[MS-0186.001.014.004]

ECONOMIC STATUS OF AFRICAN AMERICANS

by
Harold K. Brown
February 17, 1990

The economic status of African Americans in the 44th congressional district is not unlike the economic status of African Americans throughout the nation. Statistics on the economic life of African Americans reveal the too often misunderstood truth about the so-called "progress" of African Americans. According to the 1988 Department of Commerce Report on Money Income and Poverty Status in the U.S., there is a wide gap in the quality of life between Black and White Americans. Some of the Report's statistics:

1. In 1988, the median family income of White families was $33,920 while the median income for Black families was $19,330. The Black family income was slightly over half (57%) of the White family income.

2. Per capita income for Whites was $13,990 and $8,270 for Blacks (59%) of the White per capita income.

3. When looking at the poverty status of Americans, the report shows that 10% of Whites live in poverty compared to 32% for Blacks. This means that one third on the nation's African Americans are poor. Living in poverty translates into any individual with annual earnings under $6,000 or under $12,100 for a family of four. It is interesting to note that while African Americans account for approximately 12% of the total U.S. population, we constitute 30% of all Americans living in poverty.

Enough on statistics. Let's address the questions of what is wrong? and what are the solutions?

<u>What is Wrong?</u> What is wrong is basically two things -- racial discrimination, past and present; and the ineffectiveness on the part of African Americans to mobilize our collective resources for the common good of African Americans. These two sides of the equation are essential for any significant progress to take place. I have no confidence that those in power will relinquish or reduce their power to advance others. Therefore, in order to narrow the economic gap between African Americans and White Americans, we must press White America for more and better opportunities to increase the incomes of African Americans while simultaneously using our income for our common progress. This latter point might attract labels of being nationalistic, or some other negative connotation, but I feel the label of "common sense" would most appropriately apply.

The notion of applying pressure to open up equal access to all income producing positions is not new. We have been doing that with some measure of success for years. The idea of using our collective income as a lever to move African Americans ahead economically is a newer concept among African Americans. This "collective income" strategy has not yet been accepted by enough African Americans to cause any visibility. However, the strategy will take hold as soon as African Americans fully appreciate the power of economic development and understand how to make it work for us. I would like to make it very clear that my message is that the responsibility for the economic progress of African Americans in the 1990's lies as much, if not more, in our hands than in the hands of others.

So, how does all this translate into specific strategies? The time allowed for this presentation does not permit the description of a detailed plan to make up over 400 years of economic imbalance between Black and White Americans. However, some specifics should be mentioned here in terms of what is needed:

NEEDS: (Goals)

1. A strong campaign to increase the hiring and promotion of African Americans in the private and public sectors, and to integrate the all-White Boards of Directors of profit making corporations.

2. A strong campaign to educate and train African American youth to increase the supply for career employment.

3. There is a need for capital to finance the creation and expansion of businesses owned by African Americans. Less traditional means of accessing capital should be made more visible to African Americans such as venture capital Small Business Investment Companies, Credit Unions, Investment Clubs and partnerships.

4. To develop within the general African American community, a program to educate and indoctrinate the community about the power of economic development and collective economic action.

5. More jobs need to be generated within the 44th Congressional District. Attracting companies from outside the district is one means of providing more jobs for the residents of the District. However, the creation and expansion of businesses owned by African Americans will do more, and consequently increase the collective income of the 44th District.

These five needs represent the goals that in my judgement should be embraced by the 44th Congressional District and the general African American community. Setting objectives and identifying strategies to achieve the five goals can be

accomplished through a series of work sessions by a committee charged with that responsibility.

Finally, there is a need for America to change its economic perception of African Americans. Too many government sponsored programs are designed to keep African Americans as consumers. Programs should be designed keeping in mind that African Americans need and want to be owners and sellers as well as consumers. The concept of economic development implies the critical element of ownership as well as jobs and consumership.

Thank you for this opportunity to share these remarks with you.

Delivered at the conference on the "Status of African American Families" sponsored by U.S. Congressman Jim Bates of the 44th Congressional District. Conference held in San Diego, California on February 17, 1990.