Business Line

"A chronicle of trends affecting the black business world"

By Ombi Retor

NORTH CAROLINA MUTUAL GOES COURTING

The planned merger between two of the oldest black insurance companies in the United States, North Carolina Mutual and Mutual Benefit Society of Baltimore, came as little surprise to those who have been following the growth patterns of the Baltimore-based company.

The profit margin for Mutual Benefit has stagnated in the past couple of years. Harry Wilson, Mutual Benefit's czar, has made no bones about his desiring to get out of the business and begin to enjoy the fruits of his labor.

North Carolina Mutual on the other hand is trying very hard to increase the numbers of insurers it currently has. The best guess in town is that N.C. Mutual, upon its acquisition of Mutual Benefit, will mount a concerted effort to increase the amount of insurance carried by Benefit insurers.

The only way the marriage will be held up is if Harry and his brother Owen aren't given enough to set them up for life . . . and then some.

CARTER SUPPORTS BLACK BANKS . . . MAYBE

Eleven members of the predominantly black National Banker's Association recently met with President Jimmy Carter. The President pledged that he would attempt to increase by $14 million the amount currently held by black banks nationally. Currently, there is only $86 million deposited in the fifty black banks in the country.

Assigned to this project is the President's Special Assistant, Martha Mitchell (the other one). Unknown to the black bankers at the time of their meeting were plans to reorganize Martha Mitchell-the-other out of the executive offices. Whether she or someone else will continue to act as the black banker liaison is still unknown.

AND ORGANIZED LABOR FATTENS THE KITTY FOR BLACK BANKS

Black trade union members and other organized minority groups have been placing increasing pressure on their union big wigs to place more money in black institutions. Banks and Savings and Loans have benefited a great deal by this push on the West Coast. The National Alliance of Postal and Federal Employees has been leading the West Coast effort.

Robert L. White, president of that predominantly black trade union, says that about a quarter of one million dollars had already been transferred to black financial institutions by mid year. He says, "This is the first step in a protracted effort to support black institutions."

Union funds have formed the backbone of easy money for many non-black savings institutions. If the West Coast trend continues, the growth of black financial institutions could skyrocket. If labor makes good with its pledge, mortgage money for black home buyers could be easier to come by.

MARYLAND NATIONAL BANK LIKES MORGAN AND HOWARD

Over half of the persons hired as managers and officers this year by Maryland National Bank have been women or minorities, a recent press release reports. In addition two of every three persons hired in professional management positions were either black or female. The largest single group appeared to come from Morgan State and Howard Universities.

Both the undergraduate and graduate department heads of the Business Administration departments appear to be doing a pretty good job in placing their students. More and more Maryland businesses are spending greater time at both of the campuses seeking out the best students. Soon both schools should have a significant following in the Maryland banking community.

Inflation and cost of living destroying black economic gains

Economic and social gains won by black Americans in the 1960s are under assault and, in some cases, have been lost in the recessionary 1970s, says a leading sociologist from the University of Michigan.

Young black Americans are still decades away from economic parity with whites. Older blacks may not live to see it.

Nevertheless, blacks as a group are closing the economic gap, contends Dr. Reynolds Farley, associate director of the U. of M.'s prestigious Population Studies Center.

"Indeed, racial differences have continued to narrow in all spheres," Farley, a recognized authority on the demographics of American blacks, said in an interview from Ann Arbor.

Farley, who makes his case in the current issue of "American Sociological Review," said he based his conclusions on a study of census findings for the last 17 years.

What does it mean for the country's 24 million blacks? The following are only a few of the many results and possibilities:

• Middle class — At best, a minority of a minority, the black middle class is growing. As it does, so will the number of industries and products aimed at them. Recent arrivals include Players, the black version of Playboy; LeMans Designs of New York, clothes for the black executive; Detroit's NIA Enterprises, creating multimedia entertainment for a black-oriented market.

• Political clout — Like the middle class, it's small but growing. In 1964, there were no black senators and only five black congressmen. Today there are 17 congressmen and one senator who are black.

• Life expectancy — If black unemployment can be cut down and held down, the life expectancy of black men (63.6 years) would be brought closer to the national average (71.8 years), according to Dr. Ruth Dennis, a demographer with Meharry Medical College in Nashville. She pointed out that the unemployment rate for black men dropped to 5 percent in 1969 but skyrocketed by 1975 to 13 percent of a labor force of six million. (During the same period, unemployment among white men went from 3 to 7 percent). She argues that an increase in employment would take men away from the high-risk, chance-taking environment of the jobless where drugs and crime are too often common.

• Family — Harvard urbanologist Charles V. Willie suggests that the employed black male brings not only more money but stability into his household. The inevitable result of such stability is the drop in juvenile delinquency, Willie believes.

Among the top one-quarter of blacks and whites, the education gap is widening. In 1969, 36 per cent of the white men 18 to 24 were enrolled in college compared with 16 per cent of black men — a difference of 20 percentage points which was twice the difference recorded in the 1950 census. However, college enrollment rates of blacks between 1969 and 1975, increased more than those for whites.

Harvard's Willie during recent interview conceded Farley's findings are "probably accurate" but would not be true at all levels of the black community. Farley himself admitted the statistics reflect a greater degree of progress among younger blacks.

"Perhaps they are more militant. They have certainly had more access to educational opportunities," said Farley, who sees educational advancement as a necessary first step to economic advancement.

"I think any extrapolation of these trends would suggest that equality is still a long time off," said Farley. "I would say at least 30 to 50 years before there's parity in income. Educational equality will probably come before that."

Farley said such equality might not even reach today's older blacks. "Those that entered the work force in the 1940s or 1950s didn't experience as much advancement. Some may be restricted by seniority systems."

True prosperity, said Farley, will likely not reach black senior citizens except through the aging process — today's more mobile and monied young blacks growing old and taking their money with them.

Even that won't come nor can the present advances be maintained without more of what brought us to this stage government intervention and lawsuits, said Farley.

He credits the Civil Rights Act of 1954 and continuing government scrutiny and legal action on behalf of American blacks initiated by President Lyndon B. Johnson's "Great Society" as "the major reason" for sustaining social and economic gains beyond the boom years of the 1960s into the troubled 1970s.

Other findings in Farley's study include:

• Residence — More than 80 per cent of the nation's blacks lived in the South and almost two-thirds in the rural areas in 1940. By the mid-1970s, the proportion in the South decreased to 53 per cent and a higher proportion of blacks than whites lived within metropolitan areas.

• Female employment — In 1940, three-quarters of employed black women worked as domestic servants or as farm workers compared to only 10 per cent in 1975.

• Pay rate — In 1974, an additional year of school — independent of other variables — was worth about $600 to a white worker but only $200 to a black.

"Young blacks and young whites are now more alike in educational attainment than ever before," said Farley. "The occupations of black workers were upgraded during both decades (1960s and '70s), with an increasing proportion of blacks working as craftsmen or in prestigious white-collar positions."

Among Farley's findings are the following:

• Family income — Shortly after World War II, the median income of whites was approximately double that of blacks. By 1969, the black family income stood at $8,807 or over 61 percent of the white income of $14,379. While income for black as well as white families dropped during the recent recession, Farley noted, "Blacks have not fallen further behind." The racial difference in purchasing power during this period (about $5,000) remained constant.

• Employment — Despite the higher unemployment of blacks than whites, Farley pointed out, "This ratio in the mid-1970s is much lower than it was around 1960 when the national unemployment rate was much smaller."

Farley has detected a "modest" percentage drop among white men and a larger drop among black men at work. Farley believes the change is partly due to the expansion of Social Security benefits and private pension plans.

In the case of blacks, he said another factor is the discouragement triggered by inequities that persist in job hiring and placement. Among blacks, 96 percent of the men 25 to 55 were labor force participants in 1953, compared with 89 percent in 1975.

• Prestige jobs — Since the 1950s, there has been a "modest" upgrading of the occupations of whites but a "more dramatic shift" for blacks, said Farley.

By assigning high numbers to the best jobs (professionals — 75) and low numbers to less attractive jobs (laborers — 7), Farley has shown the gap or "dissimilarity index fell from 43 in 1940 to 26 in 1975 among men.

• Education — After World War II, two-thirds of whites compared with one-third of non-whites finished 12 years of education. Among those in their early 20's today, 85 percent of the whites and 72 percent of the blacks finish high school.

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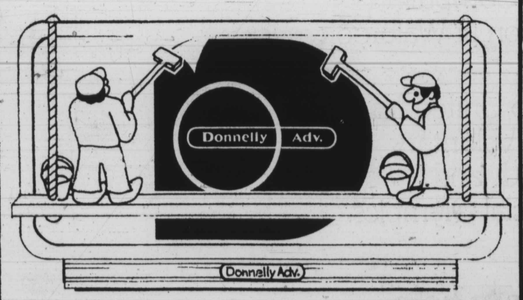

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Noted sociologist says:

'Black Economic Progress Decades Away'

With pressures on black families mounting because of the increase cost of living and th poor job climate, the prospects of any major gain for our children is decreasing daily. The kinds of jobs have changed, but the position of th vas majority of black people still remains similar if not worse than in the early fifties.

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