

## MEMPHIS SAVING GRACE: GROWING COMMERCE AND WEALTH AMONG AFRICAN AMERICANS

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October 7, 2014



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I tend to be bent towards positivity and optimism in just about everything and certainly as it relates to my city, Memphis, Tenn. It's where I was born and the place that meta-physically birthed me to become the man I am today. Despite challenges, bumps, lumps and bruises along the way it remains the city I love. No matter where I visit or how many issues seem to arise here I remain bullish on the beautiful city on the bluff.

Yet, current trends reveal a fragile city at a crossroads. The path that has led Memphis to this point is marked by a rough and rugged pavement, including population decline, growing poverty, a shrinking tax base, a rapidly changing but still struggling public education system, increased unemployment (with nearly as many layoff announcements as new jobs being created), and increased crime.

Then there is the issue of race – the 8,000-pound gorilla that sits in most rooms throughout the Mid-South; the beast that could become the strongest asset for taking the city forward or the wild animal that tears it apart. If you are one of those thinking that the mere discussion of the race issue is a problem or creates issues or simply shouldn't be discussed, stop reading here and go back to the corners and confines of your comfortably closed-mind.

The aforementioned issues are not the foundational tools with which to paint the rosier picture of a city with a bright future. Still, I believe the solution lies within and has been overlooked, ignored and outright rejected in some instances. That solution is focusing on the growth of minority- and women-owned business and, more specifically, African-American owned businesses and enterprises as a PRIMARY economic development strategy for Memphis and Shelby County.

It is time that the collective leadership of this community admits its failures, recognize our strengths and have the courage to stop playing it safe and become a leader in the nation for real change.

Let me paint a picture of our current situation and demonstrate why this strategy is clearly a key to changing the fortunes of Memphis and, if not adopted, will ultimately be its demise.

For the past two years Memphis has been declared one of the nation's poorest cities and the poorest large metropolitan city in the country, according to research and census data analysis by University of Memphis researcher Dr. Elena Delavega. Going back a few years, the 2011 Census Bureau American Communities Survey report showed that the Memphis Metropolitan Statistical Area (MSA) had 1 and 5 residents living at or below the national poverty line. That means that the eight-county MSA, including counties in Northwest Mississippi and Eastern Arkansas, is one of the poorest in the nation as well.

Now position those facts with these. According to the 2010 Census, the Memphis MSA has the second largest percentage of African Americans (45.7 percent) of any MSA in the country, with only Jackson, Miss. having more (47.7 percent). That makes Greater Memphis the second most "chocolate" region of the country.

According to Dr. Delavega's report, poverty in Memphis looks like this:

- Overall rate - 27.7 percent.
- Child poverty – 45.7 percent.
- People over age 65 – 11.6 percent.
- African Americans – 33.5 percent.

- Latinos – 47 percent.
- Non-Hispanic whites – 9.8 percent.

“The poor in Memphis tend to be minorities,” said Dr. Delavega. “The poverty rates for blacks and Latino are higher than the overall poverty rate, and poverty rates for minorities are higher in every age category than poverty rates for non-Hispanic whites. Moreover, poverty rates for non-Hispanic whites are lower in Memphis and Shelby County than in Tennessee as a whole or the United States in every age category.”

This painting gets more vivid when considering a Richard Florida story on [city-lab.com](http://city-lab.com). According to that article, Memphis also has the dubious distinction of being the city with the highest level of segregation between wealthy (\$200,000 a year or more in income) and the poor (MPI index). Many factors go into calculating the index, yet clearly on an anecdotal level it rings true and demonstrates the continued challenges that the city faces in attempting to develop and implement solutions that yield the greatest results for the greatest portion of the population.

Florida explains the challenges that manifest in communities where those conditions exist.

“The choices of the advantaged are in many ways a driving force behind economic segregation in America,” he writes. “The wealthy have the resources to colonize the very best neighborhoods and to wall themselves off from the rest of the population. And because of the resources and the influence they can bring to bear, the wealthy are able to mobilize disproportionate shares of community resources for their own neighborhoods. This allows them to invest in better schools, better parks and all manner of services and amenities, leaving fewer public and private resources to flow to less advantaged areas and populations.”

Sounds eerily like inner city Memphis versus outer, urban versus suburban, inside the 240 loop versus outside.

Connect more of the dots and the picture sharpens. Consider this: The 33.5 percent of African Americans living in poverty in Memphis actually represents 131,321 people compared with 27,926 whites and 10,907 Hispanics. Clearly poverty overwhelmingly impacts African Americans in Memphis and relates back to all the factors given earlier. Yet it is not simply an African-American issue. Thus goes the African-American community, thus goes Memphis, Shelby County and all the

surrounding communities. It behooves smart leaders, business people and concerned parties to adopt strategies that fix the problem rather than exacerbating it.

As I've said before, a system of economic apartheid has been allowed to thrive in Memphis and the only way out of it is to grow black-owned enterprises through more aggressive policies and intentional efforts in both the public and private sectors.

In last week's TSD, we published an article by Jim Covington that chronicled the outward migration of people – both blacks and whites – from Memphis and Shelby County. The numbers revealed that whites have had a mass exodus from Memphis, going from a population of 333,789 in 1980 to 190,120 in 2010, while the African-American population has grown from 307,302 in 1980 to 409,687 in 2010. Digging deeper, the numbers show that even upwardly mobile African Americans are beginning to give up on the city and head for greener pastures. That is a troubling trend for Memphis.

Many lament the possibility of Memphis becoming the next Detroit. Generally – and for various reasons – I say that's doubtful, although it is possible considering all the factors that I've shared.

A declining population leads to a shrinking tax base (not to mention the impact of depressed real estate values), that leads to decreased ability of the city/county to fund police, fire and education, that leads to increased crime and perceptions of a lack of safety, that combined with less than desired public education options leads more people to leave and few people to choose to move to the community. Ultimately, it becomes a self-fulfilling prophesy unless unique, aggressive and out-of-the-box solutions are adopted to change the tide.

The way to turn things around is to re-focus economic development resources, policies and efforts into supporting and growing strong, dynamic businesses owned by and joint-ventured with African Americans. African American-owned businesses typically employ more African Americans, are more forgiving of those with criminal pasts or other issues, and generally invest more to improve those individuals over time a clear win for a city with Memphis' demographics.

It is not the large companies but the small and medium-sized companies that employ more people collectively and are better positioned to create more taxpayers. More taxpayers increase the tax base to adequately fund police, fire, education and other critical community needs. More people

working have more disposable income to support amenities, recreation and reduce crime creating safer, cleaner communities. Now what could be wrong with that vision of the city?

A group of concerned African-American business owners, myself included, are taking the lead to work with a diverse group of elected and business officials to make this vision happen. We are developing implementable solutions that optimistically will be adopted in both the public and private sectors to bring about equity and greater access to the opportunities that exist here while growing the pie for everyone. In my estimation this city's future depends on it.

*(Bernal E. Smith II is President/Publisher of The New Tri-State Defender.*