BLACKECONOMICS: A Primer

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Dedication

BlackEconomics: A Primer is for Walter, my first grandson, who needs to know all that he can about economics, for my daughter Miriam who suggested that I write this book, and for my daughter Mariah and wife Wylma who supported me in this effort.

Preface

We all know that there is no end to book making. Nevertheless, from time-to-time, one recognizes a gap in the literature and sets out to fill that gap. Race has been characterized as one of America's most important topics. Also, we know that "America's business is doing business," and that business systems operate within an economy. A merging of these two ideas leads one to recognize that Black Americans have a real interest in economics—whether we pursue the topic formally or not.

There is one thing about which you can be certain, if two or more Black Americans are gathered together in one place, sooner or later, they will discuss race, and they are very likely to discuss some aspect of economics: money, business, purchases, jobs, etc. Again, the formalness with which the topics are considered varies depending on the individuals involved, but these topics will be discussed.

My daughter, Miriam Michelle, also a writer/author, engaged with me in such a discussion in the spring of 2005. In the heat of our discussion, she said, "Dad, if you are so interested in race and economics, and you must be because you are always discussing the topic, then why don't you write a book that helps set the record straight?" In the heat of the moment, I said, "Okay, I will!" Thus, I started down the path to writing this book.

What I soon came to realize in thinking about preparing this book was that I, alone, could never "set the record straight" for all times. However, what I believed was possible was that a body of basic facts about Blacks and economics in the United States could be provided, which could serve as a source and fact book for Blacks and others to use as a ready reference for the inevitable conversations that we have and for basic research.

I have rushed to prepare this book. Consequently, I am sure that certain important questions have gone unanswered and that certain facts have been excluded. Nevertheless, the current work provides a considerable amount of information that will help readers prove their points during late night and weekend discussions, or it will help students in search of a fact for a term paper that must be completed on short notice.

In today's technological environment, I can be assured that readers will let me know what is missing from *BlackEconomics: A Primer*. Given sufficient demand, I will be motivated to return to the drawing board and to produce a new edition of this book that supplies the missing information.

No matter how many iterations occur, *BlackEconomics: A Primer* can continue to evolve to meet the needs of those who want to know the true and basic facts about Blacks in the U.S. economy.

There are three remaining critical points to be made. First, one should not read this book blindly. The Western pseudo capitalist economic system on which the U.S.

economy is based is not a perfect system; all economic agents within the system are not pleased with the outcomes that it produces. Therefore, as you read the economic concepts, take care to consider the imperfections that result from the implementation of the concepts. Also, think about how to modify the current concepts to make them more ideal. You might think that because you are not an economist you are incapable of performing this exercise. I disagree and remind you that, even computer software that can perform marvelous feats is, at its core, based on binary (1, 0) code.

Second, no society has lasted forever; there are beginnings, growth, declines, and disappearances. In the case of the United States, this two and one-third century-long country is already showing strong signs of decline. Consequently, the U.S. economic system is likely to not be around forever. Surprisingly, maybe within your own lifetime, there may be major overhauls of components of the economic system in this country. To be prepared for such changes and/or to be prepared to select another economic system in which to participate, it is important that you read these concepts carefully in search of elements of the system that are favorable and unfavorable for you. One day, you may play a role in creating a new economic system.

Third, this book is a combination of the knowledge accumulated over 20 years as a practicing economist and of information that is readily available over the Internet. Due to its nature and purpose, the book is not sourced meticulously. It seemed pointless to provide a fact book which sends the reader to other sources. I have deviated from this approach in certain cases. The important point is that all of the information that is presented in this book is available via the Internet. It is a lesson in what can be done using the technology at our fingertips.

I wish you stimulating times as you peruse this book, and hope that you will find it a source of knowledge and a spark that expands your insights about the world in which you live.

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Introduction

In a nation where Blacks are often depicted as lagging economically, it is time to present the facts, and to present them in context. Very few persons in the world have mastered the information about Blacks that is presented in this book. Yet, it is information that is required if one is to discuss Blacks in an economic context.

The book begins by defining key economic terms and concepts, and discusses them from a Black perspective.

The second major section of the book presents information about the economics of Black personalities.

The third section focuses on Black socio-economic conditions and institutions.

The goal is to provide the reader with easy and ready facts and figures that enable appropriate analyses of Blacks in America from an economic perspective. In other words, the book is about *Black Economics*.

Our intent is to make the latest information available now, and to update it periodically so that it remains relevant through time.

Part I: Economic Terms and Concepts

What is Economics?

Economics has often been called the “dismal science,” because it involves the study of “the distribution of scarce resources.” Because resources are limited, and when the demand for resources exceeds the supply of resources, someone is going to have to do without. Those who are left to do without are in a dismal situation; hence, the characterization of economics as the dismal science.

Because Blacks have been in situations in the United States where they have had to do without, it stands to reason that we are familiar with the realities of economics, even though we may not be familiar with economics as a social science.

The study of economics, in its simplest form is the study of supply, demand, and price as depicted by the “Marshallian Cross” in Figure 1 below.

Figure 1.—Supply, Demand, Equilibrium, and Price

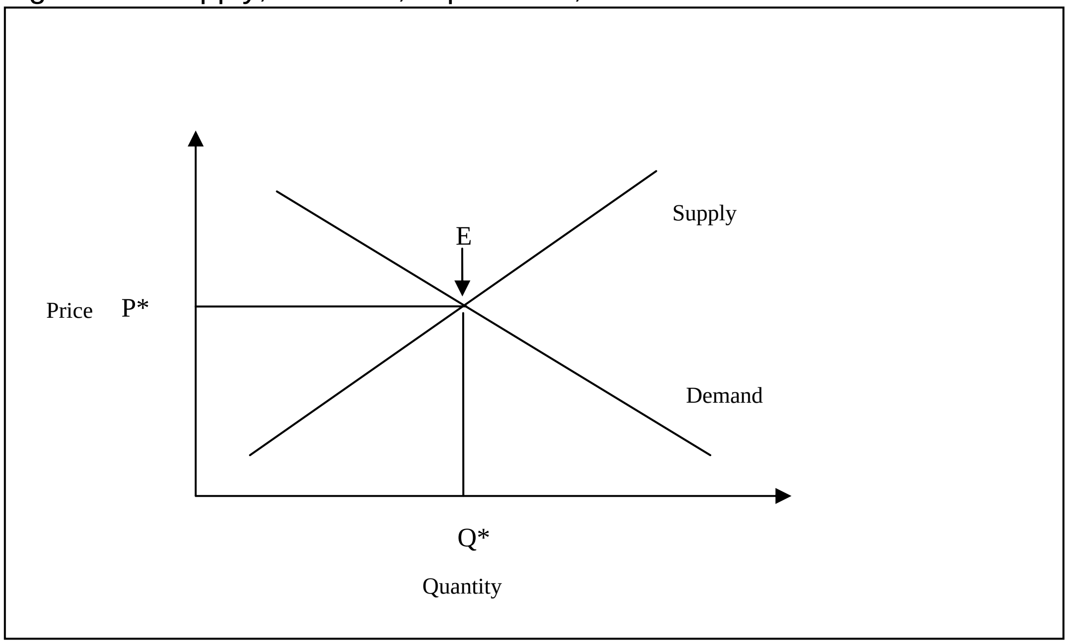

Figure 1 shows a downward sloping demand curve, that indicates that more of a good is demanded as the price of the good falls, and an upward sloping supply curve that indicates that more of a good is supplied as the price of a good increases. Where the supply and demand curves cross is said to be an equilibrium point (point E).[1] The line from this equilibrium point down to the Quantity axis indicates the quantity demanded and supplied at this equilibrium (Q*). The line from this equilibrium point over to the

[1] By equilibrium we mean that producers and consumers are in agreement on the quantity of the good that is produced and consumed and on the price at which it is sold and purchased.

Price axis indicates the equilibrium price at which suppliers are willing to supply the good and demanders are willing to pay for the good (P*).

Holding the supply curve in place, increases or decreases in the demand (i.e., shifting of the demand curve out or in, respectively), causes the equilibrium price to rise or fall, respectively. Similarly, with supply, holding the demand curve in place, increases or decreases in supply (i.e., shifting of the supply curve out or in, respectively), causes the equilibrium price to fall or rise, respectively.

Simply put, when consumers want (demand) more of a particular good, then it is likely that the price of the good will rise. Demanding less of a good will cause its price to fall. Conversely, when producers supply more of a good, then it is likely that the good's price will fall. A decreased supply is likely to cause the price to rise.

Economics, at its core, is the study of what consumers demand, what suppliers produce, and the resulting price of goods and services in the market place.

It is important to caveat the foregoing with the point that it represents a classical view and that characterization of "perfectively competitive" markets or a purely monopolistic market and the range of market types in between (e.g., duopoly or oligopoly) would cause Figure 1 to change substantially. Such characterizations are beyond the scope of this book. However, I urge readers who are motivated to explore these special market cases and the range of market types to do so with vigor.

Finally, we should not be mystified by the discussion of quantities produced and sold and prices. It is really quite simple. If you had the capacity to produce a product and introduce it into the marketplace, you would set a price for the product above your cost of producing the product so as to earn a profit. If consumers do not purchase the product at that price, then you would likely lower the price. Conversely, if consumers scoop up the product at a rapid rate, then you are likely to raise the price to earn a larger profit. This is the very game that that you as a consumer or producer play in markets where products are produced and sold each day.

What is a Market?

As you can imagine, economists' use of the term market may be linked ultimately to the scene that we are all so familiar with when we think of "farmers' markets." That scene, in turn, is very much consistent with what Europeans may have witnessed when they landed on the coast of West Africa to find African entrepreneurs gathered in market places exchanging their wares. Alternatively, Europeans may have come in contact with the idea of markets when they trudged to the Middle East to fight the Holy Wars. Of course, Middle Easterners may have first learned much about markets from remnants of the Indus Valley Civilization that extends back seven thousand years. Whatever the origin, the concept of market is characterized by the meeting of sellers and buyers who willingly engage in transactions. Sellers have goods to sell and buyers want to acquire these goods. How they determine the price or rate of exchange and what they use to consummate the transaction (money, sea shells, other goods, pledging of the purchaser's labor, etc.) differs through time and space. However, the constant feature of the concept of markets is that sellers and buyers are able to exchange goods and services.

Today, we can add to goods and services, ideas (intellectual property). In addition, the idea of exchanging goods, services, and ideas in the market here and now is too restrictive; future markets are very much a part of today's landscape, where buyers and sellers agree to exchange goods, services, or ideas at some future point. Interestingly, as opposed to determining a specific rate of exchange or price, market participants can gamble on the rate of exchange in what are now called derivative markets, where the rate of exchange is linked to the occurrence or non-occurrence of particular events.

Markets that constitute a scourge in the hearts and minds of Black Americans are the human markets that facilitated slavery in America. Unfortunately, things haven't changed very much over the past 400 years. Don't forget, draft and trading days for the National Football League or the National Basketball Association features the buying and trading of Black and White human flesh in a market.

In the United States, we transact for goods, services, and ideas in an economy that is called a market economy. It is a hybrid market because it is not completely competitive (there are many monopoly and oligopolistic-type markets) and it includes a great deal of socialistic principles (from Social Security to "corporate welfare").

A key factor that must be kept in mind is that the U.S. economy is labeled an open economy or market. Why? Because, U.S. firms have very few barriers to overcome in buying and selling across borders. The North American Free Trade Association (NAFTA) is just one legal arrangement that permits the relatively free flow of goods and services across U.S. borders.

As a Black American participant in markets, what should you be concerned about? First, do your homework to ensure that you are able to conduct advantageous transactions; i.e., purchase the goods, services, and ideas that you desire at the lowest possible price—given the features and quality required to meet your needs. The evidence is that many sellers in the market place make every attempt to create an un-level playing field when they transact with Black Americans—mainly charging more than they charge White and other Americans.

On the flip side, Black Americans are more and more becoming sellers in the market place. Given the environment that we operate in, we would be naive to request that you be "fair" in your market transactions. In the U.S. economy, the market is not always fair. Every firm participates in a strategic game as it seeks to optimize profits; that is to buy low and sell high. Consequently, we will conclude this entry by saying, "In the market, ensure that you transact in your own best interest and to your optimal advantage." Isn't that what the great European economists Adam Smith advised?

What is Wealth?

First, let us be clear about what wealth is not. In its truest form, wealth or "capital," is not paper money. To have wealth is to have resources to produce goods or services, which can be used to satisfy the needs and desires of those who wish to consume them.

Wealth can be land, which can be used to produce food, to produce trees for lumber to construct buildings, or to produce a golf course that can be used to provide recreational services. Wealth can be a structure, which can be used to provide shelter for a family and in which the family can conduct its affairs, to provide space for a manufacturer to organize equipment and workers to produce goods like computers or toys, or to provide space for firms to establish offices to provide health, legal, or medical services. Similarly, wealth can be a road, bridge, or airport runway that can be used to provide transportation services.

Wealth can be equipment, which can be used to build roads or bridges, to construct buildings, to make other equipment or other goods, or to serve as a producer of services, for example projectors that display films in theaters, or vacuum cleaners that clean offices, or airplanes, trains, buses, trucks, and cars, that provide transportation services.

The wealth mentioned thus far is often called "tangible" wealth. Intangible wealth is also very important. For example, the knowledge that is stored in your brain from learning over the years is called "human capital" or human wealth. Your knowledge is used to perform functions that lead to the production of goods, services, or more human capital. Another type of intangible wealth is a database or computer software. Databases and computer software enable their owners to produce goods and services in a fashion that is akin to the production of goods and services by other forms of capital. Computer software is being used to produce this page for this book. A database at BlackEconomics.org was used to send the pages of this book to experts who assisted in editing and refining the thoughts on the pages of this book.

Again, wealth is not paper money, stock certificates, or bond documents. The latter represent (are proxies for) financial assets and wealth. Wealth is the resources that may be linked to, or acquired by, the paper money or stock bond certificates that you own. Wealth is that which can be used directly to meet needs and fulfill desires, or that can be used to produce new wealth.

What is Money and What is the Federal Reserve System?

Money

Have you every played the game Monopoly? Do you recall the "money" that is used in that game? Did or do you think of Monopoly money as "real" money or just paper? Well, even in the real world, money is just paper. The key point to remember is that, whether you are playing a Monopoly game or life's real game, money is valuable only in that it can be used in exchange for a good or a service that is of value to you. We all value money because we can exchange it to obtain goods or services to meet our needs or fulfill our desires.

Around the world today, the money that nations use is called "fiat" money; i.e., it is paper, the value for which is determined by the governments that issue it. Money's value is based on the owning government's willingness to guarantee that users of the money can exchange the money for goods or services that are commensurate in value with the value listed on money. The same nations, by their policies, determine the value of the money in their economies.

In the past, money in most nations was backed by precious metals: Gold or silver. However, in 1934, a conference of world bankers at Bretton Woods, New Hampshire began the process by which nations began to de-link their currencies from precious metals. In 1971, the United States completely de-linked its currency from precious metals.

The real importance of money is that it facilitates exchanges. Without money, economic agents would always have to find other economic agents with opposite needs and desires; there would have to be, what economists call, a "coincidence of wants." That is if you were a lawyer in need of a suit, you would have to find a tailor who needed an attorney. You would exchange your legal services for the suit that only the tailor could produce.

The Federal Reserve Banking System

The Federal Reserve Banking System is the mechanism that keeps our economy supplied with money. In reality, the U.S. Department of the Treasury is responsible for providing the actual money; it is produced at the U.S. Mint. However, the Federal Reserve System is responsible for the operation of the banking system in the nation. Banks and other financial institutions facilitate the smooth flow of money through the economy through their acceptance of deposits, their creation of checking, saving, and other types of accounts, and through their lending of money to borrowers.

The Federal Reserve System includes the Federal Reserve Board in Washington, D.C. and the 12 Reserve Banks that are located in Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, San Francisco, and St. Louis. The Federal Reserve Banks monitor commercial banks in their regions and ensure that they operate using sound practices.

The Federal Reserve Board, which has a chairman and six rotating board members (board members represent banks in the system), is an independent agency of the Federal government that is responsible for controlling the money supply in the U.S. economy. The Board controls the money supply by raising or lowering interest rates or by buying or selling Federal Securities (namely U.S. government bonds) through the U.S. Treasury.

The Federal Reserve Board and banks in the system work to keep the economy growing; they also manage the economy to ensure that inflation remains at a reasonable rate. In its economy-managing efforts, the Federal Reserve Board monitors the growth and contraction of several monetary measures—three key measures being:

- M-1 = Currency (coins and paper money) and most checkable deposits (excluding those owned by the U.S. government, the Federal Reserve Banks, commercial banks, or other financial institutions);
- M-2 = M1 plus near monies, including savings deposits, time deposits, and money market mutual funds.
- M-3 = M2 plus large time deposits that are usually owned by businesses as certificates of deposits.

In a nut shell, money is the oil that lubricates the economy, and the Federal Reserve Board serves as the mechanic tasked with applying an appropriate amount of lubrication depending on how the economic machine is operating.

It is worth noting that there have been a total of three Black American Federal Reserve Board Governors: Andrew F. Brimmer (1966-74), Emmett J. Rice (1979-86), and Rodger W. Ferguson (1997-2006).

What is a Price?

Everyone comprehends the basic concept of price. It is the amount, in money, goods, or services that you agree to pay in exchange for products, goods, or services that are required to fulfill your needs or desires. The "price" concept extends to transactions that we do not normally consider in a "price" context: e.g., the price for labor is a "wage"; the price at which one borrows money is an "interest rate"; "taxes" may be viewed, in part, as the price that you pay to receive the benefits that governments offer at the city, state, or national level; and the price at which international travelers or transactors exchange money is an "exchange rate."

In a "market" economy (the type of economy that we experience in the United States), price is usually determined by supply and demand (see Figure 1 in the entry on "What is Economics?"). The leading edge of price determination, however, begins with supply. First, producers come to understand that there may be demand for a product. Second, they estimate the amount (price) that consumers may be willing to pay for the product. Third, they calculate whether the product can be produced at a cost that will result in a sufficient profit (i.e., price less cost) to warrant the production of the good. In making this calculation, producers focus on the price that they must pay for the inputs that are required to produce the product

To optimize assets and wealth, the goal is to negotiate and pay the lowest possible price for products, goods, and services that meet your requirements (in many cases, a lower price is associated with lower quality products, goods, and services). Unfortunately, because of racial discrimination, there has been a history of Black Americans being charged (forced to pay) higher prices than other groups. For example, research shows that Blacks are often charged higher prices than those paid by other groups. Specifically, it is widely known that Blacks are often charged higher prices for cars; for loans of all types (interest rates for mortgages, car loans, installment loans, credit cards, etc.); for rent, for insurance; and for goods and services that are sold in Black communities.

What is Inflation?

Inflation is simply the rate at which prices change in the economy. For example, if the price of a meal at Restaurant X for you and your family was $50.00 last year, but the price for a comparable meal increased to $55 this year, then the price has increased by $5 or by 10 percent. In this case, economists would say that you have experienced a 10 percent inflation rate in meals at Restaurant X. Be certain to avoid a common misperception about inflation. That is, recognize that inflation for product Y, which increases in price from $1,000 in year one to $1,100 in year two is the same as inflation for product Z, which increases from $100 in year one to $110 in year two; both products experience 10-percent inflation.

The primary source of information about price change or inflation in the U.S. is the Bureau of Labor Statistics (BLS, www.bls.gov), which is a sub-agency of the U.S. Department of Labor. BLS measures not only changes in prices of products, goods, and services that are normally purchased by consumers (the Consumer Price Index (CPI)), but BLS also measures changes in prices of commodities that are normally purchased by businesses (the Producer Price Index (PPI)). Both the CPI and PPI are measured using price information about literally hundreds of products. BLS also prepares an index that reflects the prices of goods that are exported by, and imported into, the U.S. called the International Price Index (IPI). Each of these BLS indexes is prepared on a monthly basis.

It is important to keep in mind that, in measuring price change, one must compare changes in the price of products that are essentially the same. If a long-standing product (A) that has a particular set of characteristics is replaced in the market by a new product (B) with a different set of characteristics, then the change in price that you see from product A to product B represents both “pure price change” and “quality change.” The BLS measures price change on a “constant quality” basis; i.e., they attempt to ensure that they account for changes in the characteristics or quality of products.

In today’s technological world, certain products (say computers or video game devices) continue to improve in quality (i.e., they include increasing and improved characteristics), yet they often reflect either little to no increase in price or even declines in price. In these cases, because the purchaser is getting “more” for the same dollar amount or even fewer dollars, then BLS estimates that there has been a decline in price, or deflation (disinflation).

As an observer of, and participant in, the economy, you will find that there tends to be a close association between inflation and interest rates. This is not an odd outcome, because an interest rate simply represents the price that you pay to borrow. The link between these two economic measures may be explained in the following way. Begin with businesses that produce goods for the economy. First, the cost of borrowing goes up for businesses; i.e., interest rates rise. Second, in order to pay the higher cost of borrowing, businesses raise the price of the goods that they produce to maintain their profit margin. Thus, we have an increase in interest rates and an increase in price and inflation. The reverse is also true. At a lower borrowing cost (lower interest rate), producers can lower the price that they charge for their goods and still retain the same profit margin.

Here are a few key points to remember about inflation:

1. The Federal Reserve Board strives to keep inflation under control.
2. If economic conditions are such that inflation is expected to continue for some time, then it may be wise to borrow at the beginning of such an inflation cycle if a fixed interest rate can be locked in. Under inflation, because wages (income) may increase as inflation increases, one may receive increasing amounts of income to pay off fixed loan payment amounts.
3. If inflation gets out of control (hyper-inflation), the economy suffers because of the uncertainty associated with price increases; it becomes very difficult to make business and other types of plans when prices are changing so rapidly. Under these circumstances, a great deal of energy must be expended just to plan to keep up with the rise in prices and to prevent economic harm that can be caused by inflation.

For 2006 (December over December), the CPI (All Urban Consumers – All Items) increased 2.5 percent; the PPI (Finished Goods) increased 1.1 percent; and International Price Indexes increased 2.5 (imports – All Commodities) and 4.5 (Exports - All Commodities) percent, respectively.

Unfortunately, BLS does not measure separately the changes in prices (inflation) that are faced by those living in predominantly Black American communities across the country. The hypothesis is that inflation may be higher in these communities.

What is an Exchange Rate?

An exchange rate is the rate at which one currency can be exchanged for another currency. For example, on July 9, 2007, the dollar-to-euro (€, the currency for European Union nations) exchange rate was € 0.73. That is one dollar would purchase .73 euros. The reverse calculation is that the euro-to-dollar exchange rate is $1.36. That is, a euro would purchase 1.36 dollars.

As noted in the entry on "What is a Price?" an exchange rate is just a price that you pay for one currency in terms of another currency. The price is, in part, determined in the foreign exchange market based on demand and supply. Economic agents throughout the world demand a certain amount of a particular currency; the nation that owns that currency is willing to supply a certain amount, and the two quantities (demand and supply) determine, in part, the price.

We say "in part" because the value of very few currencies are permitted to be solely determined by market forces (i.e., very few currencies are allowed to "freely float"). Depending on where a country is in its business cycle, it may be favorable to have a strong (sell at a higher price—less of your currency in exchange for a unit of another currency) or a weak currency (sell at a lower price—more of your currency in exchange for a unit of another currency). Therefore, most nations intervene in the market to control or "manage" their currency's exchange rate. Some nations attempt to have a fixed (or pegged) exchange rate; i.e., the currency's value is maintained at a fixed amount relative to certain other currencies. Other nations adopt a "managed" exchange rate regime; a so called "dirty float" regime where the value of the currency is allowed to fluctuate relative to certain other currencies. Certain countries adopt a currency banding strategy, where they allow the value of their currency to fluctuate relative to the value of a band (group) of certain other currencies.

When, due to market or other conditions, a currency rises in value (less of the currency must be exchanged for another currency), we say that the currency has "appreciated." On the other hand, when a currency falls in value (more of the currency must be exchanged for another), we say that the currency has "depreciated."

You might think that there are many nations and many exchange rates, and that there may be opportunities to earn money by trading currencies in such a way as to take advantage of differences in exchange rates across three or more countries. For example, suppose we had the following situation:

> Currency X to Currency Y exchange rate = 1.43
> Currency X to Currency Z exchange rate = 0.20
> Currency Y to Currency Z exchange rate = 7.25

In this situation, one could take 1.43 units of currency X, purchase one unit of currency Y, use the one unit of currency Y to purchase 7.25 units of currency Z, and then use the

7.25 units of currency Z to purchase 1.45 units of currency X, which is .02 more units of currency X than you began with. A 0.02-unit profit on the transaction is not very much in and of itself, but when currency "arbitragers" conduct such transactions in thousands or millions of units, the small unit profits produce large overall profits. It was feasible to conduct arbitrage transactions of this type before international computer networks were established. However, today, with the world being so tightly connected electronically, it is difficult to identify or to take advantage of even very small differences in exchange rates across a variety of currencies.

You should know that there are "futures" currency markets. That is, in case the need arises, you can make a contract to buy or sell currencies at a particular point in the future at a rate that is agreed upon in the current period. The problem with such futures transactions is that there is uncertainty as to whether the exchange rate will remain the same or change in your favor or disfavor between the current period and the futures contract settlement date. To avoid this risk, many futures contractors "hedge" their risk by making offsetting contracts: One that anticipates a rise in exchange rates and one that anticipates a fall in exchange rates.

Of possible interest, the U.S. dollar-to-Nigerian Naira exchange rate was 128.38 (i.e., a U.S. dollar bought 128.38 Nigerian Naira) on August 6, 2007. As you know, Nigeria is the most populous African country and has Africa's second largest economy.

Source: http://www.x-rates.com/; retrieved from the Internet on July 9, 2007 and August 6, 2007.

What is Gross Domestic Product (GDP)?

Gross domestic product (GDP) is a measure of the value of all the "final" goods and services (output) that are produced in an economy during a year. The term "final" is important in this definition because "intermediate" products are not measured in GDP. For example, the value of the bread that you purchase from a grocer to consume is in GDP; however, the value of the seed and fertilizer that the farmer purchased to grow the wheat, the value of the wheat that was purchased by the mill to produce the flour, and the value of the flour that was purchased by the baker to produce the bread are considered intermediate goods and are not included in GDP. If the value of all of this intermediate output were included, GDP would be overstated.

The responsibility of producing measures of GDP for the U.S. is assigned to the Bureau of Economic Analysis (BEA, www.bea.gov) of the U.S. Department of Commerce. BEA, the nation's national accountant, measures GDP using three traditional techniques:

1. Expenditures: The value of expenditures for the final goods and services that are produced in the economy. The traditional equation for measuring GDP using this approach is:

   $$\boxed{GDP = Consumption + Investment + Government + Net\ Exports}$$

   Where "Consumption" is expenditures by consumers; "Investment" is expenditures for nonresidential structures, private equipment and software, residential structures, and change in private inventories; "Government" is expenditures by the government to produce services and to invest in structures and equipment (military and civilian); and "Net Exports" is the value of "Exports" (goods and services sold abroad) less the value of "Imports" (goods and services purchased from abroad).
2. Income (Gross Domestic Income (GDI)): The value of the income (wages and salaries and property income (interest, dividends, etc.)) that is earned in the production of the goods and services produced in the economy.
3. Value added, which is equal to gross output less intermediate inputs: Gross output is the value of all, not just the final, goods and services produced in the economy. Intermediate inputs is the value of all inputs (labor, materials, supplies, services, etc.) that are required to produce gross output.

In the national accounts produced by BEA, measurement techniques 1 and 3 are constrained to be equal. Theoretically, all three measures should be the same. However, because the output and income measures are derived using different source data and estimation methods, they usually differ. The difference between the output (expenditure and value added) and income measures is labeled by BEA as the "Statistical Discrepancy."

BEA prepares the output measures in current (nominal output) and in constant (real output) prices. Nominal output is the actual value in market prices of output produced in the economy; real output reflects adjustments to nominal output to remove price change. The latter measure makes it possible to compare output measures from year-to-year. For example, if last year GDP was valued at $100, but it is valued at $110 this year, it is clear that nominal output has increased. However, has real GDP increased? It depends on the rate of inflation. If there was no inflation, then real GDP would have increased by 10 percent (from 100 to 110). However, if inflation increased by 10 percent, then real output would not have increased at all because real output measures are calculated by removing inflation from nominal output growth; in this case, we would remove 10 percent inflation from 10 percent nominal output growth to produce 0 percent real growth.

GDP is often used as a gauge of the “business cycle”; i.e., when the economy is increasing or declining. A traditional yardstick for when a recession occurs is that GDP must decline for two or more consecutive calendar quarters. A depression is marked by an extended period of declining GDP. It is important to remember that the official determiners of when a recession occurs in the United States is the National Bureau for Economic Research (NBER; http://www.nber.org/cycles.html/).

For 2006, nominal GDP was $13.2 trillion, while real GDP was $11.3 trillion (in 2000 dollars). Nominal GDP grew 6.1 percent, inflation as measured by BEA grew 3.2 percent, and real GDP grew 2.6 percent. GDI was $13.2 trillion, and grew 6.3 percent.

It is estimated that Black Americans earned about $486.7 billion in income during 2005 (http://www.bls.gov/cex/2005/Aggregate/race.pdf); that is Black earnings accounted for about 4.0 percent of GDI ($12.4 trillion). This level of earnings is larger than the nominal GDP of any Black controlled country in the world and, if considered as a separate nation, would rank Black Americans as one of the top 20 nations of the world.

What is Income?

Generally, we think of income as the money that we receive in return for labor services that we provide. However, income can be defined in broader terms. Income may be defined as the return on any product, service, or asset that we place in the market place in a productive capacity—whether extended during earlier or the current period. Therefore, income can be defined to not only include the wages and salaries that we receive for our labor services, but it may also be defined as the monetary (pecuniary) or other returns/resources that we receive for products and other services that we produce. It may also include the returns that we receive on other owned assets; e.g., equities (stocks or mutual funds), bonds or bills, commercial paper, certificates of deposit, and saving and other types of financial accounts (i.e., interest, dividends, and capital gains).

Income can also be obtained in nonmonetary form; that is “in-kind” income. For example, if goods or services are received in response to participation in a government-sponsored program such as Medicaid, Temporary Assistance to Needy Families (TANF), or the Women and Infant Care (WIC) program, then the products and services received through these programs are considered in-kind income. The Food Stamp program falls into this category, although it has become essentially a cash program, because foods stamps often function as “near money.”

In the national economic accounts, the following types of monetary income are identified as being received by persons: Wages and salaries, farm and non-farm proprietors’ income, dividends, interest, rental income. The following types of nonmonetary or in-kind incomes are listed: Wage and salary supplements (mainly employer contributions to health and social insurance (Social Security)) and transfer payments from government.[2]

Measures of income are important because, among other things, they are used to define who is above or below the poverty line. Historically, Black Americans are disproportionately represented in the population defined to be in poverty. For 2005, the U.S. Census Bureau reported that 24.7 percent of the 38.6 million Black Americans (9.5 million) were in poverty.

Median household income is also an important measure, because it indicates that half of the nation’s household are above and half are below this level. In 2005, median household income for the nation stood at $46,326. Median Black American household income stood at $30,954.

Source: http://www.census.gov/hhes/www/income/income.html; retrieved from the Internet on July 27, 2007.

[2] It is worth mentioning that employees also make contributions to health and social insurance.

What is Saving?

Typically, we think of saving as the process by which we place surplus funds in a bank. In reality, saving is characterized by an excess of output over consumption—whether that output be measured using monetary income or the value of products and services. Therefore, if you earn wages and salaries and the value of what you spend on goods and services is less than your earnings, then you have experienced saving. Similarly, if the value of the goods and services that you produce exceeds the value of the inputs that are required to produce those goods and services, then you have experienced saving. Notably, investment in a productive asset is also deemed to be saving; i.e., the purchase of a commercial structure or equipment, which may be used to produce future income. If spending exceeds earnings and if the value of productive inputs exceed the value of output, then dissaving occurs.

In national accounting terms, there are saving measures for each key sector in the economy: Households, nonprofit institutions, government, financial corporations, nonfinancial corporations, and the international sector. If one aggregates the saving/dissaving of each of these sectors, one can determine the value of national or economy-wide saving.

Two closely watched saving measures are household or personal saving and government saving. The national accounts indicate that saving by individuals (personal saving) has been very low or negative during the past half decade or more. Naturally, firms are very interested in personal saving because it serves as a barometer of consumer spending—the more saving that consumers have, the greater their spending is likely to be. In recent history, the Federal government has been more of a dissaver than a saver. State and local governments have a rosier history, mainly because they face legal restrictions concerning dissaving. The Federal government accounts for much of its dissaving by borrowing funds mainly through the sale of U.S. bonds and notes (securities). Some economists believe that government borrowing to cover its dissaving can be very harmful to the economy during particular phases in the business cycle because it “crowds out” business and private borrowing, which could fuel the formation of productive jobs.

Saving is important because it serves as a source to draw upon in hard times. Saving also constitutes the wherewithal to invest and create new sources of income.

Today, statistics show that Black Americans save little when compared to Whites, or are dissavers. This has not always been the case. The noted scholar W.E.B. Dubois performed key studies during the early part of the 20th century that showed that Blacks in the southern region of the U.S. were higher savers than Whites during the period immediately following the Civil War through the early 1900s.

What are Interest Rates?

As stated in the "What is a price?" entry, interest rates are the prices that borrowers agree to pay lenders in exchange for the use of the latter's monetary resources. For example, if you were a lender who loaned me $100 at an interest rate of 10 percent, and I agreed to the loan arrangement, then I would be obligated to not only return the $100 dollars to you at the end of the loan period, but an additional $10 in interest. So the price of the loan was, in essence, the 10-percent interest rate—the rate or price at which the money was borrowed. One may view the interest rate as the price per dollar (in this case $0.10) or the price for the entire loan ($10.00). While the interest payment is a type of service fee paid for the use of borrowed funds, the price for the service is the interest rate.

There are numerous types of interest rates. For example, there are interest rates on home loans or mortgages (mortgage rates); car loans; saving accounts, money market funds; interest bearing checking accounts, U.S. Saving Bonds, U.S. Treasuries, U.S. T-Bills, credit card accounts, and even pay-day credit accounts.

Traditionally speaking, interest rates, like most other prices, are determined by the demand and supply of funds that are available for lending. However, the Federal Reserve Board, in its role of controlling the money supply, plays an important role in determining the amount of funds that are available for lending. In addition to the pure supply and demand basis for interest rates, most lenders factor up the interest rate with a so-called "risk premium." That is, interest rates are usually adjusted up to reflect the risk (that the borrower may default on the loan) that the lender assumes by extending the loan. The higher is the risk per borrower, then the higher the risk premium and the overall interest rate.

Another factor that determines interest rates is the perceived level of access to lenders. If a customer has access to many lenders who must compete to extend loans, then this competition is likely to assist in keeping interest rates at a level that is lower than they would otherwise be. However, if lenders perceive that borrowers have little choice in lenders, then competition may not be sufficient to hold interest rates down. In these cases, lenders feel empowered to charge higher interest rates. This is particularly true for those in poverty who have a poor or no credit history; often they are obliged to turn to lenders who charge usurious (very high) interest rates.

The economic literature reflects the reasons why Black Americans have traditionally paid higher interest rates on loans than other groups in America. Financial discrimination is illegal, and regulated lenders must be able to show that their formula for determining interest rates is applied consistently to all customers.

Notably, certain African cultures that are Islamic in nature forbid the charging and payment of interest on loans.

What is Investment?

As discussed in the "What is saving?" entry, surpluses that results when one expends less than the value of what one produces is called saving. What happens to saving? If the saving is in the form of money, then there are at least two options. First, one can retain the money in cash (hide it under the mattress). Second, one can invest the funds in a variety of financial instruments (saving accounts, money market funds, individual equities (company stocks), mutual funds, notes, bills or bonds, etc.), or in tangible or intangible property (land, residential or nonresidential structures, equipment, jewelry, art, or goodwill). In either case, the investor obtains investment assets.

In a purely theoretical sense, all investments are intended to be used to produce future earnings. In the case of tangible and intangible property, investments are expected to have an extended useful life; i.e., longer than one or three years depending on the investment item. Assets that qualify as investments (their nature and holding period or useful life) are determined by tax law through the U.S. Internal Revenue Service.

Earnings on certain financial investments produce "interest" earnings (saving accounts, money market funds, certain mutual funds, and notes, bills or bonds, etc.); and earnings on other financial investments produce "dividend" earnings (corporate equities and certain mutual funds). Investment in tangible or intangible property produces "capital gains" earnings. As you know, these earnings or returns on investment are considered forms of income and they are usually taxable.

Investment in tangible and certain intangible property are reflected in the nation's estimates of gross domestic product (GDP); they include private and public creation of nonresidential and residential structures, equipment and software, and inventories. Historical measures of investment help national accountants compile estimates of the nation's capital stock (available investment goods) and to assess the future productive potential of the economy. Efforts are now underway to incorporate estimates of certain intangible investments, such as research and development, into measures of GDP.

Given information about the acquisition and use of investments and the earnings incurred through the use of these investments, it is possible to estimate the rate-of-return on investments; particularly those that are used by firms that operate in the market place. (It is more difficult to estimate the rate of return of certain public sector investments.) These rates of return assist prospective investors in determining whether it is in their best interest to invest in particular types of assets—if they decide to invest at all. The basis for making most investment decision is the extent to which the future stream of income derived from the investment, in present discounted value terms, exceeds today's cost of the investment.[3]

[3] By "present discounted value" (PDV) is meant the sum of "t" period expected returns on the investment discounted (divided by the quantity $((1+r)^t)$) back to the current period. For example, if the flow of investment returns summed to 100 over a five year period, and the discount rate (interest rate, r) is selected to be 5 percent, then the PDV is calculated as ($100/(1+0.05)^5$), which equals $78.35. In this

According to the U.S. Federal Reserve Board estimates for the 2004 *Consumer Finance Survey*, the average (median) Black household owned $2,280 in financial assets and $29,900 in nonfinancial assets. The average for all households in the nation was $18,300 in financial assets and $131,600 in nonfinancial assets. The average White American household owned $33,000 in financial assets and $155,800 in nonfinancial assets.

case, a rational investor would not have entered into this investment if the cost of the investment exceeds $78.35.

How does the Stock Market Work?

Let us begin this entry with a broad overarching question that assumes we all know that the stock market is a place where investors buy and sell stocks. Specifically, we should begin with the question: "Should we transact in the stock market?" Answer: "It depends on one's appetite for risk." Because, as will be discussed below, the stock market represents a set of risky assets that may increase or decrease in value, stock market investors should invest in a manner that is consistent with their willingness/capacity to accept/bear the risk of winning or losing assets.

Now let us go back and begin to dissect this "stock market" idea. As the name implies, the stock market is a market; a place where buyers and sellers meet. What is being bought and sold? Stocks. Stocks or equities, as they are often called, represent portions of the value—value in shares (proportions)—of firms.

Who is selling these shares? Initially (during "initial public offerings" (IPOs) and often later with subsequent offerings), firms offer ownership shares of their company so that they can raise money capital (as distinguished from physical capital (structures and equipment)) to help finance and grow their company. In other words, purchasers of shares become owners of the firm. After firms sell their shares in the stock market to original purchasers, subsequent sales of those shares occur in the stock market by whoever happens to have been fortunate or unfortunate enough to come into ownership of those shares.

Who buys shares in the stock market? Everyone from individual investors like you and me to large investors, and everything in between. Yes, individuals purchase firms' shares. This option opened up and became more common during the dot.com era in the mid-to-late 1990s when information technology and the proliferation of stock trading companies made it possible for individuals to trade on the stock market. Yes, large investors also purchase company stocks.

An important point to keep in mind is that almost all selling and purchasing of stock in a stock market is handled by stock brokers—much the same way that most real estate transactions are handled by real estate brokers. These middle men and women normally charge a fee for handling transactions—normally on a per share basis. That is, sellers and buyers of stock usually must pay a fee to conduct the transaction in the stock market. For small, individual investors, these fees, even when small, can be quite taxing on a per share basis. Because large investors usually conduct large volume transactions, they often receive discounts or special transaction rates, so that the cost to trade in the stock market is relatively cheap.

How do investors decide on purchasing and selling shares? It depends. Investors invest for a range of reasons: To receive periodic dividends based on the profits that the firm earns; for short-term "capital" gain; for long-term growth; and for all reasons in between. Depending on the firm's performance, stock holders may or may not earn periodic dividends; this is just one aspect of the risk associated with owning stocks. The other aspect of the risk of stock ownership concerns what happens to the price or value of the stock during ownership; does it rise or fall? Obviously, no one wants to lose money (the value of the stock decreases), so the objective is to earn money in the stock market (the value of the stock increases)—or at a minimum to break even (the value of the stock is unchanged)—after taking into account the trading commission that must be paid to stock brokers.

If an investor is looking for a short-term gain, then that investor may be looking for stocks that appear to be under-valued (under-priced) at the moment when they can be purchased; there would be the related expectation that the value (price) of the stocks will increase in the short-term at which time they can be sold.

On the other hand, investors may be looking for long-term growth. Such investors are not so concerned about purchasing stocks at a low price (though they wouldn't turn away from this opportunity) because they plan to hold the stock for an extended period before selling the stock. The history of the stock market is that, in spite of its ups and downs, measures of stock prices and values have trended upward. These investors count on the fact that the value of the stock will increase during their holding period.

Depending on the number and type (voting versus nonvoting) of shares that an investor purchases, the investor may obtain a right to vote on management issues in the related firm. If investors (or coordinated groups of investors) purchase over 50 percent of a firm's voting shares, then they will have acquired a "controlling interest" in the firm (a majority position).

What are the tools used to determine whether to buy or sell stock? There are many tools for making stock-selling and stock-purchasing decisions. Many traders make these decisions using tools that they have developed themselves or that they have learned from other traders. However, a few popular measures that are in use include: Historical statistics on price-to-earnings ratios (P/E ratios), on earnings per share, and on Tobin's Q.

Historical price-per-share to earnings-per share ratios can give investors insights on the relative price of a stock at a particular point in time. Depending on the cycle, a low ratio may signal an appropriate time to buy, while a high ratio may signal a time to sell. Historical data on earnings per share may reflect an upward or downward trend, which may indicate to investors prospective future earnings for the shares—depending on the industry involved and the business cycle. Finally, Tobin's-Q is a ratio of a firms' market capitalization or market value to its asset or book accounting value, and signals whether a firm is over- or under-capitalized in the market place. When Tobin's Q is less than one, it indicates that the market value of the firm is less than the book value of the assets owned by the firm, which signals under capitalization; i.e., the possibility of further market capitalization or a rise in the stock price. Such a situation may mean that the stock is a "good" value and may prompt investors to purchase it. Of course, a Tobin's Q greater than one implies the reverse set of interpretations.

There are two main stock markets in the United States: The New York Stock Exchange (NYSE) and the NASDAQ (National Association of Securities Dealers Automated Quotation). Most developed nations of the world have their own stock markets. The evolution of information technology has made it possible for all of the world's stock markets to be inter-linked in some way, so that activity on one stock exchange is likely to have some repercussions on other stock exchanges.

What are key measures for U.S. stock markets? Four often cited measures include: the NYSE Composite Index, which represents the relative (relative to a base period) market value of all stocks being traded on the exchange; the NASDAQ Composite Index, which represents the relative market value of all stocks being traded on the exchange; the Dow Jones Industrials (DJI) Average Index, which represents the relative value of the stocks of 30 large "industrial" firms; and the Standard & Poors (S&P) 500 Index, which represents the value of the largest 500 firms on the NYSE in terms of capitalization.

Key points to always remember about the stock market:

- The market reflects a random process. It is "impossible" to predict completely the direction and magnitude of changes in the stock market without error for an extended period.
- The conventional wisdom is that no investor can "beat" the market perpetually. That is, it is believed that no investor can invest in such a way that the earnings that they achieve exceed those of the aforementioned broad market indexes over the long haul. Consequently, there is a continuous cycle of market prognosticators and investors who come in, and go out of, favor as they beat and fall behind broad market measures over time.
- The conventional wisdom is also that, to achieve optimal returns, it is critical that investors diversify; i.e., spread their investments across a range of assets according to risks. Because the stock market represents a set of risky assets, the recommendation is usually to not invest solely in the stock market.
- The conventional wisdom is that "rational" (informed) investors will win over "irrational" investors (noise traders). That is, those who are trained and experienced at investing in the stock market will out earn those who have no such training or experience. In fact, the expectation is that rational investors will make earnings in the market at the expense of irrational investors (noise traders). "Beginners luck," sheer luck, and periods when there are more noise traders in the market than informed traders may create a situation where rational traders are not the winners for certain periods. However, in the long run, rational traders typically win over irrational traders.

Having said all of that, the stock market has, until now, been a source of earnings for those who use available stock market trading tools and knowledge wisely to make investment decisions. In most cases, however, individual investors turn to the experts to do their investing for them.

According to estimates from the 2004 Federal Reserve Board *Survey of Consumer Finances*, the average (median) Black American household owned $967 in directly held stocks; the average household in the nation owned $33,013 in directly held stocks; and the average White household owned $43,773 in directly held stocks.

What are Bonds?

Bonds are financial instruments that are sold by government (federal, state, or local governments) or by firms (also known as commercial paper) to investors. Bonds represent loans by investors to government or business. Unlike equities (company stocks), bonds inure no ownership rights to lenders. However, bonds are considered to be less risky than equities. Current laws require that lenders be paid before dividends are extended to stock holders should a firm enter a dissolution process.

How do bonds work? If an investor, say Investor I, decides to invest in a firm by purchasing the firm's bonds, then the investor makes a decision to act as a lender to the firm based on specific terms: A predetermined interest rate (rate of return) and a predetermined loan period. For example, an investor may act as a lender to a firm by giving the firm $1,000 and receiving in exchange a bond certificate with a face value of $1,000. The terms of the loan, for sake of this example, might be that the interest rate is 5 percent per annum and the period of the loan is five years. In this case, the firm pledges to pay the lender $50 dollars in interest each year during the loan period ($1,000 X 0.05 = $50); and at the end of the five-year period, the firm would return the investor's $1,000. In this case, the investor will receive a total of $250 in total interest payments for this bond over the five-year period.
Bonds are similar to equities in that they are both financial instruments that can be traded. In other words, an investor who purchases a bond can sell it in the bond market to another willing investor before the loan or maturity period ends. However, depending on circumstances, the seller may or may not be able to obtain the face value of the bond held (the amount of the original loan) at the point of sale. This is one risk of investing in bonds.

A second risk that is associated with bonds is that a bond issuing company may have difficulty during the loan period and may go into default. In this case, interest payments will likely stop, and there is no guarantee that the face value of the bond (in this case $1,000) will be returned.

Why would an investor be unable to obtain the face value of a bond when it is sold? One explanation may be that the interest rate may have increased. If you were an investor, which investment opportunity would you prefer? To be Investor II and make a five-year loan for $1,000 by purchasing a bond with a face value of $1,000 and a 10-percent interest rate (total interest receipts of $500 over the bond maturity period); or to be Investor III and make a four-year loan for $1,000 by purchasing a bond with a face value of $1,000 and a five-percent interest rate (total interest receipts of $200 over the bond maturity period). Ignoring time preferences, most investors would prefer to be Investor II. Why? Although both loans are for $1,000 in exchange for a bond with a face value of $1,000, in the first case, the interest rate is 10 percent, while in the second case the interest rate is 5 percent. The difference in total expected interest receipts for Investor II is $500 versus $200 for Investor III.

Actually, Investor III could be viewed as facing a decision to acquire the bond purchased by Investor I after the latter held it for one year. Now let's assume that the interest rate on bonds similar to those purchased by Investor I increased from 5 percent to 10 percent during the one year that Investor I held the bond. Also, let's assume that Investor I now seeks to sell the bond. Is it logical that Investor III would purchase the bond from Investor I? No because interest rates have risen. Investor III can now purchase bonds that reflect a 10 percent interest rate.

What must Investor I do to sell the bond? Investor I can lower the asking price for the bond to compensate Investor III for the fact that the one-year-old bond is linked to an old five percent interest rate. Note that, given a specific face value, a lower bond price is associated with a higher interest rate. Logically, if Investor I reduces the selling price of the bond from $1,000 to $800, then it is likely, all else being equal, that Investor III would decide to purchase the bond. Why? Let's do the math. Applying the 10 percent rate to a $1,000 face value bond with a four-year maturity yields a total return of $400. However, Investor I's bond will only yield five percent interest over the four year maturity period or $200. Given that Investor III can only expect $200 in interest payments from Investor I's bond, but could expect $400 in interest payments on a new bond at the new 10 percent interest rate, Investor III will only purchase Investor I's bond if the total return on the latter's bond is raised to $400. This can be accomplished if Investor I sells the bond to Investor III for $800 and Investor III receives $200 in interest payments for the bond and is returned the full $1,000 face value of the bond when it matures. That Investor III receives total payments amounting to $1,200 on an $800 investment or $400 in total returns.

Depending on economic conditions and the stability of firms that seek to borrow funds, bonds may represent a relative safe investment. Investing in government bonds is considered to be one of the safest investments. Because of this lower level of risk, government bonds usually pay lower returns (reflect lower interest rates).

Unfortunately, research reveals that there is no high-quality source of information on Black American household's ownership of bonds.

What are Taxes?

Taxes are revenues that are unrequited payments that governments collect from their citizens; i.e., the tax payers have no expectation of receiving immediately and directly any good or service in direct exchange for their payments. Usually, taxes are based on laws that are passed by government officials to raise revenue to meet general and specific needs of its citizens. However, it is often the case that certain taxpayers receive few, if any, government services in exchange for their taxes, while other citizens may receive much more in services from their government relative to the taxes paid.

There are a variety of taxes: Income, corporate profit, excise or sales, property, and custom duties, etc. Taxes should be clearly distinguished from funds that are collected by government in the form of license and other fees and fines (nontaxes).

Traditionally, governments collect taxes to provide for the defense of its populace, as well as to ensure that its citizens have access to education, health care, sufficient transportation options, and appropriate regulations. Government is also generally expected to take necessary action to ensure that there are sufficient economic opportunities.

Increasingly, government is called upon to use its revenue (from whatever source) to assist with providing social security: e.g., income and health benefits to the indigent and to the elderly. This now extends to assuming the liability for pension and health care funds that were defaulted on by firms that establish them.

While governments (federal, state, and local) generally have progressive-type (tax payers with greater capacity to pay, in fact, pay more) tax systems, it is important to assess the full tax burden that citizens bear. That is, it is necessary to not only measure income-type taxes, but also sales, property, and other types of taxes that citizens pay. Although tax analysts note that many Europeans pay value added taxes (taxes paid based on the value of the goods and services consumed) and at a high rate, a full analysis of the total taxes paid may show that many U.S. citizens pay more in taxes than they otherwise would in a European value added taxation system.

For those seeking to belittle the contribution of Black Americans to U.S. government operations, a key point is a comparison of the value of total taxes paid by Black Americans versus the value of government services received by them. Recent studies on certain aspects of this topic (particularly Blacks' payments to and benefits received from retirement programs) discredit this argument and show that Black Americans contribute far more in taxes than they receive in benefits from certain federal government programs.

The Importance of Population

Measuring the population involves counting the number of entities that occupy a particular space. Human population measures apply to nations, states (provinces), regions, cities (municipalities), and neighborhoods (Census tracts). Usually, nations measure their population on an ongoing basis, but will benchmark (or set the population level) the population with full (or nearly full) counts of the population every ten years or so. In the United States, the population is measured via a census every ten years; a requirement that is established in the U.S. Constitution.

The Census Bureau of the U.S. Department of Commerce is tasked with preparing the population census and with preparing regular estimates of the population for years between censuses.

Population measures are valuable for a variety of reasons:

- For preparing economic measures such as: Gross domestic product per capita (i.e., per person); income per capita; etc.
- For measuring sustainability. That is, given average consumption or use of certain resources in a particular area, and given measures of the amount of resources available in the area, it is possible to determine sustainability by determining how many persons occupy an area.
- For estimating growth. Measuring population over time enables statisticians to estimate how population growth will proceed in the future. Because population growth is closely associated with economic growth, knowledge of prospective population growth will provide good insights into prospective economic growth.
- For determining which groups in the nation are growing or declining (proportionately).
- For planning the future.

There are many other reasons for preparing population estimates.

As of 2006, the Black American population was estimated by the Census Bureau at 40.2 million, and constituted about 13.4 percent of the U.S. population.

What is Unemployment?

As a starting point for defining unemployment, it is appropriate to begin by defining employment. Generally, to be employed is to be engaged in an activity. In an economic sense, to be employed is to be “working”; i.e., to have a job for which one receives compensation. (Such compensation is usually on a “per period” (hourly, weekly, monthly, or annual basis) or “per task” basis.) The compensation may include “regular” pay (for up to 40 hours per week), overtime pay (for work beyond the 40 hour week), and bonus pay (special pay that may represent compensation for an extraordinary effort or it may be standardized (i.e., a regular component of the compensation package)).

Now that we know what it means to be employed, we can turn to what it means to be unemployed. Simply put, to be unemployed is to be without a job; to not have work to do.

In the United States, the measurement of unemployment and the unemployed is performed thusly:

- Households are contacted and queried concerning persons who are working and who are not working.
- For those who are not working, the questioning proceeds with the query, “Has the nonworking person actively sought work (filed job applications, sent our resumes, attended job interviews, etc.) within the past four weeks.” “Actively seeking” work primarily means, has one participated in a job interview?
- If it can be determined that a person has actively engaged in seeking employment in the past four weeks, then that person is considered to be a member of the labor force. If a person has not actively sought work within the past four weeks, then that person is not in the labor force.
- The unemployed, then, are those who are in the labor force, but who are not working.

Therefore, the unemployment rate (UR) is calculated using the following equation:

UR = Unemployed Persons / Total Labor Force

Notably, a person who is not working, who has not been working for some time, and who has not actively sought work within the past two weeks, but who would work if given the opportunity to do so, is considered a “discouraged worker.” Discouraged workers are not counted among the unemployed and are not reflected in the unemployment rate.

Given the foregoing, it is believed that large numbers of Black Americans fall into the category of discouraged workers, are not considered unemployed, and are not reflected in the official unemployment rate.

As of July 2007, the overall Black unemployment rate was 8.9 percent; the White unemployment rate was 4.3 percent. About 65.1 percent of working age (16 years of age and above) Blacks were labor force participants. For Black males over 20 years of age, the unemployment rate was 7.7 percent, while the Black female unemployment rate was 7.6 percent for those 20 years of age or over. The unemployment rate was 30.5 percent for Black males and females between the ages of 16-19.

What are NAICS and NAPCS?

NAICS

NAICS is an acronym that stands for "North American Industry Classification System." The system was first adopted in the late 1990s, and one can first find certain statistics on a NAICS basis beginning with 1997. NAICS was updated slightly thereafter and re-released as NAICS 2002. A new 2007 NAICS is now available. NAICS replaced the "Standard Industrial Classification System" (SIC) which was enforce for decades.

NAICS is simply a classification system. It is an effort to classify systematically all goods and services that are produced in the economy on an industry-by-industry basis. Theoretically, the only industries that it does not classify are those that did not yet exist at the time the system was developed. New industries that form after the most recent NAICS version are incorporated during the subsequent NAICS revision.

Industries constitute a grouping based on the process (production function) used to produce goods or services. That is, goods and services that are produced using similar methods are grouped in the same industry.

This classification system is for North America (Canada, Mexico, and the United States). It grew out of the formation of the North American Free Trade Association (NAFTA), which evolved in the late 1980s and early 1990s.

It is important to have a classification system when considering economic issues, because it is essential to have the wherewithal to classify and measure economic activities systematically and to consider interactions between various groupings (industries) within the economy. For example, it may be important to know how many computers and how much software are needed to produce all of the transportation equipment that is produced during a specific period. On the other hand, it may be important to know how much food is consumed by children in elementary schools. An industry classification system makes it possible to measure these phenomena. In fact, the nation's Input-Output (I-O) accounts make it possible to answer such questions, and the I-O accounts are prepared on a NAICS basis.

NAPCS

The North American Product Classification System (NAPCS) is a counterpart to NAICS. The effort to develop a product classification system began in 1999, and sought to catalogue all products from a demand, non-industry specific perspective. As of 2007, products mainly associated with services industries that appear in NAICS (Industries 48-49 through 81) had been classified. The NAPCS, in conjunction with NAICS, will facilitate the development of improved measures of economic activity in the United States, Mexico, and Canada—the three nations that collaborated to develop the system.

What is the Rule of 72?

The “Rule of 72” is a mathematical algorithm that helps one determine how long it will take resources (usually monetary resources) to double if those resources are producing some specified rate of return (yielding some interest rate).

The rule operates in the following way:

- Determine the rate of return (interest rate).
- Ensure that the rate of return is expressed as a whole number.
- Divide the number “72” by the whole number rate of return.

For example, if one has invested $1,000 at a rate of return of 5.0 percent, then one would divide 72 by 5 and arrive at the quotient 14.4. Thus we determine that, at a 5.0 percent rate of return, it will take 14.4 years for the $1,000 investment to double or to become $2,000. This calculation takes into account the concept of continuous compounding of the returns—i.e., the rate of return is not only paid on the initial investment, but is paid on the initial investment plus any accumulated returns.

The rate of return is revealing from two perspectives. First, it tell us that we should seek the highest possible rates of returns—given our appetite for risk. For example, if, in the above scenario, one had invested the $1,000 at a 10.0 percent rate of return, then the time to double the investment would be reduced to 7.2 year.

Second, the rule tells us that, given our investment and rate of return, we should allow as much time as possible for the investment to grow. The old saying is that one is in much better shape, investment wise, if one begins investing during their 20s as opposed to waiting until one’s 50s.

To state the obvious, one can realize larger returns to the extent that one invests early and is able to secure higher rates of return.

What are the Top 25 Paying Professions in the U.S.?

Given that Americans continue to spend more on health care each year, it is no surprise that increasing demand for healthcare services is pushing up the value of compensation in the healthcare industries. Consequently, we find that healthcare related professions occupy the top 5 of the top 25 paying professions.

Forbes.Com (2006): Professions' mean annual salaries

1. Surgeon $181,850
2. Anesthesiologist $174,610
3. Obstetricians/Gynecologists $174,490
4. Oral and Maxillofacial Surgeons $169,600
5. Internist, general $156,790
6. Prosthodontists $156,710
7. Orthodontists $153,240
8. Psychiatrists $151,380
9. Chief Executives $140,880
10. Pediatricians $140,000
11. Family and general practitioners $137,980
12. All other physicians and surgeons $137,100
13. Airline pilots, co-pilots, and engineers $134,090
14. Dentists $132,660
15.` Podiatrists $111,130
16. Lawyers $110,590
17. Engineer Managers $104,210
18. Air Traffic Controllers $100,430
19. Computer and Information System Managers $100,110
20. Marketing Manages $100,020
21. Natural Sciences Managers $97,560
22. Sales Manager $96,950
23. Astronomers $96,780
24. Optometrists $96,290
25. Law Teachers, Post Secondary $95,570

Sources: http://www.forbes.com/2006/05/20/best-paying-jobs_cx_pm_06work_0523jobs.html; retrieved from the Internet on September 2, 2007.

What are the Lowest 25 Paying Professions in the U.S.?

Similar to the "Diamond-Water Paradox," it is quite interesting that the value of compensation is so low for those who perform such a vital service; i.e., those who prepare and serve food. Food related occupations occupy the bottom five of the 25 lowest paying professions.

Forbes.Com (2006): Professions' mean annual salaries

1. Laundry and Dry-Cleaning Worker $18,290
2. Nonrestaurant Food Servers $18,120
3. Graders and Sorters, Agricultural Products $18,080
4. Child Care Workers $18,060
5. Maids and Housekeeping Cleaners $18,030
6. Pressers, Textile, and Garment and Related Materials $17,980
7. Short Order Cooks $17,870
8. Food Preparation Workers $17,850
9. Life Guard, Ski Patrols, and Other Recreational Protective Services Workers $17,820
10. Parking Lot Attendants $17,730
11. Person and Home Care Aids $17,560
12. Bartenders $17,360
13. Cashiers $17,200
14. Farm Workers and Laborers, Crop, Nursery, Green Houses $17,110
15. Usher, Lobby Attendants, and Ticket Takers $16,770
16. Amusement, Recreation Attendants $16,730
17. Hostess and Hostesses in Restaurants, Lounges, and Coffee Shops $16,310
18. Counter Attendants in Cafeterias and Coffee Shops $16,290
19. Game Dealers $16,210
20. Shampooers $16,020
21. Waiters and Waitresses $15,980
22. Dishwashers $15,670
23. Dining Room and Cafeteria Attendants and Bartenders $15,560
24. Food Preparation and Serving Workers $15,430
25. Fast Food Cooks $15,230

Source: http://www.forbes.com/2006/05/20/best-paying-jobs_cx_pm_06work_0523jobs.html; retrieved from the Internet on September 2, 2007.

Part II: The Economics of Black Personalities

Who are Important Black Economists?

There is a great controversy afoot concerning Black economists in the United States. A recent study by Prof. Gregory Price, Chairman of the Economics Department at Morehouse College and a past president of the National Economic Association, contends that only 1.6 percent of the economics faculties at the top 30 universities in America are Black. Scholars have derived several explanations for this outcome: Racism; Black economists' ability to compete (i.e., a deficiency in training); too few Blacks holding and receiving doctoral degrees in economics; too many Black doctoral degree holders accepting employment in government and industry; etc. Each of these explanations may have a degree of merit; however, it remains a conundrum why there are so few Black economists. About one fact you can be certain, a skilled economist has full comprehension of what keeps nations afloat and that may be too much knowledge for too many Blacks to possess. Before providing a judgmentally-derived list of the top Black economists (based on a combination of notoriety and scholarship), it is important to note that economists are powerful people around the world with many nations of the world being led (presidents and prime ministers) by economists. You will recall that the former chairman of the U.S. Federal Reserve Board, Alan Greenspan, was often called "the most powerful man in the world" during the 1990s. Three Black economists have served as members of the U.S. Federal Reserve Board: Andrew F. Brimmer; Emmett J. Rice; and Roger Ferguson. In addition, you should note that only one Black person, Sir Arthur Lewis, has been a recipient of the Nobel Prize in economics (Sir Arthur Lewis was a native of the St. Lucia, an island nation in the Caribbean).

Important Black American Economists:

- Andrew Brimmer, former Member of the Federal Reserve Board
- Roger Ferguson, former Member of the Federal Reserve Board
- William Darity, Duke University
- Glen Loury, Brown University
- Julianne Malveaux, Bennett College
- Patrick Mason, Florida State University
- Margaret Simms, Urban Institute
- Thomas Sowell, Stanford University's Hoover Institute
- William Spriggs, Howard University
- Walter Williams, George Mason University

Who are Distinguished Black CEO's?

While Black Enterprise Magazine provides a list of heads (chief executive officers (CEOs)) of the top Black enterprises each year, the list below highlights distinguished Black CEOs of American corporations. Usually, you will not hear much about these personalities; however, rest assured that they are some of the best and brightest business minds in the world to be able to sit in their "cat bird seats."

Distinguished Black American Chief Executive Officers:

- Kenneth I. Chenault, American Express
- Errol B. Davis, Jr., Alliant Energy
- Reginald E. Davis, Wachovia
- Robert L. Johnson, RLJ Companies, Inc.
- Aylwin Lewis, K Mart
- E. Stanley O'Neal, Merrill Lynch & Co.
- Richard D. Parsons, Time Warner
- John W. Thompson, Symantec Corporation
- Pamela Thompson-Graham, CNBC
- Oprah Winfrey, Harpo Productions

Who are Notable Black Scientists and Engineers?

Today, we live in a relatively high technology world. In fact, the nation's economy is able to grow, in large measure, due to its ability to do more with less. We do more with less by identifying new technologies that enable the production of new goods and services using increasingly efficient methods. The search for the "Holy Grail" has now been translated into the search for new technologies: To improve the quantity and quality of our lives at reduced costs. The individuals at the heart of this process are scientists. Whether they be biologists, physicists, chemists, or engineers, they are transforming our world right before our very eyes.

It is unfortunate that we hear so little about great Black scientists and engineers. Because we hear so little about them, it is increasingly difficult to identify Black youth who wish to pursue such careers. The latter outcome is sad because America continues to turn increasingly in the science and technology direction and will increasingly support those interested in these fields. Nevertheless, Black scientists and engineers are at the center of science and technology breakthroughs in the world today. We provide a selected list these great people below.

Notable Black Scientists and Engineers:

- Rodney C. Adkins, IBM, Somers, New York
- Lisa Barker, Ball Aerospace & Technology Corporation, Boulder, Colorado
- Dr. Charles Brooks, MITRE Corporation, Eatontown, New Jersey
- Dr. Benjamin S. Carson, Sr. Johns Hopkins University, Baltimore, Maryland
- Dr. Mark E. Dean, IBM, San Jose, California
- Dr. S. James Gates, Jr., University of Maryland, College Park, Maryland
- Dr. Wyllstyne Hill, Raytheon, Tucson, Arizona
- Dr. Shirley Ann Jackson, Rensselaer Polytechnic Institute
- Dr. Shirley M. Malcom, American Association for the Advancement of Science, Washington, D.C.
- Dr. Dawn Wright, Oregon State University, Portland, Oregon

Source: http://www.mitre.org/news/releases/06/beya_12_28_2006.html ; http://www.raytheon.com/feature/rtn07_beya/; http://domino.research.ibm.com/comm/pr.nsf/pages/bio.dean.html ; http://www.aaas.org/ScienceTalk/malcom.shtml; http://sciencecareers.sciencemag.org/career_development/previous_issues/articles/3570/diving_into_the_deep/; http://www.aaas.org/news/releases/2007/0215am_award_understand.shtml; http://www.ballaerospace.com/page.jsp?page=30&id=240; and http://www.blackengineeroftheyear.org/v3/news_display.php?id=32. All sources were retrieved from the Internet on September 23, 2007.

Who are Distinguished Black Educators?

We are as good as we are smart. We become smart, in part, through training. High-quality training is best derived from great educators. Black Americans have a long history of excellence in education. In fact, we can go back to the 1830's and one of the first formal and overt attempts to educate Blacks in "Normal" or "High" schools so that they could teach those at the elementary school levels. Today, there are over 100 Historically Black Colleges and Universities (HBCUs), many of which began as Normal schools. But we have traversed well beyond that point; Black scholars teach at the top universities in the land and excel in those posts. Therefore, it is not difficult to form a list of distinguished Black scholars who span several fields, and who teach across the spectrum of education levels.

The list below is mainly of Black educators who have received recognition recently for their excellence and expertise in transmitting knowledge in selected academic fields:

- Dr. Benjamin Canada, Texas Association of School Boards
- Dr. Sharon L. Fries-Britt, University of Maryland, College Park, Maryland
- Dr. Michael Eric Dyson, University of Pennsylvania, Philadelphia, Pennsylvania
- Dr. Henry Louis Gates, Harvard University, Cambridge, Massachusetts
- Dr. S. James Gates, Jr., University of Maryland, College Park, Maryland
- Dr. Raymond L. Johnson, University of Maryland, College Park, Maryland
- Dr. William A. Massey, Institute for Mathematics and Its Applications, Minneapolis, Minnesota
- Dr. Ernest Morrell, University of California at Los Angeles, Los Angeles, California
- Dr. Henry N. Tisdale, Claflin University, Orangeburg, South Carolina
- Reg Weaver, President, National Education Association

Sources: http://www.aasa.org/newsroom/pressdetail.cfm?ItemNumber=8389; http://www.education.umd.edu/EDPA/cv/Fries-BrittCVJanuary2007.pdf; http://www.newsdesk.umd.edu/scitech/release.cfm?ArticleID=1399; http://www.timesanddemocrat.com/articles/2007/08/21/opinion/doc46ca2ace1abc2217107946.txt; http://engineering.princeton.edu/news/massey_prize ; http://www.sas.upenn.edu/sasalum/newsltr/spring03/black_white_read.htm ; http://www.fas.harvard.edu/~amciv/faculty/gates.shtml ; and, http://www.ernestmorrell.com/homepage.html. All sources were retrieved from the Internet on September 22, 2007.

Who are Distinguished Black Literary Personalities?

Black Americans spend well over $300 million on books each year. That is a little less than $10 on books for every Black man, woman, and child. Ten dollars will not buy very much of a book today; however, this level of expenditure shows that Black Americans are reading. Consequently, it is important to provide in *BlackEconomics: A Primer* a list of the most widely read Black authors today. Since the Harlem Renaissance and writers like Jean Toomer, Langston Hughes, James Weldon Johnson, Countee Cullen, Paul Laurence Dunbar, and Zora Neal Hurston, there has probably not been a period when such a wide array of popular Black literary personalities are producing novels for the Black American audience to consume. It goes without saying that these authors are also read widely by the broader American audience.

It is important to note that, like all other groups, Black Americans read more than just fiction. However, it is fiction that reflects the scope and nature of the Black American experience, and fiction provides clues about the past and future lives of Blacks in America.

Distinguished Black American Authors of Fiction:

- Maya Angelou, *I know Why the Caged Bird Sings*
- Tina McElroy Ansa, *Baby of the Family*
- Breena Clarke, *River Cross My Heart*
- Pearl Cleage, *What Looks Like Crazy on an Ordinary Day*
- Ernest J. Gaines, *A Lesson Before Dying*
- Terry McMillan, *Waiting to Exhale*
- Toni Morrison, Nobel Prize Winner, *Beloved*
- Walter Mosely, *Devil In A Blue Dress (and other Easy Rawlins Books)*
- Omar Tyree, *Last Street Novel*
- Alice Walker, *The Color Purple*

Who are Distinguished Black Preachers?

There is no more integral component of the Black community than the Black church. Consequently, in order to comprehend the economics of Black communities, one must comprehend the purpose, nature, and operation of the churches within those communities. In turn, the key to comprehending the Black church is to know the churches' leadership. Therefore, *BlackEconomics: A Primer* provides a list of Black Preachers that are ruling the day in Black communities. However, it is suggested that their performance be assessed based on not only the spiritual conditions of the communities over which they preside, but also on the economic conditions that prevail in those communities.

Distinguished Black American Preachers:

- Pastor Creflo A. Dollar, Creflo Dollar Ministries, College Park, Georgia
- Dr. Floyd H. Flake, The Greater Allen A.M.E. Cathedral, New York, New York
- Dr. Frederick Haynes, III, Friendship West Baptist Church, Dallas, Texas
- Bishop Donald Hilliard, Jr., Donald Hilliard Ministries, Jackson, New Jersey
- Bishop T. D. Jakes, Potter's House & T.D. Jakes Ministries, Houston, Texas
- Prof. Carolyn Knight, Can Do Ministries, Smyma, Georgia
- Dr. Frederick K. Price, Ever Increasing Faith Ministries, Los Angeles, California
- Imam Siraj Wahhaj, Masjid At-Taqwa, New York, New York
- Dr. Renita J. Weems, Nashville, Tennessee
- Dr. Cornell West, Princeton University, Princeton, New Jersey
- Dr. Jeremiah Wright, Trinity United Church of Christ, Chicago, Illinois

Sources:
http://findarticles.com/p/articles/mi_m1077/is_n1_v49?pnum=4&opg=14258251;
http://findarticles.com/p/articles/mi_m1077/is_n1_v53/ai_20013882;
http://www.npr.org/templates/story/story.php?storyId=12348760; and
http://www.religionnewsblog.com/4820/one-imam-traces-path-of-islam-in-black-america.
All sources were retrieved from the Internet on September 21, 2007.

Who are Distinguished Black Entertainers?

It is common knowledge that, like White entertainers, Black entertainers have always lived lives apart from average Black Americans. In many cases, Black entertainers have accumulated great wealth. Often, they use their wealth to improve conditions for Black Americans through business investments in Black communities, by providing academic scholarships, or simply by creating jobs as part of their own entertainment operations. Hence, Black entertainers are able to garner double favor from Black Americans—through their entertainment and through their philanthropy. It is not uncommon for Black entertainers to become so popular as to be able to make a significant economic difference in the lives of many Black Americans.

A cautionary note is in order: Black entertainers can create adverse outcomes for Black Americans to the extent that they participate in the production of entertainment that presents negative images of Black Americans. That is, when Black entertainers accept stereotypical roles that characterize Blacks in a negative light, then they harm Blacks because the world imbibes those images and may then adopt negative attitudes toward Blacks. These attitudes may ultimate play out in the economy and produce adverse outcomes for Blacks: Lower employment, lower income, and fewer opportunities.

Below, we provide the names of 14 distinguished Black Americans entertainers today; the list spans movie and television personalities and artists from the music industry.

Distinguished Black American Entertainers:

- Halle Berry, Actress, Academy Award Winner
- Mary J Blige, R&B, Hip-Hop Artist
- Mariah Carey, R&B Artist
- Fifty Cents, Hip-Hop Artist
- Sean “Puffy” Combs, Hip Hop Artist and Entrepreneur
- Jamie Fox, Actor
- Jay-Z, Hip-Hop Artist and Entrepreneur
- Samuel Jackson, Actor
- Martin Lawrence, Actor
- Ludacris, R&B, Hip-Hop Artist
- Will Smith, Actor
- Denzel Washington, Actor, Academy Award Winner
- Kanye West, R&B, Hip-Hop Artist
- Oprah Winfrey, Actress, Television Talk Show Host and Entrepreneur

Who are Distinguished Black Coaches?

Coaching has been the second rung of the four-step ladder for Black American participation in sports at the professional and college levels. First, Black players were accepted into the athletic ranks; second, Black coaches are brought in—usually from the players ranks; third, Black managers are permitted into athletic organizations; and fourth, and finally, Black owners are able to secure the right to control and benefit from Black athletic prowess. Below, two distinguished coaches are listed from the ranks of professional football, basketball, and baseball, and for college football and basketball. A question that warrants research is the extent to which Black coaches receive compensation that is relatively comparable to the compensation that is received by non-Black coaches?

National Football League (NFL)
- Tony Dungy, Head Coach, Indianapolis Colts
- Lovie Smith, Head Coach, Chicago Bears

National Basketball Association (NBA)
- Avery Johnson, Head Coach, Dallas Mavericks
- Sam Mitchell, Head Coach, Toronto Raptors

Major League Baseball (MLB)
- Willie Randolph, Manager, New York Mets
- Ron Washington, Manager, Texas Rangers

National Collegiate Athletic Association Football (NCAAF)
- Randy Shannon, Head Coach, University of Miami
- Tyrone Willingham, Head Coach, University of Washington

National Collegiate Athletic Association Basketball (NCAAB)
- Tubby Smith, Head Coach, University of Minnesota
- Nolan Richards, Head Coach, International Teams

Sources: NFL—http://www.npr.org/templates/story/story.php?storyId=6944981; NBA—http://www.nba.com/statistics/encyc/Coach.jsp?sortOrder=4&conf=all&loc=all&season=all&active=Y&pre=all&team=all&pRd=all&x=26&y=7; MLB—http://www.frostillustrated.com/full.php?sid=1031;NCAAF—http://www.blackathlete.net/artman2/publish/Commentary_1/The_NCAA_s_Shabby_Record_With_Black_Football_Coaches.shtml ; NCAAB—http://sports.espn.go.com/ncb/news/story?id=2808406 and http://bcasports.cstv.com/genrel/061407aab.html. All sources were retrieved from the Internet on September 21, 2007.

Who are Distinguished Black Athletes?

Historically, Blacks have shown an ability to enter the ranks of professional and college sports and to rise to dominant positions. No question about it; today, football and basketball, and to a much lesser extent, baseball, are the key sports where Blacks excel. Nevertheless, Blacks have shown an ability to dominate other sports as well: e.g., golf and tennis. Black participation in professional and college sports is common place and the focus has long turned from will Blacks participate to how many Black players on a team are appropriate to optimize returns for mainly White owners; we must not forget that Whites represent the primary fan base for professional and college sports.

Below, two distinguished Black athletes are listed for the aforementioned professional and college sports categories. Again, we must inquire whether these professional and college athletes receive compensation and acclaim that are comparable to that received by their non-Black counterparts?

<u>National Football League (NFL)</u>
- LaDainian Tomlinson, Running Back, San Diego Chargers
- Tiki Barber, Running Back, New York Giants

<u>National Basketball Association (NBA)</u>
- Kobe Bryant, Guard, Los Angeles Lakers
- Dwayne Wade, Guard, Miami Heat

<u>Major League Baseball (MLB)</u>
- Barry Bonds, Outfielder, San Francisco Giants
- Derek Jeter, Shortstop, New York Yankees

<u>National Collegiate Athletic Association Football (NCAAF)</u>
- Darren McFadden, Running Back, University of Arkansas
- Steve Slaton, Running Back, University of West Virginia

<u>National Collegiate Athletic Association Basketball (NCAAB)</u>
- Greg Oden, Center, Ohio State University
- Alando Tucker, Guard, University of Wisconsin

Sources: NFL--http://www.nfl.com/probowl/story?id=09000d5d8002269e&template=without-video&confirm=true; NBA—http://sports.espn.go.com/nba/allstar2007/news/story?id=2743007; MLB—http://mlb.mlb.com/news/article.jsp?ymd=20070528&content_id=1990778&vkey=news_mlb&fext=.jsp&c_id=mlb and http://mlb.mlb.com/news/article.jsp?ymd=20070530&content_id=1994484&vkey=news_mlb&fext=.jsp&c_id=mlb; NCAAF—http://sports.espn.go.com/ncf/heisman07/index; and NCAAB—http://www.collegehoopsnet.com/new/story/collegehoops_net_all_american_team40629. All sources were retrieved from the Internet on September 21, 2007.

Who are Distinguished Blacks in the Media: Television, Radio, and Newspapers?

Like Black entertainers, certain Black media personalities are very important players in their industries and create much good for Blacks. When a Black newsperson presents a more accurate and/or balanced news story about Blacks than would have been presented by a non-Black, then Black Americans benefit. As a general rule, Black media personalities do not earn the salaries paid to Black entertainers, but there are exceptions to this rule. Those Black media personalities who earn large salaries can play the same philanthropic role played by Black entertainers; those who earn less, but who have a strong regional or topical footprint, can serve as advocates for Black Americans.

The cautionary note from the entry on Black entertainers is represented here. Black media personalities can create adverse outcomes for Black Americans to the extent that they participate in the production of media that presents negative images of Black Americans. That is, when Black media personalities accept stereotypical roles that characterize Blacks in a negative light, then they harm Blacks because the world imbibes these images and then adopts negative attitudes toward Blacks. These attitudes ultimately play out in the economy and produce adverse outcomes for Blacks: Lower employment, lower income, and fewer opportunities.

Distinguished Media (Television, Radio, and Print) Personalities:

- James Brown, CBS ("The NFL Today")
- Ed Gordon, NPR ("News and Notes")
- Greg Gumble, CBS ("The NFL on CBS")
- Bob Herbert, *The New York Times* ("Op-Ed")
- Gwen Ifill, PBS ("The News Hour" and "Washington Week")
- Tom Jorner, KISS 104.1 ("Tom Joyner Morning Show")
- Al Roker, NBC ("Today")
- Michelle Singletary, *The Washington Post* ("The Color of Money")
- Tavis Smiley, NPR and PBS ("TAVIS Talks" and "The Tavis Smiley Show")
- Michael Wilbon, *The Washington Post*

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.

Key Economic variables	Blacks	Whites
Households average net value of assets (wealth)[+]		
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 **(assets less liabilities)**	$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:
[+]--http://www.federalreserve.gov/pubs/oss/oss2/2004/scf2004home.html (total number of households, 112.1 million); and
*--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 conduced 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 shear 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.

Given Average Annual Income of $32,849:	**100.0%**
Food at home	**8.1%**
Food away from home	**5.0%**
Shelter, owned dwellings	**9.7%**
Shelter, rented dwellings	**9.6%**
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%
Percentage of total accounted for	90.9%

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+

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:

Ethnic Group	Percentage of non-owning households
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:

Households	Total value of all vehicles owned
Black	$14,995.50
White	$21,754.00

Households	Total value of all outstanding vehicles loans
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 ; 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.[4] 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.[5] 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

[4] 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.
[5] 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[+]
High School Graduate (Diploma):	$ 29,448*
College Graduate (Bachelors Degree):	$ 54,689*
Master's, Professional, or Doctoral Degrees:	$ 79,946[+]

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

[+]--Statistics for 2006.
*--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:[6]

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 form the Internet on September 15, 2007.

[6] 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.

Ethnicity/Gender	Own Real Internal Rates of Return*
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

Ethnicity/Gender	Own Net Lifetime Benefits**
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/. 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%
2. Cancer 24.6%
3. Stroke 40.8%
4. Diabetes 214.3%
5. Unintentional Injuries 0.98%
6. Homicides 567.5%
7. Nephritis (inflammation of the kidney) --
8. Chronic lower respiratory disease 0.69%
9. HIV AIDS 865.3%
10. Septicema (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. 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/; 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/. 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.[7]

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

[7] 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 18th 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; 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.