



## Stopping the Decline of the Black Middle Class

*By Algernon Austin*

For a brief moment in American history, one could argue that the majority of African Americans were middle class. That moment ended last year.

One definition of “middle class” used by social scientists is twice the poverty level. Individuals who live in households that have an income of at least two times the household’s federal poverty threshold are middle class. By this definition, in 1999 Black America became a majority middle-class population. That year, 52.2% of Blacks were middle class. Last year, the percent of middle-class Blacks slipped down to 49.7%. There is every reason to expect further declines this year and next year.

College-educated Blacks—another definition of “Black middle class”—have been particularly hard hit during this recession. My organization, the Economic Policy Institute (EPI), estimates that this year the unemployment rate for Black workers with bachelor’s or higher degrees is on track to be the highest since 1979, the earliest year for which we have data. In 2007, the unemployment rate for college-educated Blacks was 1.6 times the rate for college-educated whites. This year it is 2 times the rate for college-educated whites.

If one restricts the focus to recent Black college graduates, those under 25 years of age, the picture is similar but worse. Young, recent African-American college graduates had an unemployment rate of 15.4% in the first half of this year. Among recent college graduates, this group had the highest unemployment rate and the highest student-loan debt level. Jobless and burdened with over \$30,000 worth of debt is a terrible way to begin one’s adult life, but this is the reality for many young and well-educated African Americans.

Wealth is another indicator that can be used to gauge the health of the Black middle class. In 2004, 32.2% of Black households had no wealth. EPI estimates that this percentage grew to 39.9% in 2009. In 2004, the median Black wealth was a very modest \$13,000. By 2009, it had fallen to \$2,100. There has been a tremendous decline in wealth in Black households likely due to the foreclosure crisis.

Whether one looks at income, wealth or the unemployment rate for the college-educated, the signs are of a Black middle class in decline. What can be done?

The economic health of the Black middle class is connected to the economic condition of Blacks generally and to the health of the American labor force overall. The growth of the Black middle class was the flipside of the strong decline in Black poverty over the 1990s. We are not likely to see an American economy where Black economic conditions improve dramatically without also an improvement in economic conditions for the country as a whole. Therefore, a necessary pre-condition for a strong and growing Black middle class is a strong and growing American economy.

Unfortunately, many of the conservatives in Congress are promoting ideas that run the risk of stalling the already very weak economic recovery and accelerating the decline of the Black middle class. For example, my colleagues at EPI estimated that Rep. John Boehner's idea to extend the Bush tax cuts for all and cut domestic spending back to their 2008 level would cause the country to lose 1 million jobs. Policies of this sort will worsen economic conditions not improve them.

An economy where consumers are cutting their spending and businesses are aggressively cutting costs will not grow unless the federal government steps in with stimulus spending. The Recovery Act created over 2 million jobs, but we still have an 11-million-jobs deficit. We can't create a healthy economy only through tax cuts. We tried this strategy during the George W. Bush administration, and we saw extremely weak job creation.

The federal government has one important option for job creation that can help the Black middle class. State and local governments which are generally required to balance their budgets are seeing large fiscal deficits because of the recession. Many of these governments will respond to these deficits by cutting jobs. College-educated Blacks are over-represented in state and local government. A large share of the jobs on the chopping block is likely to be Black-middle-class jobs. The federal government can, however, provide aid to state and local governments to help reduce the job losses.

The federal government can also help Black communities broadly by creating jobs programs as it did in response to the Great Depression. Federal jobs programs can be targeted to depressed communities where there has been a long-term scarcity of jobs. Many urban Black communities fit this description.

The Great Recession has hit the Black middle class hard. The fiscal crises in state and local government mean a continued loss of middle-class Black jobs. The continuing foreclosure crisis means a continued loss of wealth among the Black middle class. The Black middle class will continue to decline unless the federal government steps in.

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