TRANSFORMATION IN THE EDUCATIONAL SYSTEM:
CATALYSTS FOR BLACK CHANGE

Margaret C. Simms

Whenever the problems of black economic development are discussed, the shortage of capital is always of central concern. Everyone knows that a great deal of capital is needed for development. But what the capital people usually talk about is physical capital—plant and machines—or financial capital—money for investment in productive assets. What is often neglected is the scarcity of human capital in the black community. Human capital is not just numbers of bodies but trained minds and well developed skills. A good part of the increase in productivity in the United States' economy is attributed to increases in the quality and quantity of human capital.\(^1\) Surely investment in human capital ought to be given a high priority in developing the black community.

INVESTMENT IN HUMAN CAPITAL

Investment in human capital is necessary for economic advancement of the black community no matter which route is chosen. If the separatist route is chosen, we need trained and competent blacks to successfully replace whites in the black community and to build new industries. Machines and businesses cannot run themselves. On the other hand, if the integrationist route is chosen, then education and training are necessary for blacks to compete effectively with whites.

Human capital is usually measured by years of formal education. How does the black community measure up in these terms? Let us start with

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the assumption that a year of schooling represents an equal investment regardless of the school. Looking at the composition of the labor force 25 years of age and over, we find that the median number of years of schooling for nonwhites (blacks are approximately 90 percent of this group) is nearly two years less than the level for whites (1967-69 average, shows 10.5 years compared to 12.4). If we look at distributions of educational attainment we find that on a percentage basis twice as many nonwhites as whites in the labor force have no more than an elementary school education (38.5 percent compared to 19.2 percent), while half as many have had four years or more of college (7.2 percent vs. 14.5 percent).\(^2\)

It is sometimes argued that lower black educational levels are perfectly rational since the returns to the investment in education are lower because of discrimination against blacks in the labor market. It is well known that median incomes for blacks are a fraction of the median for whites with the same number of years of education. The ratios of nonwhite to white median income (1969 figures) range from .67 for those with one to three years of high school to .93 for college graduates.

All of the difference is probably not attributed to discrimination—at least not primary discrimination. The effects of discrimination are cumulative and part of the difference in income is the result of what we shall call secondary discrimination. We cannot assume that a year of schooling is the same for blacks as for whites. In an article in a recent issue of the *Journal of Human Resources*, James Gwartney attempted to adjust the number of years of education for quality differences and concluded that a significant proportion of what appears to be discrimination in the labor market is really the result of rational behavior on the part of the employer based on the fact that a year of education for a black is not equivalent to a year of education for a white. This is secondary discrimination.

### TABLE 1

**Median Family Income by Years of School Completed and Race of Head, 1969**

<table>
<thead>
<tr>
<th>Years of School Completed</th>
<th>Total</th>
<th>Elem.</th>
<th>1-3 Yrs. High School</th>
<th>4 Yrs. High School</th>
<th>1-3 Yrs. College</th>
<th>4 Yrs. or More College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonwhite</td>
<td>$ 6,340</td>
<td>$4,754</td>
<td>$6,217</td>
<td>$ 7,875</td>
<td>$ 9,194</td>
<td>$13,682</td>
</tr>
<tr>
<td>White</td>
<td>10,089</td>
<td>6,769</td>
<td>9,342</td>
<td>10,563</td>
<td>11,949</td>
<td>14,685</td>
</tr>
<tr>
<td>Ratio of NW/W</td>
<td>.62</td>
<td>.70</td>
<td>.67</td>
<td>.75</td>
<td>.77</td>
<td>.93</td>
</tr>
</tbody>
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