

Minorities
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EDUCATION AND THE ECONOMIC ADVANCEMENT OF
MINORITY GROUPS IN THE UNITED STATES

Remarks By

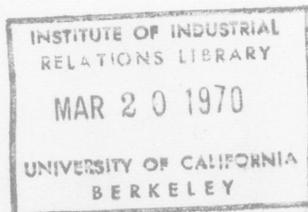
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Member
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Before the

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Phi Epsilon Pi Fraternity

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MINORITY GROUPS IN THE UNITED STATES

By
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I was flattered by the invitation to become an honorary member of Phi Epsilon Pi Fraternity and to give the opening address at its Annual Convention.

In accepting your invitation, let me express my gratitude for your recognition of the modest efforts I have been making in the public service through sharing in the conduct of the nation's economic policy. I also accepted, however, because I think it is vital to demonstrate symbolically -- as well as through quiet deeds carried out day-to-day -- that we are fully committed to the achievement of a truly democratic and integrated society. Our presence here together -- white and black, Jewish and non-Jewish -- is testimony to such a commitment.

In these remarks, I want to focus on the vital role which education must play in the economic advancement of Negroes and other minority groups in this country. But I also want to emphasize the crucial influence which the nation's business and professional community can exert in shaping the course which this development actually takes. As far as education is concerned, several points are clear:

*Member, Board of Governors of the Federal Reserve System. I am grateful for the assistance of a number of persons in the preparation of these remarks. The Presidents of the twelve Federal Reserve Banks shared with me the results of their assessment of the extent of participation by minority groups in the management of the leading commercial banks in their respective Districts. Mr. Henry S. Terrell and Miss Mary Ann Graves of the Board's staff also assisted me at several points.

- Significant strides have been made in recent years in the formal educational achievements of Negroes. This is especially true at the college level, and the outlook is for an acceleration in college enrollment.
- However, because of the substantial educational and cultural deficit which most of the black students bring to the campus (a deficit reflecting the legacy of segregation and discrimination which their families have had to bear), the task of preparing them for professional roles in a competitive, post-college world is also enormous.
- Unfortunately, this task is being complicated and made more difficult by an increasing emphasis on "black studies" and similar programs. In my opinion, such programs (perhaps unconsciously) serve mainly to cultivate a cult of incompetence -- rather than to build rigorous intellects or to develop expertise in a discipline. Hopefully, the vast majority of Negro students -- as well as their college faculties -- will recognize the limitations of such digressions and get on with the real challenge of making education a meaningful vehicle for the economic advancement of our Negro citizens.

In the case of the business community, several points are also

clear:

- Increasingly, the business leadership of this country is placing its weight and employing its energies to help ease the plight of our urban areas and to improve the economic conditions of minority groups.
- Sadly, however, some of this same business leadership (also perhaps unconsciously) is helping to strengthen the forces of racial division and separatism which can only frustrate and delay the Negro's full participation in an open and integrated economy.

I am particularly distressed by the acceptance on the part of some of our most prominent business leaders of the essential arguments advanced by the advocates of separatism. I personally find it difficult to believe that men at the forefront of industry and finance can doubt that an open and integrated economy offers the only sure path to genuine progress by minority groups in the United States. Yet, the approaches which some of our leading corporations and financial institutions are adopting in an effort to cope with the urban crisis as it confronts them go a long way toward accommodating the racial separatists and thus further deepen the racial divisions which plague us.

Personally, I think we have reached a point where the business community must be asked to pause and ponder the long-run implications of some of the responses being made under the immediate stimulation of pressures exerted by small -- but vocal -- bands of black segregationists. Personally, I am glad to see that, in the field of banking -- which is of special interest to me -- the key leadership in the industry has recently erased what appeared to have been the acceptance of a patently unreasonable demand advanced by one group committed to a policy of separatism. The banking industry finally rejected the demand that \$6 billion of assets be transferred to the twenty-odd black-owned banks as "recoupment" of outstanding claims against the white community to compensate in part for the damages which racial discrimination has inflicted on Negroes over the years. This episode, which grew out of a conference

on urban affairs sponsored by the banking industry in the late spring of this year, illustrates all too well the dangers to orderly progress inherent in attempts to compromise with the advocates of racial division and separatism.

Rather than seek ways to accommodate the separatists, leaders in the business community should make it unmistakably clear that they are committed to the broadening of opportunities for minority groups within the framework of an open and integrated society. These leaders should also accept the fact that most members of these minority groups will require a considerable amount of special preparation (including on-the-job training) in order to take advantage of these opportunities. At the same time (while it might be painful to admit it), Negroes and other minority groups should recognize that the acceptance of the validity of this proposition is not a capitulation to racism. Having seen this truth, they should get on with the urgent task of remedying the deficit in technical qualifications from which most of them suffer.

To obtain a better appreciation of the progress of minority groups in the banking industry (again which is of special interest to me), I asked the Presidents of the twelve Federal Reserve Banks to share with me their assessment of the extent to which members of such groups* are making headway at the executive level in the leading banks in their

*The groups were defined to include Negroes, Puerto Ricans, Mexican-Americans, Orientals and Indians.

Districts. The picture which emerges from these observations is far from encouraging:

- There are virtually no members of these minority groups serving on the boards of directors or as senior officers of the leading banks in any of our large cities.
- A substantial number of banks have members of minority groups serving as junior officers, and an even larger number of banks have them enrolled in management training programs.
- However, most of the banks have a difficult time holding minority group members who are junior officers and trainees or attracting others.

In my personal judgment, the banks (and other large corporations as well) can take -- and should take -- steps to strengthen their relations with minority groups, without trying to negotiate treaties with racial separatists, and thus enhance the contribution which the business community can make toward improving conditions in urban areas.

Progress in Education

As I mentioned at the outset, significant strides have been made in the educational attainment of American Negroes in recent years. This is especially true of young people. For example, in 1957, the median years of schooling for nonwhite men (who were 18 years of age and over and in the labor force) were 8.0 years, compared with 11.5 years for white men -- a gap of 3.5 years. By 1967, the median for nonwhite men had risen to 10.2 years, while the median for white men had

climbed to 12.3 years. Thus, in a decade, the differential shrank to 2.1 years, or by three-fifths. Among nonwhite women, the median years of schooling rose over the period from 8.9 years to 11.5 years; for white women, the rise was from 12.2 years to 12.4 years. In this case, the differential was cut by more than two-thirds, from 3.3 years to 0.9 years.

A somewhat more refined analysis of the Census Bureau's statistics shows an even sharper conversion of educational attainment by young nonwhites toward the level for whites. For instance, among nonwhite men 25 to 29 years old, the median years of school completed were 12.2 years in 1968, compared with 12.6 years for white men. This gap of 0.4 years was only one-fifth as large as the difference of 1.9 years recorded in 1960, when the medians were 10.5 years for nonwhite men and 12.4 years for white men. Among nonwhite women in the same age group, median years of schooling rose from 11.1 years in 1960 to 12.2 years in 1968. Among white women, the rise over the same period was from 12.3 years in 1960 to 12.5 years in 1968. Thus, the nonwhite-white differential among women declined from 1.2 years to 0.3 years, a decrease of three-quarters.

In reporting the above evidence of progress in education, I do not wish to suggest that the quality of the education received by nonwhites, compared with that received by whites, is equally good. We know that such is not the case. On the other hand, I think it is clear that some improvement has occurred in the quality of education obtained by

nonwhites over the last decade. Nevertheless, the remaining distance we must travel before we have a true equality of education remains considerable.

Education and Economic Advancement

The advancement in the educational level of nonwhites has brought significant improvements in the economic position of those who have attained the increased schooling. While such an outcome is to be expected, the extent of the improvement is less widely recognized than it should be.

The degree of economic advancement can be observed in the Census Bureau's data showing changes in the median incomes of Negro and white men, identified by years of schooling, who were living in large cities in 1959 and 1967:

Years of Schooling	<u>Median Income: Negro Men</u>			<u>Median Income: White Men</u>			<u>Negro as Per cent of White</u>	
	<u>1959</u>	<u>1967</u>	<u>Percentage Increase</u>	<u>1959</u>	<u>1967</u>	<u>Percentage Increase</u>	<u>1959</u>	<u>1967</u>
Elementary:								
8 yrs or less	\$3,428	\$4,215	23	\$5,137	\$5,658	10	66.7	74.5
High School:								
1 - 3 yrs	4,059	5,086	25	5,788	6,748	17	70.1	75.4
4 yrs	4,323	5,642	31	6,265	7,543	20	69.0	74.8
College:								
1 yr or more	5,022	7,025	40	7,686	9,222	20	65.3	76.2
4 yrs or more	n.a.	7,556	n.a.	8,486	10,261	21	—	73.6

In summary, several important observations can be made on the basis of these data. Between 1959 and 1967, the income differentials between the two groups narrowed appreciably; the ratio of Negro to white median incomes, given the level of education, rose from about two-thirds to about three-quarters during these years. Over the same period, the higher the level of education, the greater was the rate of increase in the median income of both groups. More importantly, the relative gains for Negro men were 1-1/2 to 2 times as large as the gains for white men. Expressed another way -- which also shows how serious the remaining income lag is for Negroes -- in 1959, Negro men with 1 year or more of college had a median income slightly below (97.8 per cent) that for white men with 8 years or less of elementary education. By 1967, the same ratio had risen to 124.2 per cent -- meaning that college experience raised the median income of Negro men about one-quarter above that for white men with only an elementary education. For those with 4 years or more of college in 1967, the ratio was 133.5 per cent -- or one-third more. While this comparison is still distressing -- because it shows the powerful adverse influence of discrimination and other indicators of deprivation despite advancement of education -- it also shows that educational advancement does make a difference in the pace of economic progress -- although the difference is obviously not large enough.

Still other information from the Bureau of the Census illustrates the significant effects of education on economic advancement.

This information is derived from a survey of students who were high school seniors in October, 1965, and a follow-up survey of the same students in February, 1967, to determine whether they had graduated -- and if so, whether they had attended college at any time since completing high school. A considerable amount of additional information was obtained from both groups.

Among other conclusions, the results suggested that Negro seniors were not as likely to graduate from high school as were white seniors; about 86 per cent of the former graduated, compared with 93 per cent of the latter. The difference in the probability of attending college was even greater in favor of white students; just under half of the white high school graduates went on to college, compared with just over one-third of the Negro graduates.

But the results of the survey showed something that may be of even more crucial importance than racial differences. From these data, it is clear that the probability of attending college, given high school attendance, rises significantly with the education level of parents, family income, and improved occupational status of the household head. Thus, the evidence suggests that there is a strong cumulative value of education. Not only does education raise current income, but it also raises the probability that one's children will be educated -- which in turn raises their expected income. Against this background, the particularly rapid gain in education of nonwhites in the 25-29 age group

discussed above (the years of prime family formation) takes on considerable significance, because it suggests that their children stand a smaller chance of suffering from the legacy of parents with limited education.

The Challenge of Education

I observed above that the substantial educational and cultural deficit which accompanies most black students to college will pose a serious challenge to these institutions. Just how much of a handicap the typical black college student has, compared with his white counterpart, can be seen in the results of studies conducted by the American Council on Education (ACE). One of the ACE's surveys focused on the 1968 freshman class at American institutions of higher education. The results were reported separately for freshmen by color (black vs. nonblack) at all institutions, at predominantly white two-year colleges, at predominantly white four-year colleges, at predominately Negro four-year colleges, and at predominately white universities.

The information from this survey makes fascinating -- and disturbing -- reading. Among other conclusions, the following examples reported in the survey give a clear indication of the type of handicaps borne by Negro students compared with white students:

- Family background: The parents of the black students have a much lower level of educational attainment. Roughly 55 per cent of the black students' fathers, compared with 26 per cent of other students' fathers, had not graduated from high school.

Over one-third (35 per cent) of the black students' fathers were employed in unskilled or semi-skilled occupations, against less than 12 per cent for the fathers of white students.

Income of the black students' families was substantially below that of other students' families. Nearly three-fifths (56 per cent) of the black students and one-seventh (14 per cent) of the nonblack students reported their parents' yearly income as under \$6,000. Only 6 per cent of the black students, compared with one-fourth of the white students, reported parental family income of \$10,000 or more.

Black students (especially at predominantly white four-year colleges) were relying heavily on loans, scholarships, and grants -- rather than primarily on family support -- to finance their first year of college.

- Students' high school performance: Black students seem to have done less well in high school than nonblack students. Over two-fifths of the black students (42 per cent) and less than one-third of the white students (31 per cent) reported average grades below B-. About 6 per cent of the black students and almost 14 per cent of the other students reported high school grades of A- or better.

Black students were proportionately less likely than white students to be a member of a scholastic honor society, win recognition in the National Merit Program, or publish an original writing.

On balance, black students rated the academic standards of their high school lower than did other students.

- Students' college aspirations: Black students are especially less likely than white students to choose a major in the physical sciences or engineering. Black students are substantially

more likely than other students to choose a major in the social sciences or business, and somewhat more likely to select education.

Mathematics and statistics are less likely to be chosen as majors by black students than by white students.

While proportionately more black students than other students have postbaccalaureate degree aspirations, proportionately more of the nonblack students aspire to a professional degree.

One could go on citing evidence from the ACE's survey showing significant differences between black and white college students. However, I think the catalogue is long enough to demonstrate the extent of handicaps which Negro students face. Thus, the real issue to be dealt with is the best way to proceed in making up the deficit. In my personal opinion, I do not think that we should dwell on the question of whether most of these students do -- or do not -- meet the minimum qualifications to get into college. Since they are enrolled (and others are being vigorously recruited), I accept that fact as reflecting the colleges' judgment that they should be there.

Personally, I think the only way to compensate for the lags in the preparation of black students is to provide opportunities on campus for them to do the remedial work in areas such as mathematics, reading and writing skills, physical sciences and foreign languages where the need seems to be the greatest. Only by bringing black students up to par in these and similar fields can the colleges create the necessary

foundations on which these students can build a substantive education. Moreover, it should be obvious that such remedial programs will require a considerable investment of time and money by the institutions. Since this requirement is coming at exactly the time when so many other claims are being registered on the colleges' limited funds, the need to establish clear priorities should be self-evident.

Among Negro students, there should be a clear recognition -- and a willing acceptance -- of the critical importance of making up promptly the educational and cultural deficit which most of them suffer upon entering college. I can understand fully why many such students from disadvantaged backgrounds are bitter over the suggestion of inadequacy implied by enrollment in remedial work. But I think most of them so enrolled also realize that they stand little chance of obtaining a meaningful college education unless they do acquire a stronger academic base at the outset. Moreover, they seem increasingly to be accepting the fact that -- for many of them -- earning a college degree may take more than the traditional four years.

Unfortunately, however, this sensible approach to correcting the educational and cultural deficit borne by most black students is not as widely accepted on campuses as it should be. Instead, a sizable number of both black and white students -- and apparently a considerable number of faculty members as well -- seem to have concluded that black students do not need to master many of the subjects ordinarily included

in the curriculum of the typical liberal arts college. This is especially true of courses in the humanities, which have usually overlooked completely the contributions made by Negroes and other nonwhites.

Yet, the reaction against this neglect has taken a turn which I find profoundly disturbing. Out of it has come a rising demand for "black studies" and similar programs -- frequently coupled with demands for separate departments (with all-black faculties) and even for segregated on-campus living quarters. Indeed, some of the more sophisticated apologists for this new brand of racial division and segregation (particularly among some of the most sensitive and liberal faculty members) argue that black students on predominately white campuses require such separate accommodations to ease their initial exposure to a mainly white environment.

Personally, I think it would be a tragic mistake for Negro students to waste their college years languishing in "black studies" and similar sheltered workshops which do little or nothing to prepare them to meet the vigorous competition for employment opportunities in the post-college world. After all, it should be obvious to Negro students that -- while some of them are gaining a measure of heightened pride through enrollment in "black studies" -- the vast majority of both black and white students are devoting themselves to the attainment of enough expertise in some area of specialization to allow them to compete at least for beginning professional jobs once they leave college.

So, rather than supporting the rise of a new cult of incompetence -- which "black studies" can only assure -- the academic community (including faculty and students, both black and white) should get on with meeting the real challenge of education today: the preparation of disadvantaged young people to take their place in an open and integrated society.

The Challenge to the Business Community

A similar challenge also faces the business leadership of this country. They, too, ought to refocus their sights on the essential task of providing expanding opportunities for full participation by Negroes and other minority groups in the mainstream of the economy. An increasing number of our leading business enterprises do recognize the urgency of this need and are responding accordingly. Unfortunately, however, some of the same firms are simultaneously sponsoring projects -- or allowing themselves to be associated with activities -- which can only serve to foster racial division and separatism.

While numerous instances could be cited, several examples will illustrate the point:

- A leading hotel chain announces that it will join with local ownership to locate a new hotel in the ghetto, which will serve also as its headquarters for training Negroes in hotel administration.
- An automobile manufacturer gives a new-car franchise to a Negro to replace a dealership in the ghetto previously owned by a white man.

- A manufacturer of electrical products establishes a small-scale plant in a ghetto, manned almost entirely by black workers; almost simultaneously it locates a much larger facility in the suburbs of the same city.
- One of the leading banks in a major city refrains from opening a branch in a ghetto area, although it recognizes that the banking needs are not being met -- and then later the same bank assisted efforts to establish a small, black-owned bank in the area for which the outlook was less promising.

Why, one may ask, do I find efforts of this type disturbing?

The answer is clear: they represent wrong choices favoring separatism over better choices favoring participation in an integrated society.

Undoubtedly, locating a new hotel in the ghetto represents a step which should be applauded -- and many would feel that giving local people a chance to share in its ownership makes it an even better venture. However, one should also ask why members of minority groups who are learning to manage hotels should be concentrated here. Since the firm owns many other hotels (including a principal unit in the same city but outside the ghetto), why not place minority group members as trainees in all establishments in the hotel chain? And why not plan to send white trainees to the new hotel when it is opened for business?

All of us could agree that the presence of so few Negroes and other minority group members among new-car dealers is deplorable. The same is true with respect to most other channels through which major household appliances and business equipment are distributed. Thus, steps

to correct the situation are certainly meritorious. On the other hand, was the transfer of a franchise from a white man to a black man in the ghetto the best way to draw Negroes into this segment of the automobile industry? I think not. Vacancies occur in dealerships outside the ghetto, so why did the company not choose that route? (In fact, the white man involved in this case was relocated in such an area.) Instead, the choice the manufacturer made pushed us another step in the direction of separatism and away from an open economy.

Locating an electrical manufacturing plant in the ghetto will obviously expand job opportunities in an area which sorely needs them. But here, also, a better alternative was available. The company could have assured that ghetto residents got a significant share of the jobs in the much larger suburban plant. Of course, to make such opportunities meaningful, it might have been necessary for the company to provide buses or other means of transportation. Even better, it could have worked to make housing in moderate-income areas near the suburban plant more available to ghetto residents who obtained jobs in the latter facility.

The commercial bank that deliberately refrained from opening a branch in a ghetto area to meet the recognized need for banking services undoubtedly was motivated by the very best intentions: it did not want to aggravate racial tensions by seeming to foreclose the opportunities for a group of local businessmen and professionals who later announced plans to launch a black-owned bank which still has not been established. But what about the

inconvenience imposed on a great number of residents in the affected area who still must travel a considerable distance to get banking services? In my personal judgment, that bank made the wrong choice when it decided to leave a sizable share of the local banking market to a black group hopeful of providing needed banking services -- but for whom prospects are less bright, despite the assistance given by the large bank itself.

Thus, let me repeat, it is of critical importance that the business leadership in our country make an even greater effort to help alleviate the ills which plague our urban society. Nevertheless, in my personal opinion, it is equally crucial that they avoid strengthening the position of the separatists or encouraging those who would widen further the racial divisions from which we are already suffering.

Management Opportunities in Banking

As I mentioned above, I have a special interest in the extent to which the banking community is opening opportunities for members of minority groups at the executive level. We know that, on an overall basis, the banks are making considerable progress in the recruitment of minority group employees. For example, in April, 1968 (the latest date for which we have comprehensive figures), banks with 50 or more employees had a total labor force of 685 thousand, of whom 62 thousand (or 9 per cent) were members of minority groups. Among the latter, 38 thousand were Negroes; 17 thousand were Spanish (mainly Puerto Ricans and Mexican-Americans); 6 thousand were Orientals, and about 13 hundred were Indians.

These figures represented a substantial improvement over what the situation was a few years ago, and undoubtedly further gains have been recorded in the last year and a half.

But the really interesting question concerns the progress of members of minority groups at the managerial level. To obtain a better appreciation of trends in this area, as I mentioned above, the Presidents of the Federal Reserve Banks were asked to share with me their own informal assessments of the situation in their Districts. In most cases, only the experience of the large banks was reported, but comments were also included on the black-owned banks, or banks controlled primarily by Puerto Ricans or Mexican-Americans. On the whole, approximately 175 banks were covered in the informal canvas of our largest cities, and the number varied considerably from one Federal Reserve District to another -- from about 3 or 4 banks in the Minneapolis District to 32 in the Dallas District.

In summarizing the Reserve Bank replies, the following picture emerges:

- None of the large banks had Negroes serving on their boards of directors. There were a few of Spanish or Oriental descent. Several small banks (mainly established under interracial sponsorship) had minority group members on their boards. But on the whole, only about a dozen minority group directors were identified.
- Even less than a dozen senior officers (vice presidents and above) who were minority group members were reported in the leading commercial banks.

- A sizable number of junior officers (assistant vice presidents and below) and a substantially larger number of management trainees were reported among minority group employees of the banks covered.

The Reserve Banks also reported that most of the large banks, especially those located in principal cities, are actively trying to increase the minority group representation within their banks at the officer level. However, the results have not been encouraging; they feel that they cannot offer the salaries which "qualified" minority people can demand. Even after some training, they are lured away by higher salaries to some other institution. Most of the banks cited the problem of finding a qualified person to begin with. Because of these reasons, among others, banks felt that progress in bringing minority groups into their management ranks must be through their management training programs.

I think all of us would agree that the banks must rely on their management training programs and internal promotions as the principal vehicles for the advancement of Negroes and other minority group members through the officer ranks. Furthermore, there is obviously a limit on how fast they can telescope the time required for even the brightest trainees and junior officers to master the large body of technical knowledge which a senior officer must have not only at his fingertips but also in his head.

Banks and the Urban Challenge

However, having admitted that the number of minority group members in the top management positions in banks (or in any other large corporation) cannot be expanded instantaneously, it is still possible to suggest ways in which the front ranks of banking can be made much more representative of the community as a whole: with only a modest effort, the banks could include Negroes and other minority group members on their boards of directors. This is especially true of the leading banks in urban areas where such a sizable proportion of the minority group population is located.

As a rule, most bank directors (particularly in the largest institutions) are not included on boards because they have substantial ownership of the banks' stock. Instead, they are included because they represent large customers (or potential customers), have a wide network of useful contacts (sometimes political), or help the bank project a good image in its community. Among national banks, a director must have at least a specified minimum financial interest; for most banks this has been set at \$1,000. In numerous cases, particularly in individual banks that are members of holding companies, many directors typically meet this qualification by subscribing to 10 shares with a par value of \$100 per share. Moreover, it is generally understood that they will hold such shares only during their tenure as directors of the banks involved.

National banks (and state member banks of the Federal Reserve System) must have a minimum of 5 and a maximum of 25 directors. However,

many banks also have categories of "honorary" or "advisory" directors, which allow them to exceed the statutory number set for voting directors. Thus, it is clear that even the largest banks have leeway to provide on their boards of directors broadly-based representation from among all the groups (including minority groups) located in their communities. Furthermore, there is really no need to debate whether "qualified" representatives can be found among such groups. Since a good deal of a director's value to a bank is derived from his contacts with important segments of the bank's market area, numerous individuals can be found among business and professional men and women who could help strengthen the banking industry's roots in its overall community.

Moreover, having more seasoned representatives of minority groups involved at the top level of bank management would make it less necessary for the banks to rely so heavily on the judgment of junior officers in trying to determine the best course to follow in the development of policies to guide the banking industry's role in urban affairs. As I mentioned above, the industry allowed itself to be boxed into an embarrassing position during a conference on banks and urban affairs held in Chicago late last spring. In that case, the vast majority of participants in the conference voted to endorse the demand that the banking industry transfer \$6 billion in assets to the black-owned banks in partial compensation for the burden of racial discrimination which Negroes have borne in the past. While the leadership of the industry

finally rejected the demand in mid-August, the initial suggestion that banks supported it (and many of the leading banks across the nation were represented at the conference) gave the impression to numerous observers that the banks were willing to negotiate (and even grant) some of the patently unreasonable demands of those who advocate racial division and separatism.

To a considerable extent, that episode can be traced to the mistake of allowing relatively junior officers -- and even management trainees -- to speak for banks in an area of vital social and economic importance. I am personally convinced that the banks permitted this to happen because of the assumption that their black officers (however limited their command of the technical aspects of banking and finance) have a special advantage in the shaping of solutions to urban problems. Such an assumption is obviously unwarranted. A genuine understanding of the role which banks can play in meeting the financial needs of urban areas must rest on a prior mastery of banking itself. If anything, the level of expertise required is even greater than that needed to handle the business in fields where banks traditionally have been active: for example, in the financing of foreign trade and investment -- and who can visualize a bank permitting junior officers (even if they are black) to speak for the institution on vital questions relating to foreign exchange and the future of the international monetary system? Yet, in the matter of urban affairs, an area of even more complexity, banks actually allowed

this to happen at the Chicago conference. While a few senior bank officers were present, the record shows clearly that registration at the conference was dominated by junior officers -- a substantial proportion of whom were black.

Moreover, the banking industry, through its leading trade association, had tentatively committed itself to a program which would have given black junior officers an even larger role in shaping (or debating publically) the part it should play in urban affairs -- and it would have done so on a segregated basis. Earlier in the year, the proposal had been made that black officers in large predominately white banks and representatives of Negro-owned banks hold a conference on urban affairs, in a city in the Southwest, under the joint sponsorship of the American Bankers Association (ABA) and the National Bankers Association (NBA). The proposal was accepted tentatively, the program was being developed, and speakers were being recruited. However, after outspoken criticism of this endorsement of separatism was registered with some of the key leaders in the banking industry, the original plan was dropped. The Chicago conference was substituted instead.

The conference as finally held undoubtedly provided an opportunity for a useful exploration of the banks' experiences in trying to cope with urban problems. But it also spotlighted the dangers of delegating to junior officers responsibilities relating to urban affairs which the banks' top leadership should keep in their own hands.

At the same time, of course, I also recognize that some junior officers who are members of minority groups may be able to make significant contributions in helping the banks strengthen the roles they are playing in urban affairs. But, in my personal judgment, the best course for junior officers (black or white) is to concentrate on becoming able bankers who eventually can speak out on the financial aspects of urban affairs -- or on other banking subjects -- on the basis of technical competence.

Concluding Remarks

In the meantime, I think it is vital that all of us keep foremost in our minds the urgent need to help bring about a truly open and integrated society. Only in such an environment can Negroes and other minority groups make genuine economic progress. Moreover, since we are already plagued by too many racial divisions and tensions among groups in our diverse population, we should do nothing that helps (perhaps unwittingly) to strengthen the hands of the small bands of racial separatists in our midsts.