

**Research Article**

## **A Nation within a Nation? Assessing Afro-American Under/development From An Ethnic And Economic Standpoint**

**Arnab Chatterjee**

Junior Research Fellow, University Grants Commission; Pursuing Ph.D., Department of English and Culture Studies, Golapbag Academic Campus, The University of Burdwan, Burdwan, West Bengal 713104, India

Email id: arnabserampore2011@gmail.com

### **ABSTRACT**

African-Americans constitute for just 13% of the population of the United States of America, but their contribution to the nation's real GDP is around one point two trillion USD as on 2008. Ever since their arrival in the New World as slaves, they have not been given their due share; thus prompting writers like Komozi Woodard to title this politics of exclusion and the resultant rise of the Black Power movement and politics as the veritable existence of 'a nation within a nation' striving for equal social and economic rights. Studies have been conducted across disciplines that point out the economic and social deterioration of this section of the American population that still faces discrimination on all fronts. The Ethnogeriatric Curriculum Module points out that the death rate from cancer is 30% more in the African-American elderly community than the whites (Gordon "Ethnogeriatric Curriculum Module"), while there is some recent empirical evidence that suggests that there nevertheless has been a pronounced improvement in the lot of this marginalised section; thus, there is data both for and against this view. The proposed paper would like to have a look at both these views and try to gather conclusive evidence if the politics of exclusion that Woodard once spoke of still holds good or not.

**Keywords:** African-American, Development, Empirical, GDP, Ethnogeriatric, Marginalised, Black Power.

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### **INTRODUCTION**

Ever since the discovery of the New World and the sailing of the Pilgrim Fathers on Mayflower and the signing of the 'Mayflower' contract, there has been a spurt of

migrations to the newly-found nation that we know today as the USA: from that of the California Gold diggers<sup>1</sup> (1848–1859) to that of diaspora of the African peoples from Central and West Africa, who were brought as chattels in horrifying conditions to work as cotton pickers and slaves for the ‘Massa’. Provinces like New Orleans specialised in slave trade, and the same has found memorable expression in Harriet Beecher Stowe’s novel *Uncle Tom’s Cabin* (Stowe, 1852) that portrayed a good slave, Uncle Tom, who has become synonymous with the concept of endurance and Christian piety even in the face of annihilation. Seen from an economic perspective, these African-Americans, who were once labelled derogatorily as ‘Jim Crows’ constitute for just 13% of the entire population of USA, but their contribution to real GDP of the nation as on 2008 is around one point two trillion USD of the thirteen trillion USD (Robinson, 2011). Since the Civil Rights era, we saw the fight of these peoples for equal rights and the famous march of one million men to Washington D.C. led firstly by Martin Luther King, Jr. and then in 1995 by Louis Farakkan of the religious wing The Nation of Islam (NOI) and also by the One million women’s march just after this that also called for radical alteration in the condition of the Afro-American women. Even as late as the mid-1990s, it was increasing felt that the national policy makers had ignored the real condition of the black man and failed to take into account the reality that black men were twice as more unemployed than the whites and that they faced poverty at the rate of 40% more than the latter. Also, there were other sundry issues plaguing the black man: blacks were murdered at a more faster rate than the whites at roughly 72 per 100,000 and this rate was significantly higher than the 9.2 per 100,000 attributed to the white male population<sup>2</sup>. In 1960s, this inequality as regards the allocation of resources led to the infamous Detroit, Harlem, Illinois, Pennsylvania and Chicago race riots that saw the rampant destruction of property. As Allen D. Grimshaw (1969) in *The Social History of Racial Violence* has pointed out, these race riots have occurred at times ‘when the negro has refused to accept a subordinate status’, and that when there have been problems with the ‘accommodative structure’ of ‘super-ordination-subordination’ vis-à-vis the white and the negro<sup>3</sup>.

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<sup>1</sup> California has long been associated in the American popular imagination as the quintessential land of riches and abundance. Lying on the San Andreas Fault line, it has been producing precious minerals, gold and crude oil that have made Californians rich. This rush for gold brought tens of thousands of people from all across Asia, Africa and Europe ever since gold was discovered by James W. Marshall. See John Steinbeck’s novel *The Grapes of Wrath* (1939) for a literary precedent and *A Golden State: Mining and Economic Development in Gold Rush California* (1999) by James J. Rawls for an economic perspective.

<sup>2</sup> From [www.wikipedia.org](http://www.wikipedia.org).

<sup>3</sup> See Allen D. Grimshaw’s edited *A Social History of Racial Violence*, especially the section entitled ‘Patterns in American Racial Violence’ authored by Grimshaw.

**MATERIALS AND METHODS**

Grimshaw goes further and points out that there is enough empirical data to support the fact that ‘both Negro and white lynchings and [for] farm value and pre-acre value of cotton show pronounced trends from 1882 to 1930’ (ibid)<sup>4</sup> and that there have been fewer lynchings and other such associated violence with better economic conditions. Tetrachoric correlations were computed between the deviations from trend lines of the lynching data and of the economic indices. The tallies were placed on the appropriate cells simply on the basis of whether the deviations were above or below the trend line (+or -). These correlations are given in Table 1<sup>5</sup>.

**Table 1: Relationship between economic index and lynching data using tetrachoric correlations (Data based on deviations from trend lines)**

Variables	1. Garrett approximation	2. Saffir-Thurstone Cheshire graphic method
Composite economic index----- Total lynchings	-0.65	-0.61
Per acre value of cotton-----Negro lynchings	-0.63	-0.61
Farm value of cotton-----Negro lynchings	-0.72	-0.70

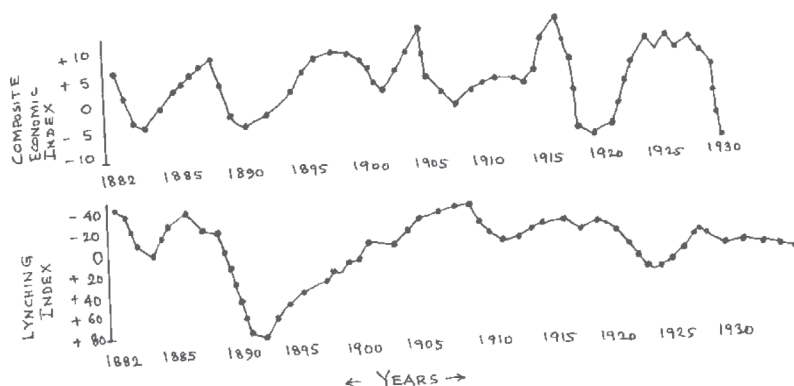
**A. EVIDENCE FROM ECONOMIC AND STATISTICAL DATA: ‘THAT SINKING FEELING’**

This is one of the basic features of the US economy from 1880s to 1930s that underscores the resultant refusal of the Negro not to accept the status quo. Although most of the intellectual blacks have not supported the riots, there is no denying the fact that they have cost a whopping USD 80 million in the case of 1967 Detroit race riots alone. As Grimshaw again points out, another method of showing the relationship between the economic indices and the number of lynching is to graphically present the comparable fluctuations in the two series, to the extent that the values of the two lynching curves be inverted. Thus, when the two sets of data fluctuate inversely, the curves are parallel (ibid). This is shown in Figure 1.

There are other fronts in which the African-Americans face discrimination and that is in the job sector; in 1978, it was reported in *The Washington Post* that out of the 619 employees working in the World Bank, a measly three employees were blacks (Simms, 2012). Even in case of incarceration, the data provided by National

<sup>4</sup> Ibid. See the section entitled ‘Empirical Generalizations’ wherein Carl Iver Hovland and Robert R. Sears produce minor studies of aggression and the correlations of lynchings with economic indices.

<sup>5</sup> Ibid. p.346–347.



**Figure 1: Relationship between lynching and composite economic index using a graph.**

Association for the Advancement of Colored People (NAACP) is staggering. Around 70 billion USD is spent by the Federal government on incarceration; the African-Americans end up using drugs five times less than the whites use, but are in the probability of being sent to prison 10 times more (NAACP, 2009–2015)<sup>6</sup>. According to a report on the ‘real economy’ of the United States aptly entitled ‘Five Disturbing Stats on black–white financial inequality’ (CNN Money, 2014), it would be somewhat pertinent to see the ongoing racial riots in Ferguson, Missouri and in other regions recently simply to be symptomatic of racial inequality in the allocation of resources between the blacks and the whites. For example, a typical black household still accumulates less than one-tenth of wealth than a white one and it is only getting worse.

As this data from CNN shows, despite contributing to the nation’s real GDP as stated above, the blacks have not been given their due share, with the unemployment rates and the real median income decreasing over the years and lagging behind the whites in terms of the allocation of resources. In fact, in their book *Inequality in America: What Role for Human Capital Policies*, Heckman and Krueger (2003) have succinctly pointed out that ‘The increasing inequality of income and wealth that has attracted so much attention in the United States during the last quarter century at first took most economists, as well as the most of the American public by surprise’ (2003). These two economists are quick to point out that the widening inequality in the distribution of wealth that had marked much of the nineteenth century was increasingly seen as a historical episode attributable to the nation’s turn into an industrial economy, as Great Britain had followed a somewhat similar trajectory, but as he again warns us:

Matters have not worked out that way. Since 1974, the share of pretax cash income in the United States that goes to families in the top fifth of the income distribution has risen from 40.6% to 47.7%, whereas the share going to those in the bottom

fifth has fallen from 5.7% to 4.2%. Such a surprising development is so important and sensitive an area of social concern has, as would be expected, spurred an energetic search in the scholarly community for explanations (pp. 10–11).

This ‘surprising development’ is in sharp contrast with the robust ‘substantial benefits’ that the United States has accrued over the past few years. According to The Institute For International Economics’ (IIE) acclaimed publication *The United States and the World Economy*, US economy has derived substantial benefits from open trade and other manifestations of globalisation (Bergsten, 2005), and that US incomes are USD one trillion higher per year due to nation’s increased integration within the world economy since 1945 and that they could rise by a further USD 500 billion per year.

What is evident from this report given by the IIE is that the US has been able to generate substantial revenue for itself by dexterously involving itself with the world economy at large; but there have been instances that this robust substantial benefit has not been shared equally between the blacks and the whites, and that there have been cases of discrimination despite data from the General Educational Development Program (GED)<sup>7</sup> that shows that the trajectory of performance for the recipients across the demography of the black males and whites to be roughly the same as shown:

### **EVIDENCE FROM THE GED PROGRAM AND ARMED FORCES QUALIFYING TEST (AFQT) SCORES:**

Studies by Heckman and Rubinstein as regards the evidence gathered from the GED programme in the United States to demonstrate the importance of non-cognitive skills in ‘determining earnings and educational attainment’ (2001) follows a somewhat similar path as tested on High school dropouts versus the GED recipients in case of the whites and the blacks. The GED programme is one of the training modules developed by the US administration and is a part of the Job Corps Program. This programme and the data generated from the same psychometrically tests those participants and their non-cognitive abilities<sup>8</sup> with

<sup>6</sup> From NAACP’S blog entitled ‘NAACP Criminal Justice Fact Sheet’.

<sup>7</sup> GED programmes or General Educational Development programmes are tests that are devised by the American Council of Education that, when taken, certify that a person has an American or a Canadian high school degree. These alternative tests are designed for those who have not been able to pass high school.

<sup>8</sup> The term non-cognitive skills refers to those soft skills that are now considered important in schools and colleges and also in the job sector. They are contrasted with ‘hard skills’ or IQ that is measurable. Perseverance, determination, to name a few are such skills. To know more about non-cognitive skills, consult Rosen *et al.* (2010) *Non-Cognitive Skills in the Classroom: New Perspectives on Educational Research*. Research Triangle Park, NC: RTI Press.

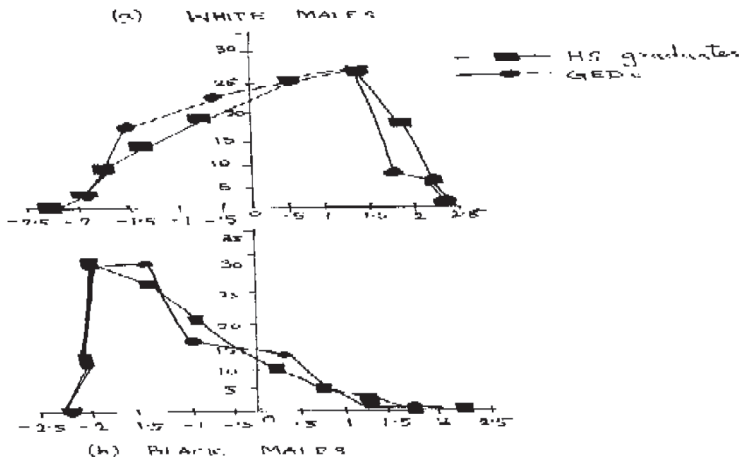


Figure 2: GED test scores versus high school graduate scores for blacks and whites

those who finish high school but never go to college with those who are high school dropouts but may have a high self-esteem. In addition, the GED recipients are more likely to be successful when it comes to jobs than those who never were enrolled for the same. The data obtained was the same for all the ‘demographic groups’ (ibid). Thus, the trajectory followed by the whites with respect to their enrolment in GED programmes vis-à-vis the high school dropouts is found to be roughly the same when it comes to a similar comparison with the blacks and the said programme. Even though the blacks show such a similar trajectory, their role in the development of the American economy is essentially down played, despite performing at par or even better in comparison to the white population on psychometric tests. Thus the Afro-Americans have scored roughly the same on GED scales, but have been often shown traditionally, by recourse to statistical data and even genetic analysis (‘the bell curve’ theory of the 1990s) to possess lower non-cognitive skills (Jencks, 1998; Denny, 2015). This is shown in Figure 2.

#### EVIDENCE OF MIGRATORY MOVEMENTS, MORTALITY RATES AND ECONOMIC DEVELOPMENT FROM A RECENT STUDY:

A recent study conducted by Black *et al.* provide an interesting example by analysing the impact of migratory movements of the Afro-Americans to the predominantly urban north of USA from the relatively deep south in the early years of 20<sup>th</sup> century that is termed the Great Migration by historians that saw the dispersal of over six million peoples for better livelihood and a steady future. With not an intention to digress, the comments of Jacobsen (2005) in her book *The Economic Life of Refugees* is noteworthy: At the beginning of the twenty-first century, well over 30 million people have been displaced by conflict and violence

in their home countries. A significant proportion of these – perhaps 20 million worldwide *remain internally displaced within their home country*, some moving to safe villages nearby, *others to urban areas* (2005; emphases added).

The study entitled ‘The Impact of the Great Migration on Mortality of African-Americans: Evidence from the Deep South’ shows the impact of the railroads and their role in this mass dispersal of peoples all along the American north, Midwest and to other areas. They note in the conclusion that ‘contrary to hopes expressed by Wright and Myrdal, migration out of south *reduced* longevity’ (2015; emphasis in orig.), though it surely was the way in which the Afro-Americans improved their economic opportunities. They constructed a mathematical model that shows ‘selective migration’ (ibid) which means that not everyone in the Deep South had the propensity to migrate and that migratory movements were dictated by economic considerations:

Suppose human capital is a function of endowed latent ability  $\alpha$ , and schooling  $E$ , chosen by the individual (or by parents):  $f(\alpha, E)$ , a strictly concave function with  $f_\alpha(\alpha, E) > 0$ ,  $f_E(\alpha, E) > 0$ , and  $f_{E\alpha}(\alpha, E) > 0$  (so the marginal value of education is higher for high-ability people). Then, if  $w$  is the market return to human capital and  $c$  is the cost per unit of education, individuals maximize lifetime utility, given by

$$U(E) = wf(\alpha, E) - cE \tag{1}$$

Individuals choose the level of education that solves  $wf_E(\alpha, E^*) = c$ . Standard arguments lead to sensible comparative statics:  $\partial E^*/\partial w > 0$ ,  $\partial E^*/\partial c < 0$ , and  $\partial E^*/\partial \alpha > 0$ .

With this basic model of human capital accumulation in mind, consider a decision to migrate, which, like schooling, constitutes a form of investment. In particular, consider an individual living in a Southern state who anticipates earning a higher return on human capital in the North:  $w_N > w_S$ . To obtain the higher return, he incurs a migration cost  $m$ . Thus, the individual compares utility in the North to utility in the absence of migration, i.e.,

$$U^*_N = w_N f(\alpha, E^*_N) - cE^*_N - m \tag{2}$$

and,

$$U^*_S = w_S f(\alpha, E^*_S) - cE^*_S \tag{3}$$

where educational attainment is chosen optimally in each case (which for any  $\alpha$  gives  $E^*_N > E^*_S$ ).

This model predicts ‘selective migration.’ (480)

In this case, migration was nevertheless selective, but the very propensity to migrate was dictated by economic considerations that were a direct outcome of

the wretched lifestyle of the blacks, and a failure to migrate implying thereby an obliteration of existence itself for many. Thus, migration *was one of the ways* in which these people could escape the predominantly backward, rural south but the hardships reduced their overall longevity, a parameter that any consideration of general welfare and development within a population segment under scrutiny should be taken into consideration.

## **B. THE FEEL GOOD FACTORS: 'IT'S PAYDAY GUYS'**

After having looked at the rather grim and disappointing story of economic deterioration within the Afro-American community, let us see what has been their lot since the 1960s: from the time when we saw the race riots in the major cities of USA for the gain of equal economic and political rights during the Civil Rights Era. In Table 2 and 4, we can see the educational differentials in weekly wages for both white as well as black men. During the first five-year period, young white male graduates earned 40.5% more than the white males with no high school diploma. However, with the 1960s, the economic incentives for staying in school have been pretty much the same for both the whites and the blacks (Thernstorm and Thernstorm, 2002). It seems that over the past 30 years, the economic incentives for staying in school have risen rapidly. This may also be seen in the earning of more degrees by the blacks in USA, particularly by the Afro-American black women and white women alike (ibid).

To take yet another parameter, namely that of analysing trends and gender differences in post-high for the blacks and the whites, we can see from Table 3 that both the categories, white as well as black women performed better than the white and black males taken together; this is clearly reflected in the higher salaries that both these demographic groups have been collecting. This can easily be seen from the year 1976–1977 where they were earning more Master's and Bachelor's degrees.

This data given in Table 4 shows how black men and especially women have made a steady rise towards the parity in wages; had they not made considerable progress in education. The data shows smooth rise for black as well as white women (and black men) with a steady progress in narrowing the gap that existed during the end of the 1960s. As it can be seen, the school enrolment rate for blackmen rose by five points in this period; that of the white women by 8.3, and of black women by a staggering 11.1 (Thernstorm).

## **RESULTS AND DISCUSSION**

Data from various sources, especially from media and print show that the phrase 'a nation within a nation' looks to be somewhat apt if seen from an economic and

**Table 2: Changing scenario of dropout rates within the black community**

<b>Years</b>	<b>White</b>	<b>Blacks</b>
<b>High School Dropouts</b>		
1967-71	-18.1	-20.8
1972-76	-21.6	-26.2
1977-81	-22.7	-25.9
1982-86	-26.9	-28.8
1987-91	-26.8	-29.6
1992-96	-30.1	-27.4
<b>Some College</b>		
1967-71	19.2	22.0
1972-76	19.8	19.4
1977-81	18.7	25.6
1982-86	27.5	33.2
1987-91	33.5	38.9
1992-96	35.0	50.8
<b>College Graduates</b>		
1967-71	40.5	51.9
1972-76	41.7	45.5
1977-81	40.3	57.1
1982-86	63.3	86.5
1987-91	83.2	83.9
1992-96	96.1	97.4

ethnic standpoint in the case of the blacks within The United States of America. Ever since the spurt of people coming from the predominantly rural south to the urban north termed as The Great Migration, there has been an ever-increasing role of the blacks particularly in industrial and other job sectors. It is estimated that around six million Afro-Americans migrated from the Deep South to the urban cities in the north, that made certain places the cultural hub of black life that is termed the Harlem Renaissance of the 1920s. However, this also led to incidents of segregation, the denial of housing opportunities to them in predominantly white neighbourhood that led to the famous Civil Rights movement of the 1960s that called for equal opportunities for the racially segregated. On the other side of the spectrum, these minority blacks have also gained from higher enrolment in schools

**Table 3: Trends and gender differences in post-high education**

Degrees Awarded (% of Degrees Awarded to Afro- Americans)	Men	Women	Black	White
			(No. of Female/male Recipients)	
For 1976-77 academic year				
Associates	7.3	9.1	1.16	0.92
Bachelor's	5.1	7.9	1.33	0.84
Master's	4.6	8.9	1.70	0.91
PhD	3.1	6.0	0.63	0.34
Professional	3.4	6.5	0.44	0.22
For 1995-1996 academic year				
Associates	8.2	10.1	1.89	1.51
Bachelor's	6.3	9.1	1.77	1.21
Master's	4.7	7.7	2.05	1.38
PhD	2.7	5.1	1.24	0.83
Professional	4.7	9.1	1.38	0.66

**Table 4: Quartile distribution in the wages sector**

Group/period	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
A. All black men, uncorrected for age and education				
1992-1996	42.0	27.2	19.5	11.3
1967-1971	58.2	22.1	12.7	7.0
Change	16.2	5.1	6.8	4.3
B. All black men, matched on age and education				
1992-1996	40.2	25.5	20.1	14.2
1967-1971	52.4	22.7	14.7	10.2
Change	12.2	2.8	5.4	4.0
C. Full-time/year round black women				
1992-1996	39.8	33.8	18.9	37.5
1967-1971	84.9	10.4	4.0	0.7
Change	45.1	23.4	14.9	6.8
D. Full-time /year-round white women				
1992-1996	33.3	33.6	22.2	10.9
1967-1971	76.2	15.9	5.7	2.2
Change	42.9	17.7	16.5	8.7

and colleges that seems to be the fallout of certain recent changes in institutional policy and governance.

## CONCLUSION

Ascani *et al.* (2012) (Regional Economic Development) have adroitly pointed out that modern growth theory has overlooked the process of qualitative change and improvement of the economy as a complex social, historical and institutional system, and has rather believed that moving the right elements across the economic matrix will alone result in development. If this is taken to be the sole criterion of economic development, then the Afro-American community in the USA has been deprived of the fruits of the same. On the other hand, there is indeed enough empirical evidence to suggest that the scenario has somewhat changed since the end of the 1960s keeping in mind the data that this paper has presented, especially in case of increased gains that they got from adequate schooling that is reflected in higher dividends that they are getting from well-paid jobs. Thus this paper presents data that well supports as well as negates the phrase that Woodard (1999) once used.

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