

Why is America's Black Middle Class Strangely Fragile?

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By Richard Miniter

Today's black professional is sometimes an invisible man. Even the President's national initiative on race has focused obsessively on the poor and unsuccessful, and ignored the burgeoning black middle class. Partly because they are prosperous, partly because their lives don't readily supply the props necessary to stage a debate about the role of government, the press and pundits don't see black professionals. Confounding both liberal and conservative clichés about economic progress as they do—while also pointing to some vital unfinished racial business—the members of the black middle class are worth a closer look.

Black professionals defy easy categorization. Many are like Lorna Holt, an independent television producer who lives in San Francisco with her husband, Eric, who is white and teaches in an inner-city Oakland high school. She understands discrimination firsthand, though not the kind usually cited by liberals.

From her first day in kindergarten, Lorna knew she was different from the other students at Sixth Avenue Elementary School in south-central Los Angeles. She spoke both Spanish and English with ease, like an Hispanic student. But her light black skin and kinky hair seemed to place her with the African Americans. Her high grades and good behavior only brought her abuse from all sides. "Tryin' to act white?" her classmates would taunt. "Oreo!" "Teacher's pet!" She would hear those insults, over and over, for the next 12 years. Her only close friends were Asian immigrants.

Lorna's parents were immigrants, too. They came from Costa Rica in 1962. Her father was a systems analyst for Kaiser Permanente, and her mother had taught herself English well enough to become an English teacher in the L.A. public schools. Lorna was taught that hard work and good grades were the path to success in America. Meanwhile her classmates thought success was a matter of luck or trickery. Every black professional interviewed for this article tells a similar childhood story; good grades only fueled animosity, they say.

Holt's life is a string of achievements in the classroom and office, made possible by self-discipline and effort, and capped by economic independence. She never felt seriously limited by the color of her skin.

Much of the black middle class, like its white counterparts, lives in the suburbs. Liberals find that hard to understand; they still think of chocolate cities surrounded by vanilla suburbs. That's why Loston Harris, one of the hottest new jazz stars under 30, really confuses them. He doesn't apologize for liking suburbs like his home town of Reston, Virginia. He doesn't think black authenticity means identifying with the inner-city experience. He's upbeat, not angry. He explains his success in terms of hard work and drive, not in terms of overcoming racial barriers. "If I had to sit at home and wait by the phone, I'd still be home. You gotta be out there," he told a perplexed Washington Post reporter.

"For blacks in America, these are the worst of times and the best of times," concludes George Fraser, author of *Race for Success: The Ten Best Business Opportunities for Blacks in America*. This is especially true for middle-class blacks, says Fraser, who was reached in the quiet of his suburban Cleveland home.

"The worst of times" is not an overstatement. Nearly 24 percent of black families live below the poverty line, and the social life of inner cities is often appalling. "We know that the root cause of much of our poverty is the alienation of black males from the work force," says Fraser.

More than 40 percent of black men between 20-29 are either in prison or on parole. And these aren't all the products of lone-parent, low-income homes. Several government researchers contend that the sheer size of the black criminal population suggests that many come from middle-class households. A series of interviews with black professionals across the country, many of whom say they have had relatives behind bars, provides anecdotal evidence that even many middle-class black families have personal brushes with the law.

Illegitimacy is another pathology that, while concentrated in the underclasses, also spills into the black middle class, damping security and life prospects. An eye-popping 45 percent of black women managers or professionals have had an illegitimate child, compared to 3 percent of managerial or professional whites. (See indicators, p. 19.) Small wonder that blacks aged 18-30 place single-parent families at the top of their list of the most important problems facing the nation, according to a recent survey by Public Agenda, a liberal interest group.

There is also good news. The black middle class has grown dramatically in size and wealth in recent years. Black buying power surged from \$300 billion in 1990 to more than \$500 billion today. The rapidly growing ranks of black managers, supervisors, technicians, and business owners represent "an army of potential role models and mentors to help those stuck in the cycle of poverty," suggests Fraser.

The number of black-owned enterprises nearly doubled over the last decade—five times the rate of new business creation for the country as a whole. There are more black millionaires than ever before, including Fortune 500 executives like Kenneth Chenault (president and ceo of American Express) and E. Stanley O'Neal (chief financial officer of Merrill Lynch), as well as entrepreneurs like R. Donahue Peebles, chief executive of the nation's largest black-owned hotel and real estate development company. More than any other single business leader, Peebles may be responsible for resurrecting Miami's core business area.

Putting together the good news with the bad, a complex picture of middle-class blacks emerges. While growing very fast in economic clout, they continue to be nipped by some of the same problems that dog poor blacks. Why does being "middle class" not mean the same thing for blacks as for similarly salaried whites? The answer is part economics, part family experience.

In an important sense, blacks only have one foot in the middle class. They have professional and management jobs that generate solidly middle class incomes. But, for a confluence of reasons, they typically have fewer assets (savings, stocks, bonds, real estate, businesses) than whites with the same income.

Call it the investment gap. Nearly two-thirds of black households have zero savings or more debt than savings. At every income level, blacks save and invest less than whites do. And, at every income level, blacks have a smaller net worth, on average, than whites. Fifty-seven percent of black households with annual incomes greater than \$50,000 invest in the stock market, compared to 81 percent of whites in the same income bracket, according to a 1998 Yankelovich Partners survey.

Historically, black family assets were limited to their homes and cars, says J. Eugene Grigsby of UCLA. This is partly because until the late-1970s, middle-class blacks tended to work for the state or federal governments, which until recently did not offer investment plans. As the number of blacks working in the private sector grew, so did the number of blacks interested in investing.

Even high-income blacks save less of their income than whites. Blacks whose annual incomes top \$50,000 say that they invest a median of \$267 per month in retirement and other savings accounts, according to the Yankelovich study. Meanwhile, whites earning \$50,000 or more say that they invest a median amount of \$477 per month.

Since they are newer to the ranks of the middle class, many blacks had little family exposure to even basic financial tools—a fact which often emerges in interviews with black professionals. Only 37 percent of blacks now earning more than \$50,000 report that their family had a checking account while they were growing up, compared to 52 percent of similarly situated whites.

"Many of us have been laboring under the false comfort that the expansion of the black middle class and the creation of individual black millionaires have moved African Americans closer to parity [with whites]. The reality is, no matter how great incomes become for individual blacks, our wealth is not sustained because we have very few assets that can be passed on," said National Urban League president Hugh Price in a recent keynote address. Without assets, each generation has to start anew, Price adds. This is how the investment gap keeps many blacks poor.

Moreover, people with high incomes but low net worths don't behave the same way that high net worth people do. The self-discipline needed to acquire assets over time usually transforms the property owner into a stabler person oriented to the long term. A classic example: Home ownership makes one think about the long-term value of a neighborhood.

Properly understood, the black middle class is only partly middle class. Their relative lack of asset accumulation explains why they often feel so insecure about their financial futures—they have little to fall back on if a job disappears. The American middle-class sensibility stresses a certain patient gradualism, a moral stance in favor of the future over the present. It works against all forms of instant gratification, as Harvard professor Edwin Banfield argued in his book *The Unheavenly City Revisited*. Without assets, economic patience, and a preference for future over current gain, the middle-class sensibility is less deeply rooted.

With this in mind, the family experiences of black professionals become important. Stable two-parent families (even if divorced and remarried) are the hallmark of middle-class America. The family experiences of a number of black professionals from across the country indicate that the racial challenge of the coming century may be reconstruction of the black family into a more reliable shelter from life's storms.

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