



A Tragic Vision of Black Problems

Author(s): Walter E. Williams

Source: *American Quarterly*, Sep., 1995, Vol. 47, No. 3 (Sep., 1995), pp. 409-415

Published by: The Johns Hopkins University Press

Stable URL: <http://www.jstor.com/stable/2713294>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



JSTOR

The Johns Hopkins University Press is collaborating with JSTOR to digitize, preserve and extend access to *American Quarterly*

A Tragic Vision of Black Problems

WALTER E. WILLIAMS
George Mason University

RACIAL DISCRIMINATION WAS AN UGLY PART OF U.S. HISTORY. IT USED TO be a reasonably satisfactory explanation for the socioeconomic status of black Americans. Today, that has changed. For all intents and purposes, the civil rights struggle is over and is won; black Americans now have constitutional guarantees just like other Americans. The fact that civil rights is no longer the issue it once was does not mean that every vestige of racial discrimination has been eliminated. Neither should it suggest that residual discrimination has no explanatory value. It simply means that racial discrimination is not the problem for blacks it once was.

Victory on the civil rights front does not mean there are not major problems confronting a large segment of the black community. It does mean that those problems are not civil rights problems and that their solutions will not be achieved through civil rights strategies. Those problems and their trends are well known. Female-headed households increased from 18 percent of the black population in 1950 to well over 50 percent by 1990.¹ As of 1990, only 38 percent of black children lived in two-parent families, compared to 79 percent for whites.² Coupled with this dramatic family breakdown has been an astonishing growth in the rate of illegitimacy. Black illegitimacy in 1940 was 19 percent; by 1965, it had grown to 28 percent. After Patrick Moynihan's 1965 report warning of the dire consequences of black family breakdown, black illegitimacy skyrocketed, reaching 49 percent in 1975, and, in 1995, it stands close to 70 percent. If present trends continue, black illegitimacy will be 75 percent by

Walter E. Williams is the John M. Olin Distinguished Professor of Economics at George Mason University, Fairfax, Virginia.

American Quarterly, Vol. 47, No. 3 (September 1995) © 1995 American Studies Association

the turn of the century.³ Coupled with, and perhaps caused by, these devastating trends, rampant crime has become the norm in many black neighborhoods. Public schools deliver no less than a fraudulent education, making many black youngsters virtually useless for the high-tech world of the twenty-first century.

In addition to the fact that the problems confronting blacks today are not civil rights problems is the fact that most of those problems are entirely new, both in kind and in magnitude. Those who make the argument that discrimination, or what George Lipsitz calls the “possessive investment in whiteness,” explains what we see today should be asked to explain why those problems were not much worse decades ago when racial discrimination was a far greater part of American society and black opportunities for socioeconomic advance remote at best. In the era of slavery and Jim Crow, many more black children lived in two-parent families.⁴ Blacks were more active in the labor market than whites in every census from 1890 to 1950.⁵ In addition, during those times, blacks had a higher rate of marriage than whites.⁶

Given the logic of arguments advanced by such people as George Lipsitz, internal consistency requires an empirical finding of *less* racial discrimination and poverty among blacks during earlier periods—which we all know is nonsense. To the extent that the social pathology among a large segment of the black community differs significantly from yesterday, we must examine today’s causes, not those that might have been relevant during the eighteenth, nineteenth, and early twentieth centuries. That is unless a satisfactory argument can be produced that proves the effects of slavery and Jim Crowism can skip whole generations and manifest themselves in people who never experienced them. Slavery and Jim Crowism, the argument would have to go, cause family breakdown, illegitimacy, and rampant crime, but they are not likely to have an effect until five or six generations later.

Lipsitz attributes slavery to European settlers’ efforts to “establish structures encouraging possessive investment in whiteness.” In doing so, he falls prey to the nonsense that slavery is a “peculiar institution.” Slavery has existed for centuries *and* had its origins among Europeans. “The very word ‘slave’ is derived from Slavs, who were enslaved on a massive scale and were often sold into bondage across the continent of Europe and in the Ottoman Empire.”⁷ The word for slave derives from the word for Slavs in Arabic, German, Dutch, French, Spanish, and Italian. Slavery has existed in every part of the world for thousands of years. What distinguishes Western Europe from the rest of the world is that they were the first to

outlaw slavery. Just as slavery existed all over the world, so has racial discrimination. What makes the United States unique is the trillions of dollars we have expended in an effort to eliminate discrimination and attempt to compensate for past injustices.

Another part of Lipsitz's seriously flawed paper produces the argument that the low rate of black homeownership is the result of bank loan discrimination. All the reports that he cites ignore net worth, which is an important element in the creditworthiness of individuals. Net worth, defined as the difference between the value of assets and debts owed, differs significantly between blacks and whites. In 1984, white households had a median net worth of \$39,140, while black households had \$3,400. Significant worth differences between blacks and whites are independent of income. In the \$2,000 to \$3,999 monthly income category, white householder net worth was \$50,529, while that for blacks was \$15,977. In the category of \$4,000 income per month and higher, white net worth was \$128,237; for blacks it was \$58,758.⁸ Given the history of blacks in the United States, no one should be surprised that blacks have not accumulated, through work or inheritance, as many assets as whites. But that fact in no way implies racial discrimination by banks as an explanation for racial differences in loan approval rates. Net worth differences suggest that blacks, as a group, will qualify for fewer loans even if white loan officers are as pure as the driven snow.

Racial discrimination as an explanation for the higher incidence of loan denial to blacks and Hispanics loses more of its believability when we examine the data further. The *Federal Reserve Bulletin* makes the following report on conventional mortgage loan denials by percent:⁹

RACE	RATE OF DENIAL
Black	38 percent
American Indian	27 percent
Hispanic	27 percent
White	17 percent
Asian	15 percent

Blacks, American Indians, and Hispanics are turned down more frequently than whites. But if we were to accept loan denial frequency as indicative of discrimination, then banks *also* discriminate against whites since they are denied mortgage loans more frequently than Asian Americans. No doubt white-owned banks are not discriminating against whites at all. A better explanation is that Japanese and Chinese Americans are on the average financially more successful and seen as more credit worthy than whites.

The only other explanation is, as Lipsitz claims about whites, Japanese and Chinese Americans may possibly be making possessive investments in *yellowness*.

Banks are in business to earn money. The way they earn money is to grant reliable loans. Lipsitz's argument requires that we believe that white banks, unlike most other businesses, do not like money coming from black hands.

In addition to the matter of differences in net worth between blacks and whites, the tragic state of affairs is that many black neighborhoods are unattractive environments for investment due to the high rates of crime and property destruction. Rather than focus exclusive concern on the alleged discriminatory practices of banks, the more effective policy may be that of creating more law and order in black neighborhoods.

Lipsitz points to what he calls subversive antiblack attacks on affirmative action policy. He then laments the fact that a large percentage of jobs are acquired through word-of-mouth and personal contacts, thereby reducing employment opportunities for blacks who are disproportionately outside those networks. Affirmative action policy in fact creates added incentive for firms to use personal contacts as employment strategy because affirmative action regulations make it costly to hire and fire. In other words, if employers are restricted in the use of tests and other information to determine employee productivity, and if employees can readily bring spurious claims of discrimination if they are fired, we can expect employers to seek other methods of employee selection. One such method is greater use of worker, friends, and family referrals since they have a stake in reliable recommendations.

Well-intentioned affirmative action programs have handicapped blacks in other ways. One of the most devastating has been in college education. In 1983, nationally there were fewer than six hundred black students with composite SAT scores of twelve hundred and over compared to 60,400 whites. There are about fifty-eight elite universities, colleges, and military academies whose students have composite SATs of twelve hundred and above. At Stanford University, for example, 88 percent of the students had composite SAT scores of twelve hundred and over; nearly 50 percent had composite SATs of fourteen hundred and over. If black students with comparable SATs were to be evenly distributed among the elite universities, the maximum number per institution would be fewer than ten. However, Harvard University, just one of these elite institutions has admitted no fewer than one hundred black students per year since 1970. The only way the nation's elite colleges can admit the numbers of black

students they currently do is by lowering admission standards—admitting black students with an academic preparation differing from that of their general student population.

This creates the cruel situation where black students are thrust into contact with classmates with far greater verbal and quantitative skills. Quite naturally, when these students find difficulty competing academically with white peers, there is bound to be damage to their self-esteem. Psychological escape routes include absenteeism, criticism of courses as irrelevant and unnecessary, attacks on academic standards as racist, and the demand for “Mickey Mouse” courses.

A disproportionate number of black students receive academic warnings and probation and ultimately fail to graduate. At Berkeley, for example, about 70 percent of black students fail to graduate. The greater tragedy is seen by the fact that black students at Berkeley have composite SATs of 952, above the national average of nine hundred, but well below the Berkeley average of 1181. Black students, who are in over their heads and failing at the nation’s elite schools, might very well succeed at respectable second-tier schools where the slower pace gives the student more time to catch up. But the affirmative action vision turns many black students into “artificial failures.” The educational tragedy does not stop at the elite schools. There are affirmative action visions at the nation’s second-tier colleges and universities where student SAT scores may average nine hundred or so. These schools may have to admit black students with academic preparation differing from the average student because the black students who would fit their student mix have been recruited to elite colleges and turned into failures.

Neither the nation nor black people are served by an agenda that causes the relatively few blacks whose academic preparation permits them to achieve above-average SATs to become artificial failures. However, given the demands of government agencies and politicians—and the gross dishonesty, manipulation, and outright callousness of college administrators and campus activists—it is not likely that destructive affirmative action programs are going to be scrapped. Black parents and students must be convinced that graduating from a second- or third-tier college is better than flunking out of a top-tier one. Those with Lipsitz’s vision of a good society might argue that if the nation’s elite colleges did not lower admission standards they would not have sufficient ethnic diversity. My personal response is: that is *their* problem, and black students should not be sacrificed in the pursuit of someone’s vision of diversity.

Lipsitz’s portrayal of blacks as victims dependent on a liberal agenda

and government for salvation is both insulting and without merit. The scantiest knowledge of history would confirm that black Americans have made the greatest gains, over some of the highest hurdles, in the shortest span of time, of any racial group in human history. This unprecedented progress can be seen through several measures. If one were to total the income black Americans earn, and consider black Americans as a separate nation, they would find that black Americans earned \$271 billion in 1990, making them the world's thirteenth-richest nation.¹⁰

Black Americans are, and have been, chief executives of some of the world's richest and largest cities, such as New York, Chicago, Los Angeles, Philadelphia, and Washington, D.C. A black American, General Colin Powell, was appointed Joint Chief of Staff of the world's most powerful military. Black Americans rank among the world's richest and most famous personalities. On the eve of the Civil War, neither slave nor slaveowner would have believed these gains possible in a mere century and a quarter, if ever. Such progress speaks well not only of the sacrifices and intestinal fortitude of a people, but also of a nation in which these gains were possible. Only in America could these gains have been possible. The real question before us is how to extend these gains to the black underclass. If we continue to follow the prescriptions of the vision represented in George Lipsitz's paper, those gains will remain elusive forever.

NOTES

1. Thomas Sowell, *Ethnic America* (New York, 1981), 222. See also June O'Neill, "The Changing Status of Black Americans," *The American Enterprise* 3 (Sept.–Oct. 1992): 72.

2. U.S. Bureau of the Census, *Current Population Survey* (Washington, D.C., 1990).

3. Robert E. Rector, "Why Expanding Welfare Will Not Help the Poor," *The Heritage Lectures* 450 (1993): 6.

4. Herbert B. Gutman, *The Black Family in Slavery and Freedom, 1750–1925* (New York, 1976), 11, 42, 519.

5. U.S. Bureau of the Census, *Historical Statistics of the United States: Colonial Times to 1957* (Washington, D.C., 1960), 72.

6. Henry Walker, "Black-White Differences in Marriages and Family Paterns," in *Feminism, Children and the New Families*, ed. Sanford M. Dornbush and Myra H. Strober (New York, 1988), 92.

7. Thomas Sowell, *Race and Culture: A World View* (New York, 1994), 186.

8. U.S. Bureau of the Census, *Household Wealth and Asset Ownership: 1984*, Current Population Reports, Household Economic Studies 7 (July 1986): 4–5.

9. Glenn B. Canner and Delores S. Smith, "Expanded HMDA Data on Residential Lending: One Year Later," *Federal Reserve Bulletin* 77 (Nov. 1992): 808.

10.

COUNTRY	1990 GROSS DOMESTIC PRODUCT (in billions)
United States	\$5,400
Japan	\$2,943
Germany	\$1,488
France	\$1,191
Italy	\$1,091
United Kingdom	\$975
Canada	\$570
Spain	\$491
Brazil	\$414
China	\$365
Australia	\$296
Netherlands	\$280
BLACK AMERICANS	\$271
India	\$254
Mexico	\$237
South Korea	\$236
Sweden	\$228
Switzerland	\$224

Sources: U.S. Bureau of the Census, "Current Population Reports," Consumer Income Series: 209; World Bank Development Report (1992): 222–23.