whites by Disease (in percent), 2002

- |                                 |  |
|---------------------------------|--|
| 1. Heart Disease 30.3%          | 6. Homicides 567.5%                          |
| 2. Cancer 24.6%                 | 7. Nephritis (inflammation of the kidney) -- |
| 3. Stroke 40.8%                 | 8. Chronic lower respiratory disease 0.69%   |
| 4. Diabetes 214.3%              | 9. HIV AIDS 865.3%                           |
| 5. Unintentional Injuries 0.98% | 10. Septicemia (bacteria in the blood) --    |

These statistics may be interpreted to mean, for example, that Blacks, on an age-adjusted basis, have a 30.3% greater chance of experiencing heart disease than Whites.

Sources: <http://www.cdc.gov/omhd/Populations/BAA/BAA.htm> ; and <http://www.cdc.gov/nchs/data/hus/hus04trend.pdf#03>. Both sources were retrieved from the Internet on September 15, 2007.

## ***What is Black Consumption of Illicit Drugs and Alcohol?***

You are undoubtedly familiar with a common stereotype concerning Black Americans' excessive consumption of illicit drugs and alcohol. These stereotypes are used to explain many of the socio-economic ills that plague Black American communities—particularly Black urban communities. As the purveyors of these stereotypes say, drug addictive behaviors are at the root of Black Americans' problems; wipe these behaviors away, and Black Americans can move quickly up the track toward solving their problems.

By definitions, stereotypes are not generally true. But we should ask, “What is the underlying truth on which these stereotypes are based? To what extent are Blacks excessive consumers of illicit drugs and alcohol?” To answer these questions, the following statistics are provided: The data come from a National Household Survey on Drug Abuse (NHSODA) which was conducted in 1999; and from the White House Office on Drug Policy (WHODP).

- According to the NHSODA, 7.7 percent of Black Americans reported using illicit drugs; 6.6 percent of White Americans reported using illicit drugs.
- The WHODP estimated that, for 2000, U.S. residents spent \$62.0 billion on illicit drugs; this value is down considerably from the value estimated for 1988 (\$116.5); both values are stated in 1998 dollars and it is, therefore, legitimate to compare them.

We should be careful not to be confused by the foregoing statistics. While the 7.7 percent illicit drug use rate for Blacks exceeds the 6.6 percent for Whites, because Whites generally have higher levels of income, it is highly probable that Whites, on a per person basis, consumed a significantly higher quantity and dollar value of illicit drugs than Blacks.

It is also worth mentioning that an analysis of drug abuse should not be limited to illicit drugs. It is common knowledge that individuals abuse prescription drugs. Therefore, because Whites generally have higher quality health insurance and greater access to healthcare, it is highly probable that Whites obtain more ready access to prescription drugs and are likely to engage in higher levels of prescription drug abuse than Blacks.

On alcohol consumption, the 2005 Consumer Expenditure Survey (CES) reports that Black Americans, who represent over 13 percent of the U.S. population, only consumed 4.7 percent of the alcoholic beverages that were sold during 2005—accounting for about \$2.3 billion in expenditures. Remember that, according to the CES, Black Americans had \$551.2 billion in money income before taxes in 2005. Consequently, Black Americans only spent about 0.4 percent of their income on alcoholic beverages.

On the other hand, Whites and all other races, who account for no more than about 86.0 percent of the U.S. population, consumed 95.3 percent of all alcohol sold in the nation

during 2005—accounting for \$47.6 billion in expenditures. Given White and all other races' money income before taxes in 2005 of \$6,339.0 billion, expenditures on alcoholic beverages represented about 0.8 percent of this income, which is double the percent spent by Black Americans.

Sources: <http://www.pbs.org/wgbh/pages/frontline/shows/drugs/buyers/whoare.html>;  
and  
[http://www.whitehousedrugpolicy.gov/publications/drugfact/american\\_users\\_spend/index.html](http://www.whitehousedrugpolicy.gov/publications/drugfact/american_users_spend/index.html). Both sources were retrieved from the Internet on September 15, 2007. Also,  
<http://www.bls.gov/cex/2005/share/race.pdf>; retrieved from the Internet on September 22, 2007.

## How Many Blacks are in the Criminal Justice System?

During the 1990's, a commonly quoted statistic was that one-in-four (25 percent) Black Americans was interlinked with the nation's criminal justice system. Now, that statistic has changed to one-in-three (33 percent). Scholars in many fields have researched the over-representation of Black Americans in crimes and in imprisonment; Black Americans account for about 13.4 percent of the U.S. population. Economists have concluded that economic factors explain a portion, but not all, of Black American representation in crimes and incarcerations.

*BlackEconomics: A Primer* would not be complete without statistics on Blacks in the criminal justice system. In thinking about the statistics below, consider the question: "What is the value of the potential economic production that would be released if Black Americans were not incarcerated disproportionately?" It is also important to ask, "How much better off would the nation's economy be if it were not necessary to devote so many resources to the disproportionate level of Black American criminal activity?" Finally, and very importantly, consider the question: "How much does the nation's economy benefit from the disproportionate representation of Black Americans in the criminal justice and prison systems?" It is logical to contend that we are not concerned with a zero sum game and that what we may be seeing is a transfer of economic activity, income, and wealth from Blacks to non-Blacks through the criminal justice and prison systems.

Statistics on Blacks in the Nation's Criminal Justice System in 2004

Crimes	2004 Total national offenses	2004 Total Arrests*	2004 Black arrests*	2004 Black arrests as percentage of total arrests*
Murder and non-negligent manslaughter	16,137	9,983	4,760	47.7
Forcible rape	94,635	18,640	6,009	32.2
Robbery	401,326	79,239	42,454	53.6
Aggravated Assault	854,911	315,968	104,587	33.1
Burglary	2,143,456	211,221	57,368	27.2
Larceny-theft	6,947,685	863,917	243,724	28.2
Motor vehicle theft	1,237,114	105,599	36,063	34.2
Arson	68,245	11,085	2,296	20.7

\*--While the "Total national offenses" statistics represent outcomes for the nation as a whole during 2004, the remaining statistics are based on reports from selected (10,830) law enforcement agencies) that represent a population of 210,261,283 (the U.S. Census Bureau's *Statistical Abstract of the United States, 2007* reports the U.S. population at 293,656,842 for 2004).

Source: [http://www.fbi.gov/ucr/cius\\_04/](http://www.fbi.gov/ucr/cius_04/); retrieved from the Internet on September 15, 2007.

The foregoing statistics concern new incarcerations during 2004. What about the ongoing prison population? According to the Bureau of Justice Statistics, there were 551,300 Blacks out of a total 1,337,700 sentenced state and federal prisoners during 2004—the latest year for which statistics were available at the time of this writing. In addition, 275,400 of the 713,900 prisoners held in local jails during 2004 were Black. Overall, for 2004, there were over 2.1 million prisoners in the United States. These statistics indicate that there were at least 826,700 Black prisoners; almost 39 percent of the total prison population. (The Black population accounted for less than 13.5 percent of the U.S. population during 2004.)

Sources: <http://www.ojp.usdoj.gov/bjs/abstract/p04.htm>; and [http://www.census.gov/compendia/statab/law\\_enforcement\\_courts\\_prisons/correctional\\_facilities\\_prisoners/](http://www.census.gov/compendia/statab/law_enforcement_courts_prisons/correctional_facilities_prisoners/). Both sources were retrieved from the Internet on September 21, 2007.

## ***Historically Black Colleges and Universities (HBCUs)***

The first Black College, The Institute for Colored Youth, was founded in 1837 in Cheyney, Pennsylvania. According to the United Negro College Fund, there are 105 Historically Black Colleges and Universities (HBCUs) today (<http://www.uncf.org/aboutus/hbcus.asp>; retrieved from the Internet on September 15, 2007). The Staff of the White House reports that:

HBCUs enroll 14 percent of all African American students in higher education, although they constitute only three percent of America's 4,084 institutions of higher education. In 1999, these institutions matriculated 24 percent of all African American students enrolled in four-year colleges, awarded master's degrees and first-professional degrees to about one in six African American men and women students, and awarded 24 percent of all baccalaureate degrees earned by African Americans nationwide. (<http://www.ed.gov/about/inits/list/whhbcu/edlite-index.html>; retrieved from the Internet on September 15, 2007.)

There is no question that HBCUs continue to play an essential role—and one of the most productive—in educating Black Americans. Therefore, we provide a complete list of HBCUs, by state, below.<sup>7</sup>

### **ALABAMA**

- Alabama A&M University
- Alabama State University
- Bishop State Community College Main Campus
- Bishop State Community College Carver Campus
- Bishop State Community College Central Campus
- Bishop State Community College Southwest Campus
- Concordia College
- J.F. Drake State Technical College
- Lawson State Community College
- Miles College
- Oakwood College
- Selma University
- Shelton State Community College-Fredd Campus
- Stillman College
- Talladega College
- Trenholm State Technical College
- Tuskegee University

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<sup>7</sup> See <http://www.smart.net/~pope/hbcu/hbcualpha.HTM>; retrieved from the Internet on September 14, 2007.

**ARKANSAS**

- Arkansas Baptist College
- Philander Smith College
- Shorter College
- University of Arkansas at Pine Bluff

**DELAWARE**

- Delaware State University

**DISTRICT OF COLUMBIA**

- Howard University
- University of the District of Columbia

**FLORIDA**

- Bethune-Cookman University
- Edward Waters College
- Florida A&M University
- Florida Memorial College

**GEORGIA**

- Albany State College
- Clark Atlanta University
- Fort Valley State College
- Interdenominational Theological Center
- Morehouse College
- Morehouse School of Medicine
- Morris Brown College
- Paine College
- Savannah State College
- Spelman College

**KENTUCKY**

- Kentucky State University

**LOUISIANA**

- Dillard University
- Grambling State University
- Southern University & A&M College
- Southern University at Shreveport
- Southern University in New Orleans
- Xavier University of Louisiana

**MARYLAND**

- Bowie State University
- Coppin State College
- Morgan State University
- University of Maryland Eastern Shore

**MICHIGAN**

- Lewis College of Business

**MISSISSIPPI**

- Alcorn State University
- Coahoma Community College
- Hinds Community College
- Jackson State University
- Mary Holmes College - Closed
- Mississippi Valley State University
- Rust College
- Tougaloo College

**MISSOURI**

- Harris-Stowe State College
- Lincoln University, MO

**NORTH CAROLINA**

- Barber-Scotia College
- Bennett College
- Elizabeth City State University
- Fayetteville State University
- Johnson C. Smith University
- Livingstone College
- North Carolina A&T State University
- North Carolina Central University
- Saint Augustine's College
- Shaw University
- Winston-Salem State University

**OHIO**

- Central State University
- Wilberforce University

**OKLAHOMA**

- Langston University

## **PENNSYLVANIA**

- Cheyney University of Pennsylvania
- Lincoln University, PA

## **SOUTH CAROLINA**

- Allen University
- Benedict College
- Claflin College
- Clinton Junior College
- Denmark Technical College
- Morris College
- South Carolina State University
- Voorhees College

## **TENNESSEE**

- Fisk University
- Knoxville College
- Lane College
- LeMoyne-Owen College
- Meharry Medical College
- Tennessee State University

## **TEXAS**

- Huston-Tillotson College
- Jarvis Christian College
- Paul Quinn College
- Prairie View A&M University
- Southwestern Christian College
- Texas College
- Texas Southern University
- Wiley College

## **VIRGIN ISLANDS**

- University of the Virgin Islands

## **VIRGINIA**

- Hampton University
- Norfolk State University
- Saint Paul's College
- Virginia State University
- Virginia Union University

## **WEST VIRGINIA**

- Bluefield State College
- West Virginia State College

## ***Which Black Religious Groups are Important?***

Black religious organizations constitute the most important Black American cultural institution. These organizations play a critical role in meeting the spiritual needs of Black Americans. At the same time, however, religious groups provide a solid framework for economic growth in Black communities.

The development of separate, formal Black religious groups toward the end of the 18<sup>th</sup> century set the stage for independent thinking by Black Americans. This foothold of separatism became, almost by default, the leadership head of Black communities in the north during the *ante bellum* period. Black religious organizations and their leadership became the *defacto* leaders of Black American communities all across the nation after the Civil War.

Black religious groups' corporate and business models provided templates and "Best Practices" for broader Black entrepreneurial efforts. Moreover, Black religious groups played key roles in the formation of Black educational institutions. Finally, Black religious worship—particularly gospel music—provided opportunities for many Blacks, past and present, to hone their musical talent to perfection and to prepare them for great careers outside of the church as popular entertainers.

Space does not permit the full delineation of important economic and noneconomic roles that Black religious groups have played in Black communities. Moreover, considerable space would be required to list all Black Christian denominations and other religious groups. Consequently, you will find below a short list of the largest Black American religious groups along with estimates of their membership that were prepared around 2000. (The source of these statistics may serve as a good starting point for parties interested in learning more about this topic.) To place the membership statistics in context, it is important to remember that the Black American population in 2006 is just over 40 million.

### **Largest Black American Religious Groups:**

- African Methodist Episcopal Church 1.0 million
- African Methodist Episcopal Zion Church 1.2 million
- Church of God In Christ 5.4 million
- Islamic Religious Organizations 1.5+ million
- National Baptist Convention (U.S.A.) 5.0 million
- National Baptist Convention of America 3.5 million

Source: [http://www.adherents.com/rel\\_USA.html](http://www.adherents.com/rel_USA.html); retrieved on September 15, 2007.

## ***What are the Facts about Black Museums?***

You are likely to be familiar with the wise saying of the great Spanish philosopher, George Santayana: “Those who cannot remember the past are condemned to repeat it.” If Black Americans are to avoid the pitfalls implied by this saying, then it is imperative that we develop, maintain, and refer often to our history. There are many routes to achieving this outcome, none more important than collecting, maintaining, and reviewing the artifacts of our history. The latter effort is normally operationalized, in part, through museums.

According to the Association of African American Museums (AAAM), there are more than 500 Black American museums. From the DuSable Museum of African American History in Chicago, Illinois, to the National Underground Railroad Freedom Center in Cincinnati, Ohio, to the Charles H. Wright Museum of African American History in Detroit, Michigan, to the Birmingham Civil Rights Institute in Birmingham, Alabama, Black American museums provide excellent venues for researching and observing evidence of the Black American experience: The good, the bad, and the ugly.

It is beyond the scope of *BlackEconomics: A Primer* to provide a complete list of Black American Museums. Therefore, you are referred to the AAAM (<http://www.blackmuseums.org/index.htm>) for details concerning the over 500 excellent Black American museums and other museums to frequent and learn the facts about what Blacks have suffered and accomplished on these shores.

Given the nature of this text, it would be appropriate to cite those Black American museums that feature the great economic and business accomplishments of Blacks in America. However, no complete list of such museums is readily available.