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OPPORTUNITY AND CHOICE IN AN
EXPANDING ECONOMY

A Commencement Address

By

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I am both delighted and flattered to have been asked to speak to this graduating class of Clark College. Although this is the first time that I have been on this campus, I have visited other units of Atlanta University. In one sense, this trip actually began a long time ago. Having been born in a rural parish in the northeast section of Louisiana -- and having lived there until 1944 when I left at the age of seventeen -- I feel like a Southerner who has traveled afar and has finally returned to his own home ground. Personally, I am pleased that I have been honored to share in these exercises marking an ending as well as a new beginning.

I am certain that in these times of trouble for both the nation and its peoples -- white and black -- no commencement speaker would dare insult his audience with an irrelevant sermon on the need for faith and fortitude on the road of life ahead. Instead, I shall ask you to examine with me, without sentiment or illusions, some of the hard but necessary choices which you must face -- not alone because you are black in a predominantly white society but also because you are young and destined to live in a world in which most critical decisions are made by men of middle age and beyond. In one sense, you are particularly fortunate: as the first generation to reach maturity since the Supreme Court began in 1954 to forge

the legal foundations of a new environment of freedom, you can choose to a considerable degree the conditions under which you wish to live.

- Will you pursue the traditional careers followed by most Negro college graduates in the past -- or will you strike out along the new paths that have been recently cleared?
- Will you seek the security of mainly middle-grade government employment -- or will you respond to the challenge of widening opportunities in the private sector?
- Will you risk the agonies and realities of competition in an integrated society -- or will you settle for the comforts and illusions of protection in a segregated community?

Undoubtedly, still other choices -- all equally hard and equally necessary -- will have to be made by you. However, from my personal vantage point, which involves sharing the responsibility for formulating and implementing monetary policy -- one phase of national economic policy, I think it is of critical importance that we focus on the new opportunities that will be generated by an expanding economy -- and on the avenues that will be open to you to participate in the years ahead.

Expansion of Economic Opportunity

With the widening efforts to reduce poverty in the United States (efforts which I think are still inadequate), one could easily lose sight of the fact that economic progress is being made in this country. While these strides are neither rapid nor comprehensive enough, they are no less genuine. While the task of eradicating

racial discrimination in employment and of increasing facilities for training and promotion remains formidable, I am personally convinced that there is more reason to expect a quickening -- rather than a slowdown -- in the expansion of economic opportunities.

In particular, I am convinced that Negro youths in planning careers need no longer restrict their horizons to the traditional professions which, in the past, had a guaranteed outlet in a segregated market. Historically, racial segregation has been viewed primarily as a barrier blocking Negroes' access to schools, hotels, restaurants, transportation and other forms of public services. As such, these barriers were strict and harsh. On the other hand, what is not so widely recognized is the fact that segregation also provided a protective tariff behind which most Negroes in professional occupations found outlets for their skills:

- Negro teachers (constituting the largest professional group among Negroes as among the population at large) taught Negro children almost exclusively.
- Negro ministers preached in Negro churches, and Negro undertakers presided over Negro funerals.
- Negro physicians and dentists tended Negro patients, and Negro lawyers counseled Negro clients.
- Negro businessmen (confined almost entirely to ghetto areas) provided personal and other services to Negro customers from which they were barred in the market place at large.

While there were always a few Negro professionals who made their way in vigorous competition in the open market, the above fields traditionally accounted for the vast majority of

professional jobs held by Negroes. But there is no mystery about this employment pattern: barred by racial discrimination from access to most jobs and opportunities for practice in the society at large, Negro professionals had few alternatives to pursuing their careers within the framework of the Negro community. And what the Negro community needed most were those services from which they were cut off by segregation -- either legal or customary: schools and colleges; religious observances; medical facilities and legal services, and public accommodations. Thus, an ambitious Negro youth (who also had an eye on occupational security) naturally became a teacher, clergyman, physician, dentist, lawyer or businessman catering to the Negro market.

Today, however, while an ambitious Negro youth may still choose to follow one of these traditional career paths (and they are all still honorable professions), the alternatives among which he can choose have widened dramatically in the last few years. In fact, we face the paradox where in the nation at large there may actually be more professional, technical and other jobs requiring well-developed skills, freely open to Negroes than there are Negroes to fill them. But without dwelling on the underlying causes of this dilemma -- causes which can be traced to the legacy of discrimination and segregation which has restricted the horizon of expectation of Negro youth and limited their opportunities to acquire skills -- one can identify a number of new fields offering exceptionally promising careers for Negro youth.

We can sketch with considerable precision the main contours of the new job opportunities that will emerge during the 1970's. According to the Bureau of Labor Statistics (BLS) in the U.S. Department of Labor, total employment in all industries will grow by about 20 per cent during the decade 1965-75. In services and government, the rate of growth will be about double that for all sources of employment combined. In manufacturing (which has provided the largest number of jobs for Negroes as well as for American workers generally), the rate of increase is expected to be less than half that for industry as a whole. In terms of principal occupations, the most rapid expansion in employment during 1965-75 will center in those categories requiring extensive education and training. For example, employment in professional and technical occupations will climb by roughly 45 per cent over that period, while services (particularly the types other than in private households) will record a gain of about one-third, and clerical workers only slightly less. The number of managers, officials and proprietors will increase by about one-quarter. Sales workers and skilled craftsmen will increase by approximately one-quarter, while the number of semiskilled employees will rise by just over 10 per cent. Nonfarm laborers are expected to show no increases at all, while the number of farmers will probably shrink by almost one-fifth.

Given these general trends, which career paths are likely to offer Negro youths the most clearly marked route into full

participation in American society? Undoubtedly, the most dramatic opportunities will come as a direct result of the widening application of electronic computer technology in American industry and governmental administration. We are all familiar with the extent to which computers have already taken on much of the enormous burdens of record-keeping in large corporations and government departments. Perhaps what is less widely appreciated is the extensive reliance on the computer in the control of numerous manufacturing processes, air and ground traffic management, banking and other financial operations, telephone and other communication networks, complex research and similar fields. From all of these activities has sprung a large and growing demand for computer-related personnel: for systems analysts, who design the basic framework linking the computer with the different information systems within an organization which generate inputs for the computer; for programmers, who transcribe information into the technical input language required for the computer to perform the desired calculations; for computer operating personnel (keypunch operators, data typists, console operators, tape librarians and others) required for the actual operation of computers. Already hundreds of thousands of professional and semi-professional jobs (which did not exist as recently as a few years ago) have been created by the advent of the computer. Moreover, this new field has been particularly hospitable to Negro youth. In thousands of private establishments and in hundreds of government bureaus, Negroes hold a substantial proportion of the jobs associated

with computer operations -- ranging from keypunch operators through advanced systems analysts, and with a heavy concentration among programers. These jobs will certainly continue to expand rapidly in the future.

On the other hand, let me hasten to say that I am not blind to the fact that many Negro youths will continue to find satisfying and rewarding careers in some of the traditional occupations. For instance, between 1965 and 1975, BLS expects the number of elementary school teachers to grow by more than 15 per cent. During the same decade, about four-fifths of the 1.1 million teachers in elementary education in 1965 will have to be replaced because of retirements, deaths and resignations. Of the 823 thousand secondary school teachers in classrooms in the fall of 1965, about three-quarters would have to be replaced, and net expansion may amount to nearly 25 per cent. The number of college teachers (around 245 thousand in 1965) may expand by nearly two-fifths over the decade ending in 1975. Other occupations (such as social and welfare workers, medical assistants, and urban planners) closely associated with the intensifying efforts to rehabilitate our cities will also offer a range of opportunities which will be expanding at a rate much in excess of that for the economy as a whole.

Many of these newer career fields, while offering a much wider range of opportunities, are also fields in which annual incomes are generally higher than in most jobs traditionally held by Negroes.

In general terms, the following situation existed in 1966-67.

<u>Profession</u>	<u>Annual Income</u>	
	<u>Median</u>	<u>Typical Range</u>
<u>Teachers</u>		
Elementary	\$ 6,609	\$ 5,300 (Ala., Ark., Ky., Miss., N.D., S.D.) 7,600 (Calif., N.Y., Hawaii)
Secondary	7,095	5,700 (Ark., Miss., S.D.) 8,000 (N.Y., Calif.)
College	10,387	7,122 (Instructors) 14,402 (Professors)
<u>Social Workers</u>	7,600	5,800 (Beginning) 9,500 (Supervisors)
<u>Nurses (Reg. Prof.)</u>	5,400	5,200 (Beginning) 8,000 (Directors)
<u>Sociologists</u>	11,300	6,450 (Beginning) 15,000 (Senior)
<u>Accountants</u>	12,300	7,000 (Beginning) 18,000 (Chief)
<u>Urban Planners</u>	9,000	6,500 (Beginning) 22,000 (Advanced)
<u>Economists</u>	11,750	7,700 (Beginning) 17,000 (Senior)
<u>Computer Operating Personnel</u>	9,500	5,300 (Beginning) 10,045 (Experienced)
<u>Programers</u>	10,300	7,300 (Beginning) 12,000 (Supervisors)
<u>Systems Analysts</u>	12,900	8,000 (Beginners) 17,000 (Advanced)

While the higher incomes in some of the newer career fields partly reflect higher educational requirements, this is

not the full explanation. In many instances, the differences also reflect a growing need for people to help meet the expanding demand for professional services in both the public and private sectors. Thus, as I said at the outset, Negro youths increasingly will have numerous choices among the career alternatives which are coming to the forefront. Whether they adopt the venturesome course or stick to the traditional paths is a matter for each young person to decide for himself. But I personally urge the venturesome route.

Employment Opportunities in the Public and Private Sectors

The second major occupational choice which Negro youth must face is whether to seek jobs in the private sector to a greater extent than in the past. Historically, a large proportion of employed Negroes (especially of those in professional positions) has been on the public payroll than has been true for the population as a whole. For example, in 1966, Negroes, who constituted about 12 per cent of the country's total labor force, represented about 8.2 per cent of total employment in nonfarm occupations in private industry. In the same year, they accounted for 13.9 per cent of all civilian employees in the Federal Government. Moreover, while Federal employment absorbed 3.1 per cent of the total civilian labor force, about 5.0 per cent of the Negroes in civilian jobs were on the Federal payroll.

Behind these overall statistics is an even heavier reliance by Negroes on the public sector for a disproportionate share of the

better jobs they hold. The extent of this reliance was fully documented in the 1960 Census of Population. In that year, public employment at the Federal, State and local level accounted for about 10.2 per cent of total employment. The percentage of nonwhites so employed was roughly the same, 9.9 per cent. However, while just over one-third of all professional and technical workers were employed by public agencies, nearly three-fifths of nonwhite workers in the same occupations were employed by such agencies. Of course, in each case, public employment was heavily weighted by the large number of teachers in the public schools.

But aside from education, the much greater reliance of Negroes on the public sector for white collar jobs is still noticeable. For instance, in 1960, about 1 in 8 of all salaried managers worked for public institutions, but the ratio was 1 in 5 for nonwhites. About 17 per cent of the nonwhite engineers worked for government bodies compared with only 7 per cent for white engineers. For accountants, the ratios were one-third for nonwhites and only 13 per cent for white accountants. Some 22 per cent of nonwhite chemists were employed by public agencies, compared with only 15 per cent of the white chemists.

Clerical workers provide the most striking example of all. In 1960, about two-fifths of all nonwhite women employed as secretaries, stenographers, and other classes of clerical workers were on the public payroll. Only 14 per cent of the white women employed as

clerical workers were on the public payroll. Moreover, while nonwhite women represented less than 4 per cent of all women with such jobs, they accounted for 10 per cent of those employed in the public sector.

Although the details obviously have changed since 1960, the broad conclusions probably still hold. While private industry has greatly accelerated its hiring of Negroes in recent years, so has the public sector. For example, in 1962, Negroes constituted 13 per cent of total employment in the Federal Government; by 1967, the ratio had risen to 14.9 per cent of the work force. In the five year period, the number of Negroes employed by the Federal Government rose from 293 thousand to 391 thousand, a gain of 98 thousand -- representing 33 per cent of the increase in total Federal civilian employment.

However, while great strides have been made in the employment and promotion of minority groups in the Federal Government, the vast majority of Negroes are still concentrated in the low- and middle-grade jobs. (See table on next page.) For example, of the 391 thousand Negroes employed by the Federal Government in 1967, two-thirds (254 thousand) were in the postal field service (132 thousand) or held blue collar (wage board) jobs. Moreover, in regular civil service categories, Negroes are heavily concentrated in the low to middle salary grades.

Negro Employment in the Federal Government
November, 1967

Category	Total Employment	Negro Employment	
		Number	Per Cent of Total
All Pay Plans (October, 1967)	2,621,939	390,842	14.9
General Schedule	1,270,051	133,626	10.5
GS 1 - 4			
(\$3,776 - 6,489)	369,968	75,846	20.5
5 - 8			
(5,565 - 9,598	349,020	40,494	11.6
9 - 11			
(8,054 - 12,555)	296,560	12,631	4.3
12 - 18			
(11,461 - 27,055	254,503	4,655	1.8
Wage Board	596,647	121,829	20.4
Up thru \$4,499	45,023	24,464	54.3
4,500 - 6,499	235,082	65,227	27.7
6,500 - 7,999	233,218	28,879	12.4
8,000 and over	83,324	3,259	3.9
Postal Field Service	698,346	132,011	18.9
PFS 1 - 4			
(\$4,118 - 7,151)	601,160	123,632	20.6
5 - 8			
(5,651 - 9,249)	77,746	7,805	10.0
9 - 11			
(7,515 - 11,546)	14,985	467	3.1
12 - 20			
(9,775 - 26,840)	4,455	107	2.4
All other Pay Plans	56,895	3,376	5.9
Up thru 4,499	6,523	1,252	19.2
4,500 - 6,499	10,970	1,073	9.8
6,500 - 7,999	7,107	359	5.1
8,000 and over	32,295	692	2.1

Thus, I believe that Negro youth ought to be attracted to the private sector to a far greater extent than in the past. While many companies (particularly the large ones in the manufacturing sector) have made considerable progress in employing Negroes, the experience is most uneven. The general pattern can be seen in the following statistics (based on data supplied by the Equal Employment Opportunity Commission) relating to the first quarter of 1966:

<u>Industry</u>	<u>Negro Employment as per cent of Total Employment</u>	<u>Percentage of Firms with No Negro Employees</u>
All Industry	8.2	47.1
Banking and Finance	1.9 - 11.8	31.9 - 77.8
Banking	4.4	31.9
Insurance	3.3	77.8
Advertising	3.7	60.2
Communication	4.3	40.9
Construction	12.7	47.0
Manufacturing	4.0 - 19.7	22.2 - 52.7
Wholesale Trade	6.5	62.5
Gen. Merchandise Stores	7.4	33.4

Thus, while Negroes constituted 8.2 per cent of total employment in industry in early 1966, almost half the 117,000-odd firms covered in the EEOC reports had no Negro employees. In general, the predominantly white collar industries (such as banking and finance, advertising, communications) had relatively few Negro employees. In construction and manufacturing, where blue collar occupations dominate, the employment of Negroes was generally above the national average.

In the last few years, opportunities for Negroes in the private sector have expanded rapidly, and the pace will undoubtedly quicken in the future. Thus, Negro youth will have a genuine choice between seeking employment in the private sector -- rather than relying in disproportionate numbers on the public payroll.

The Illusion of An All-Black Community

The third area in which Negro youth will have an opportunity to choose the path they will follow concerns the option of living in an integrated society as opposed to restricting their lives primarily to the confines of a segregated community. While I realize that the question of separateness taken alone is more than sufficient for a commencement address, I think it is inconceivable that a speaker before a graduating class in 1968 would fail to take note of what must be an issue of major concern to those about to leave the campus to live in the community at large.

In my personal judgment, this choice should pose no real contest. None of us should have any illusions whatsoever about the basic structure of the society in which we will have to live in the years ahead: it will be primarily an integrated society with large collections of well-defined and mainly segregated sub-communities within it. Given the fundamental commitment to integration on the part of the vast majority of the white community and the vast majority of the Negro community, I think the main thrust toward widening the opportunities for Negroes and other minority groups to participate more fully in an open society will not be turned around. While the pace at which the corrosive effects of discrimination and segregation are eroded will vary from time-to-time and from place-to-place, in my own mind there is no doubt that these barriers will continue to be reduced rather than erected anew.

At the same time, I also have no expectation of seeing the complete elimination of our large urban ghettos at any time in the foreseeable future. Given the large concentration of Negro and other low income groups in our central cities -- and given the virtual impossibility of restructuring economic and other institutional arrangements in the short run -- it seems obvious to me that a good part of the Negro population will continue to occupy sizable sections of our urban areas for many years. Thus, while I personally would not set out to create a segregated society, nor deliberately try to

check its erosion, it would also be an illusion to pretend that we will not have to deal with the world as it is -- and as it will be for some time to come.

At the same time, it is imperative that we get on immediately with the enormous investments of money, manpower, and materials which will be necessary to rehabilitate our urban areas. In view of the intensive debate over the need for such an effort -- a debate ranging from the cities, through State capitals, all the way to the Federal Government -- it is unnecessary for me to dwell further on it at this time. Simply let me say, again, that whatever the estimates that have been made of the magnitude of the public and private investment that will be required to cope with the mounting crises in our cities, these estimates will probably have to be revised upward.

Returning to the question of the part that Negro youth can play in this reconstruction of American society, let me state my own views explicitly. In my opinion, the advocates of a self-contained and self-sufficient all-black community are misguided and headed for bitter disappointment. In one sense, because of segregated housing patterns which will persist for some time, there is no doubt that Negro and other minority groups living in large segregated urban areas will be able to exercise considerable political power based entirely on their ability to vote as a block. Such a voting pattern will guarantee that the citizens of a predominantly black community will be able to decide to a considerable extent the political

arrangements in their own neighborhoods. Moreover, they will also be able to influence in a significant way political decisions in their large metropolitan areas -- and even at the State level in some cases. Furthermore, given the growing importance of urban issues in the deliberations of Congress, the growing political power of black communities will also be registered increasingly in the affairs of the national government.

On the other hand, the prospects for a viable all-black economy are not at all promising. In the first place, no matter how much investment may be made in plants and other job-creating enterprises in the ghetto, the vast majority of the Negro population will have to find employment in exactly those firms in which the vast majority of the total labor force is employed: the large national manufacturing corporations, the nationwide commercial and transportation enterprises, the large financial institutions, and those government agencies serving the community as a whole. While many of these enterprises may be inclined (or induced) to locate branch facilities in the ghetto at an increasing rate, such establishments will never provide enough jobs to absorb the existing, hard core unemployed, those employed outside the ghetto, and to offer new opportunities for the future residents of the ghetto. The principal underlying reason is that the economies of scale and of plant location in most instances will seldom if ever tip the decision in favor of concentrating a substantial part of the output of any major firm in the ghetto -- removed from its principal markets in the country at large.

If these exceptionally strong enterprises cannot be expected to provide enough jobs in the ghetto to support a separate black community, what are the chances that Negro businessmen could meet the challenge? The answer must necessarily be even more negative. While Negro businessmen over the years undoubtedly will acquire a growing share of the markets in the ghetto, I think there is no prospect whatsoever that they will be able to reserve such markets for themselves. Quite the contrary, as income of Negro families continues to rise (probably more rapidly than for the population as a whole), the large national corporations will find the Negro market increasingly attractive. Thus, these corporations are not about to withdraw and allow the Negro businessman to treat the Negro market as his special preserve. Moreover, Negro households even in the ghetto cannot be expected to abstain from the consumption of many goods and services which are available only outside the ghetto. Therefore, while segregation and discrimination once provided a fairly effective protective tariff in the past, I see no indication that such protection will be available in the future.

Furthermore, I see no net advantage to the Negro community of chasing out the few white businessmen who are still doing business in the ghetto. Undoubtedly, many of the practices followed by some of these businessmen in the ghetto (practices ranging all the way from sale of inferior goods at exorbitant prices, the imposition of excessive credit charges, etc.) did amount to exploitation

however it is defined. Nevertheless, it is possible to eliminate or drastically reform such practices without insisting that white businessmen abandon their businesses or turn them over to black merchants. In fact, I personally find entirely unacceptable the frequently heard suggestion that the Federal Government create some kind of financial institution which would use public funds to buy out existing white businesses in the ghetto and turn them over to black merchants. One variation of the proposition would require that training facilities be provided for the new merchants as a by-product of the transfer, thus upgrading the skills of black businessmen in the process. Despite this apparent advantage, the entire proposition runs exactly counter to the basic policy of the Federal Government, which is to fight against segregation and discrimination rather than promote it.

As I said at the outset of this discussion, there is no doubt that a considerable amount of both public and private investment will be required to finance the rehabilitation of urban areas. This investment must be made in housing, education, public facilities as well as in business enterprises in the ghetto. In this process of urban reconstruction, Negro youth can obviously play a critical role. On the other hand, I think it would be extremely unwise -- and in the long-run counter-productive -- to join this effort on the assumption that a separate black community can be created and maintained as a viable entity. Instead, despite the frustrations I think the great rewards will come from vigorous efforts to create an integrated and democratic society in the United States.