Exploring “Ethnic Money Knowledge” as an Aspect of Financial Literacy

Among Middle Class African Americans

A dissertation presented

by

Jaronda Jane Miller

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ABSTRACT OF DISSERTATION

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Abstract

Sub-par financial literacy leading to poor economic decisions is an area of considerable concern in an era in which Americans increasingly need to plan for their financial future. For the past ten years, African Americans have consistently scored below their White counterparts on financial literacy measures even after controlling for social class. This dissertation argues that African Americans’ historical and economical experiences have shaped the lens through which they see money matters, and in turn, these experiences inform their “appropriate” behavior and responses to financial situations. A particular kind of knowledge has been developed and transmitted in the Black community that goes against, and in some ways supersedes, mainstream societal expectations of financially savvy behavior.

Seventeen middle class African Americans in the Northeast were selected using a convenience sample participated in 1 ½-2 hour exploratory interviews. Findings informed what is being termed Ethnic Money Knowledge (EMK) which is a consideration of how an ethnic group views economic issues and how their historical experiences and cultural values have informed/shaped their financial behavior. The major finding is that middle class African American family members in this study feel obligated to financially support their extended and even fictive kin financially, which overrides mainstream financial advice to secure nuclear family needs first. This cultural norm is transmitted through explicit financial communication (EFC) and implicit financial communication (IFC) within the family, particularly those of Northern, Southern, middle class, and working class origins. Participants with Caribbean roots were more explicitly exposed to financially savvy behavior and conversation. IFC was less open but, in general, was gleaned from the females within the family in which the participants were raised.
“You don’t choose your family. They are God’s gift to you, as you are to them.”

_Bishop Desmond Tutu_

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<tr>
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<td>CIF</td>
<td>Capital Increase Foundation</td>
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<td>EFC</td>
<td>Explicit Financial Communication</td>
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<td>EMK</td>
<td>Ethnic Money Knowledge</td>
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<td>IFC</td>
<td>Implicit Financial Communication</td>
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<tr>
<td>RCA</td>
<td>Rotating Credit Association</td>
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<td>UD</td>
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CHAPTER I

Introduction

The United States of America is a nation where financial tools have become increasingly complex to understand and maneuver. The financial world is changing rapidly and with technology, it has become far more advanced with each passing year. Coupled with an advancing financial arena, Americans are experiencing unbelievable financial shifts in their lives---unemployment rates have skyrocketed reaching as high as 10% during 2009 (US Bureau of Labor and Statistics, 2010), the housing market has seen record foreclosures (Christie, 2009) and because of this, many Americans are having to learn how to bargain effectively and save for the first time in their adult lives. With the economic turmoil that the United States is enduring, Americans are finding themselves with a lack of personal knowledge and resources to successfully navigate these difficult economic times. It would be an understatement to claim that Americans merely need to be aware of how to handle a changing economy and financial system. Currently, there is a national concern surrounding the sub-par financial literacy scores of all Americans and the financial decisions they make (JumpStart Coalition, 2009; Bankrate.com, 2009). Undoubtedly, financial literacy has become increasingly important for the economic well-being of Americans and the nation’s future (Marcolin and Abraham, 2006).

Financial literacy is a combination of financial knowledge, experiences, and behavior\(^1\) (Moore, 2004) which is critical to financial success and sustainability (Marcolin and Abraham, 2006). Financial literacy education can be seen as a tool that is critical to economic success and survival for individuals. In recognizing individual differences, Annamaria Lusardi of the

\(^1\) Moore goes on to assert that attitudes can also influence one’s level of financial literacy, but for the purposes of this study only knowledge, experiences, and behavior are explored.
National Bureau of Economic Research (NBER) along with representatives from Dartmouth College, the Wharton School, and the RAND Corporation has recently announced the opening of the Financial Literacy Center. The center is dedicated to improving the financial literacy of the American public. Lusardi (2009b), director of the Financial Literacy Center, communicated the complexities of such tasks:

Financial illiteracy is widespread. Financial literacy cannot be taken for granted among the population, particularly among specific groups (including those with low education, women, and minorities). This raises the issue of how to communicate information effectively, particularly to those who need it most. ‘One size fits all’ does not work. Different segments of the workforce require appropriate tailoring in terms of message and delivery system for financial literacy (www.annalusardi.blogspot.com, retrieved November 5, 2009, italics added).

Given the fact that the nation’s women, low-income, and minorities are the most vulnerable during economic crises, it is critical to pay attention to their specific needs regarding their financial situations (Lusardi, 2009a). With middle class African Americans,² the real issue, however, is not that these groups simply are incapable of learning but it is that there is a filter through which they make their financial decisions. This filter is shaped by their family and cultural expectations to lend support and value human family relationships over financial ones.

African Americans have consistently scored below their White counterparts on financial literacy measures (Mandell, 1998, 2008; Operation HOPE, 2005, 2006, 2008). Even controlling for education, occupation and income, African Americans invest less and have less ownership in the stock market (Boyce, 1998; Gutter, Fox and Montalto, 1999; Mabry, 1999) save fewer liquid

² The terms “African American” and “Black” will be used interchangeably through this manuscript. In 2007, results from a Gallup Poll survey showed that the term “African American” was preferred by 24% of the respondents, slightly more than “Black” by 13% among this population. Sixty-one percent reported that it did not matter which word was used (Newport, 2007). Due to the majority acceptance of both terms, they will both be used.
assets for retirement (Choudhury, 2002), are four times more likely than White Americans to be unbanked\(^3\) (Anderson-Porisch, 2006) and carry more credit card debt than Whites and Hispanics (López-Aqueres and Sanhueza, 2006). Unfortunately an adequate explanation of these findings has yet to be offered. To uncover some of this mystery, this study focuses on middle class African Americans and gives consideration to their overall economic plight in the United States. The African American has had a contentious relationship and history with the American economy that dates back for centuries (Harris, 1982). An exploration of this history may shed light onto how African Americans connect with the general financial market.

This study explores how the African American experience with historical inequities within the American financial system has shaped middle class African Americans’ perceptions and approach to the financial market. These alternative ways of approaching the financial market have been transformed into “life lessons” and passed down as “cultural capital” by their families. Shedding light onto the African American experience has the potential to be immeasurably beneficial in developing the financial tools they need to be more financially successful in the future. In accomplishing this, financial training with specific understandings of how African Americans filter their money knowledge could produce a breakthrough for generations to come.

This chapter will outline the rationale for this research, as well as define the research problem, purpose of the study, questions to be addressed, significance of the study, definition of terms and a summary and an overview of remaining chapters.

\(^3\) “Unbanked is commonly used as an “umbrella term to describe a diverse group of individuals who remain outside the banking mainstream for many reasons. The term unbanked means that a person does not have a checking or savings account” or a formal relationship with a banking institution (Anderson-Porisch, 2006:1).
Rationale for the Study

African Americans have had a long history of economic adversities in America. First, the majority of African Americans are descended from Africans who were forcibly transported to the United States as slaves and required to work without pay. This exploitative economic system continued for nearly 200 years until the institution of slavery was abolished in 1865 with the passage of the 13th Amendment. Unfortunately, following the Civil War there was no massive redistribution of land to former slaves, hence the opportunity for land ownership and economic opportunity never occurred. African Americans continued to experience decades of segregation even after the establishment of the Civil Rights Division with the Justice Department (1957), and the passage of Civil Rights Acts (1964) which outlawed racial segregation in schools, the Voting Rights Act (1965) and the Fair Housing Act (1968). Between the early 1930s and late 1970s the Federal Housing Authority (FHA) supported suburbanization of America through government home financing. African Americans were systematically left out of the government mortgage money program and were all but eliminated from the “greatest mass-based opportunity for wealth accumulation in American history” (Oliver & Shapiro, 1995:18). Disappointment and distrust of the economic system has been perpetual in the life of the African American in the United States.

The adversities continued well into the 1980s, with institutional racism, redlining and unfair mortgage lending practices. Today, African Americans are at greater financial risk due to subprime loans and the home foreclosure crisis (National Urban League, 2008). It has been argued that this legacy of oppression against African Americans that has lasted for nearly four centuries contributes to many of the social inequities that they experience today. This argument
is evident considering that today African Americans are still battling disparities in wealth accumulation, wages and occupations, and overall household income.

The literature on wealth disparities has consistently indicated that African Americans have not enjoyed full participation in the nation’s wealth accumulation over time (Conley, 1999; Gittleman & Wolff, 2004; Oliver and Shapiro, 1995). The median White net worth is nearly 15 times more than the median Black net worth (Kochhar, 2004). Disparities in wages and labor are also glaring. In occupations whether blue collar, pink collar or white collar, on average African Americans make substantially lower wages than Whites in the same field (Acs and Popest, 2009; Harrison and Gorham, 1992; Weeks and Wallace, 2006). Also, not only are there wage differentials but there are also gaping differences in the types of occupations African Americans populate. African Americans have a higher representation in service jobs while Whites benefit from overrepresentation in professional jobs (Spalter-Roth and Lowenthal, 2005). The perpetual social inequalities that African Americans have had to endure have produced a wide and deep gap between the White experience and the African American experience.

The social inequalities referenced above, particularly income and wealth differences, have been explained using economic and structural theories. Economists have generally focused on a group’s or individual’s ability to advance him/herself in the financial world without strong regard to race as a factor. Education, experience and skills, (or human capital), along with receptiveness to diligent saving and wise consumption patterns are assumed to determine who acquires wealth and income security (Brown and Cornfield, 2008; Oliver and Shapiro, 1995). On the other hand, those favoring the structural explanation, primarily sociologists, focus less on the agency of the individual and emphasize the macro level influences and the integral role that race
has played historically in the formation of federal and state policies such as slavery and institutional racism, which continue to hinder wealth and financial security.

However, I suggest that there is an additional explanation that contributes to the literature concerning social inequalities that draws on the structural explanation but adds the element of culture⁴ to the analysis. In essence, African Americans have developed a unique set of norms and values that have emerged from their experiences with slavery, racism, discrimination, unfair policies and practices and overall marginalization in the United States. As these barriers have hindered their access to wealth and financial security over time, they have also allowed African Americans to construct a common set of cultural values that include, but are not limited to, an importance placed on family/extended family, fictive kinship and collectivism/communalism (Billingsley, 1968; Chatters, Taylor and Jayakody, 1994; Danzy and Jackson, 1997; McAdoo, 1998, 2007). Placing value on family and community needs has been a historical marker for African Americans and it is testament to their willingness to survive in this country despite structural inequalities. These structural barriers facilitated the development of cultural values that emphasize group-reliance among African Americans, and may also help explain some of the inequities in wealth and possibly those gaps in financial knowledge, experience, and behavior.

Economic explanations for social inequalities emphasize individual ability to collect human capital and deemphasize, to some degree, how structural barriers hinder this

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⁴The use of culture and values in this manuscript is not to be confused with Oscar Lewis’ “cultural of poverty.” This heavily debated social theory attempted to explain the persistence of poverty by asserting the minority poor, adapted to systemic poverty by developing a value system that helped them remain in poverty. Oscar Lewis’ “culture of poverty” which has been widely criticized for problems regarding sampling, canons of proof, inconsistencies, and interpretations (Leeds, 1971; Valentine, 1971). As the reader will see, culture and values used in this study refer to widely accepted aspects of African American culture and values such as emphasis on family, kinship, communalism and the helping tradition. This study uses culture and values to shed light on how African Americans interpret and maneuver the survival of their collective economic conditions, not how they are bound by them.
accumulation. A sociological perspective would emphasize the structural influence in social inequalities but would not fully account for the influence of various cultural responses to these social inequalities. For illustrative purposes, imagine an individual with a slightly less than average credit rating, having a difficult time acquiring a business loan. It is common knowledge that a credit score can influence one’s ability to access financial loans with which to open a business or purchase a home. Economists would argue that he or she did not acquire the correct experience and skills or education needed to effectively maintain a good score and acquire the loan. Sociologists might argue that the individual may be experiencing some form of institutional racism within the banking institution. Applying the cultural perspective, it is possible that the individual had a less than average credit score because he or she neglected to pay a few bills in the past due to family related needs. In this case, the importance of family, which has historically been a shield against financial hardship for many African Americans, would supersede the need to maintain a healthy relationship with a financial institution.

It can be argued that their historical experience with structural inequalities have excluded African Americans from the financial market and have created an alternative kind of “knowledge” that is passed down via cultural capital for the next generation to follow. This phenomenon has been termed Ethnic Money Knowledge (EMK) in this dissertation. Ethnic Money Knowledge is a consideration of how an ethnic group becomes affiliated with the financial market and how their historical experiences have informed/shaped their approach to financial understanding and behavior. In other words, Ethnic Money Knowledge speaks to African American’s resilience to survive and thrive in a largely unequal economic system. This dissertation uncovers the various ways in which African Americans transfer these valuable,
culture laden financial understandings and demonstrates that these cultural mores are an intricate part of how they maneuver financially.

**Ethnic Money Knowledge**

The contentious relationship that African Americans have had with the economy since the beginning of their existence in America has influenced choices that they make about their financial matters. This “alternative” understanding, which has been coined Ethnic Money Knowledge, gets passed down through cultural capital from families from one generation to the next. We have discussed the importance of family and communalism among African Americans as a cultural value. Thus, when we analyze the results of financial literacy exams we have to take this into account. For example, the JumpStart Coalition’s financial literacy exam of high school seniors and college students asks the following question: “Don and Bill work together in the finance department of the same company. Bill spends his free time taking work related classes to improve his computer skills, while Don spends his free time socializing with friends and working out at a fitness center. After five years what is likely to be true?”

a) Don will make more money because he is more social.

b) Don will make more because Bill is likely to be laid off.

c) Bill will make more money because he is more valuable to his company.

d) Don and Bill will continue to make the same money.

The correct answer is C. Seventy-four percent of White and 58% of Black high school students answered correctly. However, among Black students 17% of high school students answered A, which demonstrates a value on social and communal ties, compared to only 9% of White high school students. Responses were similar among college students as well. Although this study does not individually analyze the cultural relevance of each question presented on a variety of
national financial literacy exams, this example is used to illustrate that there are cultural values that affect outcomes in financial literacy.

Ethnic Money Knowledge (EMK) is transmitted through families as a part of what Pierre Bourdieu calls cultural capital. Cultural capital is the knowledge, experience, values, attitudes, beliefs and norms one gains through the course of their life that equips them for society (Bourdieu, 1986). African Americans, due to their historical experience, have generated a kind of understanding that has been passed down to ensure that their families survive. Often these survival mechanisms have economic components that can filter their understanding of financial matters. The tradition of helping among African American families and communities, (Martin and Martin, 1985; Smith, 2001) has been a critical means to combat economic hardships. This resilience strategy instills values such as extended family kinships, fictive kin and collectivism/communalism that aid survival. Swindler (1986:273) defines culture as a “‘tool kit” of habits, skills, and lifestyles from which people construct and inform their “strategies of action.” When applied to financial matters, these cultural “strategies of action,” shape how people approach and navigate money and the financial market.

The concept of Ethnic Money Knowledge draws from other literature about ethnic minorities in the United States. Contributions to the concept of EMK include research that emphasizes solidarity among ethnic groups (Bonacich and Modell, 1980; Maeda, 2009; Min, 2008). Ethnic solidarity is defined as the “extent to which members of an immigrant-ethnic group are culturally, socially, and psychologically attached to the group” (Min, 2008:2). Much of this literature focuses on immigrant populations and their heavy concentration in the entrepreneurial sector but ethnic solidarity also encourages collective action to protect an ethnic
group’s overall economic, political and general welfare (Maeda, 2009; Min, 2008). The concept of ethnic solidarity is reflected in Ethnic Money Knowledge because of the value placed on collective survival and the common knowledge of how this phenomenon works within the group, in this case African Americans. Ethnic Money Knowledge is different from ethnic solidarity in that it focuses more on the aspect of knowledge, the transmission of knowledge and how this knowledge is used in their personal financial matters. Ethnic groups learn these expectations through their family and community environment. Similarly, Ethnic Money Knowledge is primarily transferred in families and influences how ethnic groups filter this knowledge in their financial matters. The cognitive science literature explains this using the concept of “prior knowledge” which is a critical aspect of EMK. This area of research suggests that our prior knowledge influences how we learn new knowledge and serves as a filter through which new knowledge is acquired (DiSessa, 1982; Lee, 2005:60).

I chose to focus on the African American middle class because this group has been largely neglected in the general academic literature (Landry, 1987; Patillo-McCoy, 1999a, 1999b) and, contrary to popular belief, the majority of African Americans are not all members of the urban poor. The African American middle class has grown substantially since the 1960s to the extent that in 2005 (prior to the subprime lending racket), 48% of African Americans owned homes which is one indicator of middle class status (U.S. Census Bureau, 2006a). Academic research does not deny the existence of an African American middle class but has tended to focus more on the low-income and underclass populations within the African American populace which are considered to be more of a “social problem.” It is problematic to ignore middle class African Americans because their class status does not protect them from the continued economic,
occupational, and wealth inequalities experienced by low-income and poor African Americans (Patillo-McCoy, 1999a).

While recognizing the socioeconomic class diversity within the African American population, this study also recognizes the ethnic and geographical diversity that also exists in the African American middle class. These differences may also inform how African Americans have made sense of their relationship to the financial market through their Caribbean background, southern roots, middle class origins, and/or working class beginnings. This study takes on the task of exploring the financial socialization of this neglected portion of the African American population.

Given the significance of African Americans cultural values and the ways in which they can be used to counteract difficulties in the harsh economic times as well their general exclusion from the financial market, these two factors are explored in the study of African Americans’ culturally influenced financial literacy also to be known as their Ethnic Money Knowledge.

**Statement of the Problem**

The fact that African Americans deal with economic disparities at a greater rate and with deeper consequence than many other American racial and ethnic groups is an indication that there is an underlying problem. Social scientists, educators and policy makers need to explore every possible explanation of why this is the case. Understanding African Americans’ knowledge and behaviors in the financial market may help improve the economic situation of African Americans as well as the nation.
There has been little academic attention addressing and understanding the gaps in financial literacy scores between African Americans and Whites. Since there is no satisfactory explanation for this gap, this study explores whether there is a cultural value explanation for how financial understandings get passed down, as well as whether this ethnic groups’ historical experience influences how they approach the current financial market.

With limited cultural understandings and explanations for these differences, the push for financial literacy for this group will be incomplete. This study may help to prepare policy initiatives and programs to design curriculum that caters to African Americans’ needs thereby promoting better financial well-being.

The criteria for good social science research questions according to King, Koehane, and Verba (1994) is that they must be feasible, socially important and relevant. In that light, this study explored the following questions.

1) Question 1: Are there value lessons regarding financial matters that are passed down in these African American families that are different from mainstream understandings of money knowledge and behavior that may or may not be considered financially savvy or “literate”?

2) Question 2: Secondly, within the African American family how and with whom do the family members discuss and gain knowledge about financial matters. In other words, what are the modes of transmission of financial understanding?

**Definition of Terms**

The following terms will be used extensively throughout this study.

*Financial literacy*. Financial literacy is the ability to demonstrate adequate factual knowledge and economically savvy behaviors, which are influenced by experiences, concerning a variety of financial matters (Morton, 2005; Moore, 2004).
African American. This indicates that participants believed themselves to be descendents of Africa yet born and raised in America. Participants in this study were self-identified as African American through demographic surveys.

Caribbean roots. The term Caribbean roots refers to African Americans born in the U.S. with one or more parents originating from the Caribbean islands. Often called the West Indies, the Caribbean, according to Chaney (1994) can be defined as the 50 inhabited islands that comprise a 2,000 mile stretch between Trinidad and western Cuba. Among the countries included in the Caribbean, thus defined, are Jamaica, Trinidad and Tobago, Montserrat, Guyana, Grenada, Aruba, Dominican Republic, Martinique, St. Lucia, Bahamas, and Barbados.

Southern Roots. For the purpose of this study, persons with Southern roots are African Americans born in the southern portion of United States but who have moved to the Northeast as a child or young adult. Southern roots include states in the southeast, Upland South, Deep South and Gulf coast regions of the United States which includes the states Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Northern Roots. The term refers to African Americans who have lived in the Northeastern region of the United States for generations, including, at a minimum, their parents.

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6 The categorization of states representing the Northern region of the U.S states adopted from the U.S. Census Bureau http://www.census.gov/prod/2003pubs/p20-541.pdf. The remaining states were categorized as West and Midwest but participants originating from these states were not included in this study: Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

*Working Class Roots*. For the purpose of this study, the term refers to African Americans who grew up in a working class household but are now currently considered middle class.

*Middle Class Roots*. For the purpose of this study, the term refers to African Americans who are currently middle class and their parents were also considered middle class.

*Middle Class*. Technically there is no consensus about the definition of middle class and neither is there an official governmental definition (Cashell, 2007). In this study, the definition of middle class follows the lead of the Congressional Research Service (CRS) and applies a more generous approach to defining class. Income groups are divided into five quintiles with the bottom representing 3.4% of the distribution and the top 5% representing 21.2% of the distribution. The three middle quintiles represent the households with income between $20,291 and $100,000. This accounts for 60% of the distribution (Cashell, 2007). This approach was taken in order to be more inclusive and explore a broader section of what is considered middle class. Also, in this study, middle class status included having some amount of college education and careers within the management and professional occupations.

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7 Used responses from demographic survey pertaining to parents’ education, occupation and income to determine working class roots
8 Used responses from demographic survey pertaining to parents’ education, occupation and income to determine working class roots
African American Middle Class. Within the definition of middle class, there is the distinction of the African American middle class. The participants in this population fell between the lower-middle class and middle class incomes outlined in the chart below.

\[
\begin{array}{|c|c|c|c|}
\hline
\text{Quintile} & \text{Income Range of Quintile} \\
\hline
\text{Bottom quintile} & \text{Less than $20,291} \\
\text{Second quintile} & \text{$20,291$ to $39,100$} \\
\text{Middle quintile} & \text{$39,100$ to $62,000$} \\
\text{Fourth quintile} & \text{$62,000$ to $100,000$} \\
\text{Top quintile} & \text{more than $100,000$} \\
\text{Top 5\%} & \text{more than $177,000$} \\
\hline
\end{array}
\]

Social Capital. The term refers to the resources that emerge from one’s social ties. Social capital occurs through sociability, which is a constant effort, and series of exchanges, repeatedly affirmed through membership in a group or group association.

Cultural Capital. The term refers to the knowledge, experience, values, attitudes, beliefs and norms one gains through the course of their life that equips them for society. Typically the first source of cultural capital comes from the family.

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10 U.S. Census Bureau, adapted from Lacy (2007).
African American Helping Tradition. Refers to the largely independent struggle of African Americans for their survival and advancement from generation to generation. It refers to the help offered and received whether monetary or non-monetary. However, in this study the focus is on the elements surrounding the monetary support among African American families. Components of the helping tradition include extended family networks, fictive kin, and collectivism/communalism.

The Financial Market. Traditionally an economic term, financial markets are vast and refer to many sub-categories such as commodity markets, money markets, insurance markets, and foreign exchange markets. In this study, the term financial market refers to any aspect of finances that requires the exchange of funds. These monetary exchanges can include banking, credit use, home buying, lending and receiving personal and institutional loans, various forms of insurance, consumption, saving etc. In this study the term, financial market, is used generically to refer to any aspect of personal finances.

Ethnic Money Knowledge. This concept suggests that an ethnic groups’ historical experience has generated a kind of financial understanding that has been passed down to ensure that their families survive. Often these survival mechanisms have economic components that can filter their understanding of financial matters.

Significance of the Study

Allen (1979) and Sudarkasa (1988) respectively, drew arguments from the idea that African Americans could not be adequately understood until we recognize the cultural and socioeconomic contexts in which they were formed. In order to develop more effective programs and policies that involve African Americans and their financial literacy (i.e., knowledge and behavior), the relationship between their received cultural capital and their understanding of how
to navigate the financial market needs to be explored. Going forward, this current study is timely and beneficial to the efforts addressing the specific needs of the nation’s population around concerns of financial literacy.

**Overview of Remaining Chapters**

In Chapter II a review of the literature on African Americans, financial literacy, cultural capital, and the helping tradition is presented. It will give a historical overview of African Americans origins in the United States as well as outline the perpetual disparities in wealth, wages and occupations, as well as household income. The chapter will serve the purpose of helping readers understand the definition of financial literacy and its components and help to inform them of the role the social capital, cultural capital and the African American helping tradition play in the dynamics of this study. The literature reviewed in Chapter II will help to formally introduce the concept of Ethnic Money Knowledge as a theoretical framework in which the results of this study are interpreted.

Chapter III describes the methodology employed in the current study and explains the theoretical approach employed in the study as well as the use of grounded theory and phenomenology. Chapter III also explains the research design of the study and the procedures used to gather data.

Chapter IV is a brief account of the African American Middle Class that outlines its origins, which include the political and educational contributions to its formation. The chapter will also look at the African American middle class identity and give a detailed account of the participants who contributed to the study.
The results of the study are presented in Chapters V and Chapter VI includes a discussion of the findings along with the implications for the study and future research to consider.
CHAPTER II

REVIEW OF THE LITERATURE

In Chapter I, the rationale for exploring African Americans’ cultural capital and their understanding of how to navigate the financial market coupled with their historical cultural values was presented. In this chapter, the current economic difficulties experienced by African Americans are considered, with a focus on inequalities in wealth, wages and household income. Financial literacy is defined along with its relationship to social and cultural capital. In addition the African American helping tradition is discussed. Finally an introduction to the concept of Ethnic Money Knowledge is presented.

African Americans in the United States

The African American population makes up 12.8% of the population in the United States (U.S. Census, 2008). The African American or Black population is projected to make up 15% of the population by 2050 (U.S. Census Bureau, 2000b) with immigration from the African diaspora being one of the key factors contributing to their overall expansion.

African Americans are a diverse group that typically includes people whose ancestors were brought involuntarily to this country through slavery and those whose ancestors voluntarily immigrated to this country from Africa and the Caribbean. As mentioned, the majority of African Americans are descended from Africans who were forcibly shipped to the United States under duress as a result a chattel slavery system (see Franklin and Moss, 1998). However, during the 17th century the Atlantic Creoles were some of the first Africans to be transported to the mainland of North America (Berlin, 1998; Heywood and Thornton, 2007) and some did so voluntarily. Despite debate regarding whether Atlantic Creoles originated more from Central or
West Africa, there was no contesting the mixed heritage of Dutch, Portuguese, African and other European races that cultivated this population. Capable of negotiating a variety of European and African languages and cultures, the Atlantic Creoles were able to mediate business and social relations between the cultures which gave them valuable social capital and social agility to become successful in many endeavors. Though not immune to the conditions pulling the New World into a slave society, such as the potential profit of sugar, indigo and tobacco, rice and later cotton, according to Berlin (1998), members Atlantic Creole population found themselves slaves and were later noted as the charter generation of African Americans.

As the demand for cheap labor increased, Virginia, codified slavery in 1661 and perpetual slavery existed in the Americas throughout the 1700s. During this time, generations of Africans were heavily involved with building America’s local and national economies as well as building the country’s infrastructure including the White House and the U.S. Capitol11 building (Holland, 2007). Africans brought a number of skills with them into captivity including masonry, carpentry, and crop cultivation. During the antebellum period free blacks operated in skilled occupations such as barbering, catering and tailoring, retailing and dry goods merchandising (Walker, 2009). But despite African Americans’ hard work and contribution to the country it would not be until 1865 that the institution of slavery was abolished with the passage of the 13th Amendment.

The Caribbean population was also enslaved and brought to the Northern Atlantic region from Africa in bondage. However, many Caribbean islands were emancipated from bondage before North American slaves were freed. Mass immigration of free Caribbean peoples to

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11 Jesse Holland’s book *Black Men Built the Capitol* outlines the involvement of slave labor in the construction of the nation’s government buildings in and around Washington, D.C.
America began during the early 1920s (Johnson, 2006). Originally seeking education and economic stability through better employment opportunities, Caribbean Americans have migrated to the United States in relatively large numbers and have maintained significant numbers in cities such as Atlanta, Boston, Chicago, Denver, Los Angeles, Miami, New York, Philadelphia, Washington, D.C., Minnesota State, and Washington State (Bryce-Laporte, 1994; Kraly and Miyares, 2001; Vickerman, 2001; McKenzie, 1986). As they settled into the U.S., Caribbean immigrants have shared many of the experiences with African Americans (Suárez-Orozco, 2000), although they have not always completely identified with the African American experience due in part to their entrepreneurialism and their perceived hard work ethic valued by many White American employers. Their experience with labor in America is notably different when compared with that of African Americans.

African Americans continued to experience decades of segregation after emancipation and even after the passage of the Civil Rights Act of 1964, the Voting Rights Acts of 1965 and the Fair Housing Law of 1968 had been passed. Slow federal enforcement of civil rights led to continued de facto segregation. African Americans have had the challenge of striving for economic success while being plagued by structural inequality in a number of areas which include, but are not limited to, wealth, wages, occupations and overall household income.

**Wealth Disparities**

Wealth, which is distinct from income, is the total value of assets and property that families own minus their debts (Shapiro, 2004; Keister, 2000). It represents a more permanent capacity to secure advantages and can be transferred from one generation to the next (Shaprio, 2004). The wealth disparity between African Americans and Whites has been well documented in the literature (Moran, 2008; Nembhard and Chiteji, 2006; Shapiro and Kenty-Drane, 2005;
Kochhar, 2004; Shapiro, 2004; Gittleman and Wolff, 2004; Conley, 1999; Oliver and Shapiro, 1995; Keister, 2000; Keister and Moller 2000; Sherradan, 1991). This literature has consistently indicated that African Americans have not enjoyed full participation in the nation’s wealth accumulation over time (Keister, 2000; Kochhar, 2004; Oliver and Shapiro, 1995; Shapiro, 2004). In 2004 nearly 30% of African American households had zero or negative net worth compared to 13% of Whites (Lawrence, Bernstein and Allegretto, 2006). In 2002,\(^{12}\) the median net worth for African American households was only $5,988 compared to the net worth of Whites households at $88,651 (Kochhar, 2004). That is, median White net worth was nearly 15 times more than median African American net worth. Kochhar (2004) reported that between 1996 and 2001, African American households net worth fell by 16.1% while the net worth of White households increased by 17.4%. So not only is there a disparity between the wealth held by Blacks in comparison to Whites, there is also disparity in how much of that wealth is retained over time. Before wealth was used as a major indicator of economic disparities among racial groups, income and wages were the principle tools used to measure economic inequality. While wealth is a stronger indicator of economic disparity over time, wage depression still exists among African Americans and impacts the ability to build and retain household wealth over time. The following table outlined by the 2000 U.S. Census details some of the differences in wealth/assets by race in the United States.

\(^{12}\) Similarly, Alfred Gottschalck of the U.S. Census Bureau, reviewed data from 2002 and reported the median net worth for Whites as $87,056 and Blacks as $5,446 in 2002 dollars. However, this analysis further reported the median net worth excluding home equity. This exclusion revealed the net worth for Whites as $19,079 and Blacks as $1,102 (Gottschalck, 2008).
Table 2.1 Percentage of Asset Ownership of Household by Race: 200013

<table>
<thead>
<tr>
<th>Race</th>
<th>Number of Households (thousands)</th>
<th>Interest earning Assets at financial Institutions</th>
<th>Other interest earning assets</th>
<th>Own Home</th>
<th>Rental Property</th>
<th>IRA or Keogh accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>88,012</td>
<td>68.8</td>
<td>3.7</td>
<td>70.7</td>
<td>5.2</td>
<td>25.7</td>
</tr>
<tr>
<td>Black</td>
<td>79,562</td>
<td>41.6</td>
<td>0.8</td>
<td>46.8</td>
<td>2.2</td>
<td>6.5</td>
</tr>
</tbody>
</table>

The results obtained from this study will help academia draw lines between the experience of African Americans and the perpetual inequalities that they have faced, and a cultural values approach to the financial market. Within a system that has managed to make small strides toward equality, there are still gaping inequalities around which African Americans must learn to maneuver. In some cases this means inserting cultural values such as collective preservation, invoking the help of extended and fictive kin and uplifting family as important and as a means of survival.

**Inequality in Wages and Occupations**

Examples of the gaps in wages and income between African Americans and the majority population are plentiful. From non-college, minimum education groups to those with advanced degrees, the disparities are apparent. For example, in the medical field where African Americans comprise less than 4% of all doctors and surgeons (Association of American Medical Colleges, n.d), African American male doctors can make up to 29% less than their White male counterparts (Weeks and Wallace, 2006). In the non-college, manual labor group, the racial disparities are still present. Acs and Loprest (2009) and Harrison and Gorham (1992) found that even after controlling for worker, job, and employer characteristics, among the less skilled-labor

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market, there were still persistent wage differences between African American and White workers with African Americans receiving lower earnings.

In addition to the inequality in wage earnings, there is also inequality in the fields in which Blacks and Whites find employment. Spalter-Roth and Lowenthal (2005) examined how race and ethnicity affected the labor market and found that one third (33%) of White men are employed in managerial and professional occupations compared to one-fifth (20%) of African American men. Furthermore, more than one-quarter (25%) of African American men have jobs in production, transportation, and material moving occupations compared to less than one fifth (<20%) of White men (Spalter-Roth and Lowenthal, 2005). African American women have a disproportionately higher presence than White women in service occupations such as food preparation, cleaning and personal care (Spalter-Roth and Lowenthal, 2005). Unfortunately these occupations listed are characterized by poor pay, few benefits and little upward mobility (Spalter-Roth and Lowenthal, 2005). Lastly, although there have been great strides in the wages and occupations of African Americans demonstrated by the increased participation in higher education, research shows (Jacobs and Blair-Loy, 2001) that for African Americans, both women and men are concentrated in temporary and on-call work opportunities that are characterized by lower pay and little to no benefits.

The general statistics without the breakdown of gender are equally as daunting. The U.S. Bureau of Labor and Statistics (2008a) reported the following data on occupational differences in 2007 between African Americans and Whites. The data indicates that Whites hold, on average, more higher salaried managerial/professional occupations while African Americans tend to have the more typically lower paying service and sales occupations.
Table 2.2. Labor Force Characteristics by Race and Ethnicity, 2008\textsuperscript{14}

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Total population</th>
<th>Whites</th>
<th>African Americans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management, professional and related occupations</td>
<td>36.3</td>
<td>37</td>
<td>27.4</td>
</tr>
<tr>
<td>Service Occupations</td>
<td>16.8</td>
<td>15.7</td>
<td>24.4</td>
</tr>
<tr>
<td>Sales and office occupations</td>
<td>24.5</td>
<td>24.5</td>
<td>25.5</td>
</tr>
<tr>
<td>Natural resources, construction, and maintenance occupations</td>
<td>10.2</td>
<td>11.0</td>
<td>6.4</td>
</tr>
<tr>
<td>Production, transportation, and material moving occupations</td>
<td>12.2</td>
<td>11.9</td>
<td>16.2</td>
</tr>
</tbody>
</table>

Furthermore, according to sociological studies by Boushey and Cherry (2000) this occupational segregation can help explain some of the persistent wage gaps between Whites and African Americans. Given that Africans Americans are earning less income across professions and are over-represented in low-wage earning jobs, they are at risk for facing heightened hardships in unemployment caused by economic downturns. In fact, in March 2010, the National Urban League released its annual *State of Black America* publication, which reported that during the recent downturn, African Americans have a national unemployment rate of 15.8% compared to 8.8 % for Whites (National Urban League, 2010). These disparities have been shown to be consistent for African Americans. In 2008, the Bureau of Labor and Statistics reported that Whites’ unemployment rates were 5.5% while African Americans’ unemployment rates were reported to be 10.1%. During 2003, the White annual unemployment rate increased approximately 2% when it grew from 3.5% to 5.2% (Economic Policy Institute, 2008). On the other hand, for African Americans during this same recession, unemployment rates rose from 7.6% to 11%--nearly a 4% increase (Economic Policy Institute, 2008). Furthermore, in 2007 (during the housing boom), African Americans continued to have the highest unemployment rate

of all groups, an astounding 8.3% compared to 4.1% for Whites (Bureau of Labor and Statistics, 2008b). In sum, lower wages, high prevalence in less stable service occupations rather than professional occupations and increased vulnerability during harsh economic times reinforce the barriers to engaging in wealth building behaviors and gaining greater perspective of how the financial market operates.

**Gaps in Household Income**

Over the last 35 years the median income for both African American and White families has increased, but there is still a wide gap between the two groups (Bitler, Gelbach and Hoynes, 2003; Issacs, 2008). The household income of African Americans has always been markedly less than the household income of White Americans. In 1975 the median family income of White adults was $39,463 and for African Americans it was $23,691. More than 30 years later, in 2006 the median income for African American adults was $31,969 and for Whites it was an astounding $50,673 (U. S. Census Bureau, 2006). This means that during the 30 years between 1975 and 2006, African Americans were unable to match the median income that White families held in the 70s. The table below clearly indicates the disparities present in total household income between African Americans and Whites in the most recent U.S. Census information collected in 2006.
### Table 2.3. Money Income of Households
Percent Distribution by Income Level and Race (2006)\(^{15}\)

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Total Population</th>
<th>White</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $15,000</td>
<td>13.4</td>
<td>11.8</td>
<td>24.4</td>
</tr>
<tr>
<td>$15,000–$24,999</td>
<td>11.8</td>
<td>11.5</td>
<td>15.2</td>
</tr>
<tr>
<td>$25,000–$34,999</td>
<td>11.5</td>
<td>11.3</td>
<td>13.5</td>
</tr>
<tr>
<td>$35,000–$49,999</td>
<td>14.6</td>
<td>14.6</td>
<td>14.8</td>
</tr>
<tr>
<td>$50,000–$74,999</td>
<td>18.2</td>
<td>18.8</td>
<td>15.2</td>
</tr>
<tr>
<td>$75,000–$99,999</td>
<td>11.3</td>
<td>11.8</td>
<td>7.7</td>
</tr>
<tr>
<td>$100,000 and over</td>
<td>19.1</td>
<td>20.2</td>
<td>9.1</td>
</tr>
<tr>
<td>Median Income in dollars</td>
<td>48,201</td>
<td>50,673</td>
<td>31,969</td>
</tr>
</tbody>
</table>

These three areas of economic disparities: wealth, wages and occupations and household income, have at one point been erroneously explained away by using meritocracy perspectives (Langston, 1998). These perspectives would assume that one’s economic success, no matter the race or creed is dependent upon mere talent and competence and the ability to “pull up on their own bootstraps.” In line with this thinking, despite the influence of slavery and systematic oppression, African Americans should have the ambition to succeed and compete on an “even playing field” with White Americans who have enjoyed the multi-generational benefits of not being African American (Shapiro, 2004). African Americans have worked and labored very hard for the years they have existed in the United States and yet household incomes are depressed, wages are not comparable, and family wealth grows slowly if at all, for a significant portion of the population. The historical, systematic and institutional racism along with other structural barriers in policies and programs constitute impediments to participation in the financial markets and may have contributed to a gap in the acquisition of valuable knowledge needed to effectively manage money, which subsequently results in the lower financial literacy found among African Americans in survey research.

\(^{15}\) Source: U.S Census Bureau (2006b)
Financial Literacy

Knowledge about money is an issue that has gained national attention under the name of financial literacy. It is a relatively new term that has been used throughout the economic and business literature since the early 1990s, and has been addressed through campaigns and programs from banking companies, government agencies, grass-roots organizations, and consumer and community interest groups (Braunstein and Welch, 2002; Hilgert, Hogarth and Beverly, 2003; Mandell, 2005; Morton, 2005). Due to the number of independent programs, financial institutions, congressional hearings and websites with initiatives for promoting proficiency in financial literacy, compounded by the paucity of academic literature on the subject, it is difficult to adequately capture a consensus of the various elements of the meaning of the term. Many early financial literacy programs and initiatives focused on basic financial understandings to include proficiency in credit, debt, saving, spending and budgeting. However, as the financial world became more complex due to advances in financial instruments and the downturn of the economy, initiatives began to expand their definitions to include more advanced components such as investing, retirement planning, stock and bonds, knowing how to restore mortgages, and understanding transition between jobs after layoffs (Carlino, 2009). There is a body of literature that examines the many individual components of financial literacy (Carlino, 2009; OCED, 2005; Smith and Richardson, 2009; Vitt and Murrell, 2007) but few have examined the term in its full scope.

Due to the limited scope of this study, this discussion will not outline the endless possibilities of what topics qualify as components of financial literacy that were revealed in an exhaustive review of scholarly and non-scholarly literature (Vitt and Murrell, 2007). Rather, it is
more important to know that the more encompassing definitions of financial literacy include components of knowledge, experience and behavior. Moore (2004) reported that “financial literacy cannot be determined from simple, isolated measures of knowledge, experiences or behaviors,” but rather all components are needed to accurately measure financial literacy for a more comprehensive assessment (Moore, 2004; Hilgert, Hogarth, Beverly, 2003).

FIRNA Investor Education Foundation has made the greatest strides in developing and executing a comprehensive assessment of financial literacy in their recent survey released in December 2009. The Department of Treasury recently consulted with FINRA and commissioned the National Financial Capability Study to produce the first comprehensive national study of the financial capability of adults in the United States. The National Survey “benchmark[ed] key indicators of financial capability and evaluat[ed] how these indicators vary with underlying demographic behavioral, attitudinal and financial literacy characteristics” (FIRNA, 2009:24). The National Survey focused on four key components of capability: (1) making ends meet, (2) planning ahead, (3) managing financial products and (4) financial knowledge and decision

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16 FIRNA uses the term “financial capability” over the term “financial literacy.” But the terms are fairly synonymous.
17 The National Survey is the first of its kind and is one of three linked surveys that collectively make up the National Financial Capability Study. The National Survey is a nationally-projectable telephone survey of 1,488 American adults. The survey was constructed with a multi-disciplinary team and the primary sample of respondents was 1,200 individuals who were representative of the general adult U.S. population. To ensure a sufficient number of respondents for the analysis, African-Americans, Hispanics, Asian-Americans and adults with less than a high school education were oversampled (N=150 per group) making the total number of respondents in the sample 1,488, as mentioned. The other two components of the National Financial Capability Study are the State-By-State Survey which is an online survey of approximately 25,000 American adults at a rate of approximately 500 per state plus the District of Columbia and the Military Survey which is also an online survey of 800 military service members and spouses. The last two components of the National Financial Capability Survey have yet to be release but are expected early in 2010 (FIRNA, 2009:24).

18 The National Financial Capability Study has only been recently released and FIRNA has announced that the intent is to continue to analyze the data to generate and uncover more findings. Researchers and policy makers have access to the data and survey instrument online at www.firnafoundation.org/capability. The Study is expected to be repeated every three-five years.
making. This ground-breaking survey has given some insight into the financial literacy of individuals who differ in gender, household income, education and ethnicity\textsuperscript{19}.

The review of the literature in the next subsection on financial literacy will focus primarily on African Americans’ factual knowledge and behaviors as they are related to financial literacy. Financial experiences are less documented in the literature and this study will serve to fill some of this gap. However, a note on the relationship between knowledge and behavior is important. Table 2.4 below outlines examples of the relationship between financial knowledge and generally accepted financial behavior as suggested by sources of mainstream financial advice. Hilgert, Hogarth and Beverly (2003) explored the connection between financial knowledge and behavior by examining what consumers actually know and what they actually do. They focused on four areas of financial management activities: cash-flow management, credit management, saving, and investment. They reported that those who scored higher on financial literacy measures were more likely to follow accepted financial practices. These authors cautioned that this correlation does not always directly translate into an assertion that increased knowledge necessarily leads to better behavior.

\textsuperscript{19} Demographics: Age (18-29, 30-44, 45-59, 60+); Household income (less than $25,000, $25,000 to $75,000, more than $75,000); Education (non-high school grad, high school grad/no college, some college, college graduate/post-grad); Ethnicity (Caucasian, African-American, Hispanic, Asian).
Table 2.4. Financial Literacy Knowledge and Behaviors Chart

<table>
<thead>
<tr>
<th>Acquired Knowledge</th>
<th>Corresponding Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understands the relationship between assets and wealth</td>
<td>Takes reasonable, income determined steps to accumulate wealth such as buying a home</td>
</tr>
<tr>
<td>Understands the benefits and risks of investing</td>
<td>Owns a well managed investment portfolio</td>
</tr>
<tr>
<td>Understands that the principle of saving is to pay yourself first</td>
<td>Participates in automatic withdrawal of funds into a 401K</td>
</tr>
<tr>
<td>Understands the effects of compound interest on total amount borrowed on a loan</td>
<td>Shops around for best interest rates and calculates the compound interest. Takes the loan with the lowest interest rate.</td>
</tr>
<tr>
<td>Understands how high balances on credit cards affect the credit score and knows the risks associated with late payments</td>
<td>Sets a limit to never charge more than 1/3 of the spending limit on credit cards and makes all payments (above the minimum payment amount) on time.</td>
</tr>
<tr>
<td>Understands one should save at least 3-6 months of income to live on if laid off or become ill</td>
<td>Has 3-6 months of income saved to live on if laid off or becomes ill.</td>
</tr>
</tbody>
</table>

They referenced two alternate explanations for the flow of knowledge and its relationship to behavior. First, the relationship could have a reverse causal effect—as one improves his/her behavior they gain knowledge. For example, as one accumulates wealth they learn more about wealth. Secondly, there could be another variable within the relationship between knowledge and behavior where it is “family experiences and economic socialization that affects both knowledge and behavior” (Hilgert, Hogarth and Beverly, 2003:311). And it is the latter relationship that is explored in this study.

**African Americans Financial Knowledge and Behavior**

The financial literacy research that has been conducted over the last couple of decades has generally been administered in two areas. The first area of research involves the assessment of factual knowledge regarding a money matters, i.e. financial literacy assessment tests. Scores on these assessments are tallied and presented to the media as findings regarding what

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20 This chart is used to differentiate components of financial knowledge from components of financial behavior. The behaviors listed are only examples of many possible behavioral responses to acquired knowledge. The corresponding behaviors derive from various self-help websites and books about managing finances and represent a general consensus on “acceptable” financial behaviors (Vitt and Murrell, 2007, Jump Start Coalition.com, Smith and Richardson, 2009).
Americans “know” about finances. The second body of research generally focused on some specific area of personal finance (ex. investing, insurance, or banking) and investigates how various demographics influence the financial literacy of individuals in that area. For example, some studies investigated how the following demographics effected aspects of financial understanding: gender (Chen and Volpe, 2002), age (Lusardi and Mitchell, 2006), work experience (Chen and Volpe, 1998), level of education (Waggle and Englis, 2000; Zhong and Xiao, 1995), marital status (Hallahan, Faff and McKenzie, 2004), and ethnicity, (Plath and Stevenson, 2000; Murphy, 2005; Zhong and Xiao, 1995). Although, the literature that focuses specifically on African Americans and various financial literacy components is limited, the findings are consistent. Even though these African American-focused studies are not prominent in the literature, the socio-economic statistics previously discussed clearly demonstrate a need for a better understanding of the financial knowledge and behavior of African Americans.

For the past ten years, African Americans have consistently scored below their White counterparts on financial literacy measures (Mandel, 1998, 2008). Jump$tart Coalition’s\(^{21}\) reports indicated that when measured on a variety of financial literacy topics in key areas such as income, money management, saving, spending and credit, 89% of African American young adults “failed” the exam (less than 60% of answers correct on the exam) compared to 64.4% of White adults (Mandel, 1998, 2008; Murphy, 2005). FIRNA’s report gave tremendous insight into

\(^{21}\) Jump$tart Coalition administers a national, biennial survey of personal financial literacy to high school seniors and college students. The baseline survey was conducted nationwide during the 1997-1998 school year among 12\(^{th}\) grade students to access their ability to survive in the financial world. In 2008 the sample was drawn from public high schools in the U.S. from a list provided online by the U.S. Department of Education. The sample size was 4,000 with a 15% response rate. The sample was stratified by state to insure geographic representation (Mandel, 2008). The college students sampled in 2008 included 1,030 full-time college students and they were given the same 31-item survey used for high school seniors and an additional college survey instrument not given to the high school students. The sample was derived from a large national compensated panel maintained by Survey Sampling International (SSI). Both high school and college students identified demographics that allowed Jump$tart to analyze results by basic demographic variables such as parental income and education (class), gender, and race.
the differences in race on a variety of financial capability measures. Fifty-five percent of Whites compared to 31% of Blacks reported that they had set aside emergency or rainy day funds that would cover expenses for three months in case of sickness, job loss economic downturn. Forty-eight percent of Whites compared to 38% of Blacks had figured out what they needed to save for retirement. On the financial knowledge and decision making portion of the survey, respondents were asked, *if interest rates rise, what will typically happen to bond prices?* The correct answer is that bond prices will fall. This was answered correctly by 24% of White respondents and only 11% of Black respondents. Furthermore, other literature on African American financial literacy has uncovered that there are deficits in specific aspects of financial literacy that do not favor the financial well-being of African Americans. For example, studies show that African American consumers exhibit a preference for tangible, lower-income yielding and non-financial assets, while White consumers tend to hold higher yielding income-producing assets (Blau and Graham, 1990; Plath and Stevenson, 2000). Plath and Stevenson (2000) found that Black financial portfolios tend to favor near-term savings such as consumer purchases (ex. saving for a car) compared to Whites who prefer distant-term savings (ex. saving for retirement). In addition, Boyce (1998) and Mabry (1999) found that upper class African Americans participate at a lower frequency in the stock market when compared to Whites. These findings indicate that while there is a general problem and deficit in the financial literacy of Americans overall, for African Americans there is a consistent, yet unknown, factor that contributes to lower financial literacy scores and the hesitancy of many African Americans to fully engage in the opportunities of the financial market.

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22 It is important to note that FIRNA is one of very few entities who collect and analyze financial literacy based on income and educational differences. The overall consensus is that those with higher incomes and more education fair better on the financial literacy measures. Only very recently have studies focused attention on class which is one of the reasons why I deal specifically with the middle class in this study.
financial market at the rate of their White counterparts. Structural constraints in the financial market contributed to these families’ need to adapt their financial knowledge and behavior to align with perceived less risky money-making decisions.

Given this, the historical and systematic exclusion of African Americans from financial markets may explain the observed gaps in financial literacy due to having limited personal experience with aspects of the financial market. This dearth of financial knowledge, or social capital, transmitted over time has contributed to African Americans’ life chances and outcomes. However, it has not completely eliminated transfer of financial information that gets passed down through generations of African Americans. For example, conservative participation in the financial market, or distrust of it, is a kind of financial literacy that gets passed down throughout the generations. Not only are there structural reasons for their rate of participation but there may be other alternative understandings that limit participation as well. Meaning, African Americans have a history of being misled and deceived by the White power structure in America and this understanding gets communicated throughout their generations. In Tom Burrell’s recent book, *Brainwashed: Challenging the Myth of Black Inferiority*, he discusses some of these issues of trust. In 2002, the Life Insurance Company of Georgia settled allegations that it charged higher premiums for Black policy holders than for their White policyholders for over 30 years (Burrell, 2010). Burrell also noted that as recently as 2009, the John Hancock Life Insurance Company settled a class action suit in which the company, prior to 1959, allowed a company practice of selling lower grade policies to African Americans while selling full range policies to Whites (Burrell, 2010). Burrell writes, “Distrust, fueled by exaggerated and repeated accounts of negative experiences at the hands of [financial] institutions, are what kept many [Blacks] from even educating [them]selves about the benefits of investing and savings. Thus [they] effectively
deny [them]selves the needed parachute in case of sudden financial instability or disaster” (Burrell, 2010:152). The other side of this coin would be that in the recent downturn of the economy in which many lost all of their accumulated savings and financial assets, this distrust of the market might have served them well. This study indicates that there is financial communication in African American households that draws from a filtered perception of the financial world, and mirrors aspects of African American life and culture.

Social and Cultural Capital

African Americans’ general historical and economical experiences have become the lens through which they see money matters. Do these cultural experiences inform how they respond to different financial situations? Have some things been learned and transferred throughout the generations? Theories of social and cultural capital best frame the idea that financial understanding may be a tool used to transmit acquired financial understandings and practices from parents to their children and beyond. This section of the chapter outlines social and cultural capital and explains how the concepts will be used in this study to better understand EMK among African Americans.

Social Capital

Social capital has been one of the most popular constructs introduced in the social science literature since the 1990s (Burt, 1992, 1997; Chong and Gibbons, 1997; Dunkel-Schetter and Bennett, 1990; Hagan, MacMillan and Wheaton, 1996; Hofferth, Boisjoly and Duncan, 1998; Savage and Kanazawa, 2004). Social capital was first theoretically and formally introduced in academia by French sociologist Pierre Bourdieu (1986). Social capital occurs through sociability, which is a constant effort, and series of exchanges, repeatedly affirmed through membership in a group or group association (Bourdieu, 1986). More simply, social capital is the resources that
emerge from one’s social ties (Portes and Landolt, 1996). Bourdieu’s concept of social capital focuses on the benefits of individuals participating in groups and the profits one accumulates by virtue of that membership (Bourdieu, 1986; Portes, 2000). With this understanding of social capital the “group” can be a variety of institutions (churches, hospitals, schools, families, social clubs, etc) which provide a form of capital or “benefit” to the individual just by membership. Bourdieu goes on to clarify that “the profits which accrue from membership in a group are the basis of the solidarity which makes them possible” (1986:14). As it relates to this particular study, social capital can be generated through families as they are connected by the genealogical bond (and fictive bond in African American families) represented in kinship relations. This represents the origins of the term social capital but over the years academia has found many uses and applications of the theory.

Other theorists such as Coleman (1988) are critical in furthering the literature on social capital and approach it with the intention of trying to better understand how it helped or hindered educational attainment (Coleman, 1988). Through this effort Coleman was able to define social capital and its function. He writes that

Social capital is defined by its function. Is not a single entity but a variety of different entities with two elements in common: they all consist of some aspect of social structures [i.e., family, institution, corporation] and they facilitate certain actions of actors, whether persons or corporate actors—within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible (Coleman, 1988, pS98).

Although somewhat vague in nature, this definition introduced ideas of group reciprocity and enforcement of norms to facilitate the transmission of social capital (Coleman, 1988). Group reciprocity refers to the actors in the group understanding that the benefits of group members warrant a give and take relationship among its group members. Similar to Bourdieu, Coleman
emphasized that these benefits or resources are obtained through the functioning of a group. Coleman goes on to distinguish the motivations of the actors, recipients, group norms and reciprocity expectations and the resources themselves that all facilitate the transmission and the source of social capital.

Coleman’s somewhat open definition of social capital left room for a variety of interpretations and applications (Portes, 1998). Scholars and researchers from a multitude of disciplines including politics, economics, psychology, sociology and business management began to utilize the term and modify its meaning to suit specific areas of study (Chong and Gibbons, 1997; Fernandez-Kelly, 1995; Savage and Kanazawa, 2004; Schiff, 1992; Stanton-Salazar & Dornbusch, 1995; Ostrom, 1994; Pennar, 1997; Woolcock, 1997; Zhou and Bankston, 1996). The overwhelming literature available on social capital has branched off into a number of different camps, making it nearly impossible to keep track of its evolution. However, across the gamut of disciplines, the definitions of social capital all have fairly similar meanings. Succinctly, social capital can be divided into three broad groupings surrounding the orientation of social capital itself: (1) external orientation, (2) internal orientation, or (3) mixed orientation (Robison, Schmid and Siles, 2002).

External Orientation – refers to social capital as inherent to the social network and connects a focal actor to other outside actors (Baker, 1990; Belliveau, O’Reilly and Wade, 1996; Bourdieu, 1986; Boxman, De Graat, and Flap, 1991; Portes, 1998). These types of definitions operate with the understanding that within social capital the “the actions of individuals and groups can be greatly facilitated by direct and indirect links to other actors in social networks” (Adler and Kwon, 2002:19). Social capital is no longer focused on the collective but is now focused on other entities outside of the collective, hence the term external orientation. Portes’
social capital “is the ability of actors to secure benefits by virtue of membership in social networks or other social structures” (1998:6, italics added). However, Baker (1990) defines social capital as “a resource that actors derive from specific social structures [other than their own] and then use to pursue their interests (1990:619).

**Internal Orientation** – refers to the relationship an actor maintains with other actors within the collective (Brehm and Rahn, 1997; Coleman, 1988, 1990; Fukuyama, 1995; Inglehart, 1997; Portes and Sensenbrenner, 1993). The orientation is mainly used in the current study, and focuses on the internal benefits of social capital and affiliation among members of the collective. Emphasis is on the elements that provide cohesiveness needed to achieve group goals (Adler and Kwon, 2002). Coleman (1990) defined social capital as an entity (or more than one entity) within a social structure and the ability to influence certain actions of actors. In his study, Coleman (1988; 1990) constructed a weighted logistic model, with a random sample of 4,000 public high school students, and found that the families in which the social capital was positive (e.g. expectation of attending college) the student dropout rate was lower. Coleman focused on the social capital generated specifically among African American adolescents and their families. Coleman’s study exemplifies the internal orientation of social capital that assumes the influence is from within the group. Noteworthy, social capital within African American families, as it relates to money knowledge is unexplored in the sociological literature. Looking through this internal orientation of social capital, and examining how it can be applied to African American families, it suggests that members of African American families collectively acquire and disseminate knowledge and behavior that is transmitted to collectively benefit that group.
Cultural Capital

Theoretically, social capital is applied to groups and institutions, including families which share benefits due to group membership. Cultural capital was also introduced by Pierre Bourdieu but was applied less frequently than social capital. The introduction of cultural capital further explains the specific kinds of benefits and knowledge families can generate. The family is the oldest social institution and has a history of being an important source of social capital (Furstenberg and Kaplan, 2004). According to Robison, Schmid and Siles (2002), durable social capital (i.e., familial ties) can be stronger than non-familial ties (i.e., friendships) and are more resistant to disintegrating. Also, the family has the ability to accumulate and allocate economic and cultural privilege in the form of services and knowledge (Furstenberg and Kaplan, 2004)\textsuperscript{23}. This would be considered “cultural capital” which includes knowledge surrounding language, values, trust, definitions of basic knowledge and assumptions (de Bruin, 1998).

Cultural capital has principally been used to identify inequalities in education and schooling (Kalmijn and Kraayhamp, 1996; Lareau, 1987). The idea was that families that expose their children to “high brow” culture such as the arts, theater and languages, equip their children for higher academic attainment. So in some ways cultural capital has been used as a means to explain the gaps in the educational attainment between African American and White students (Lareau, 1987). In the current study, cultural capital is applied in similar ways. If cultural capital derived from families can be used to explain the gaps in academic education, it is feasible that it can also be used to identify gaps in financial knowledge and learned behaviors among African American families. The “benefit” of group membership in the African American family, in this

\textsuperscript{23} It must be noted that not all forms of social capital distributed are considered positive. There are risk and adverse outcomes to the transmission of knowledge via social networks and collectives.
case is not only protection against harsh economic conditions but also the transmission of knowledge on how to survive these conditions.

Christ and Wang (2008) write that “in order to become a productive member of an academic community, it is important for students to master its procedural practices” (177). Similarly, the same can be applied to financial literacy. In order to become productive members of the financial community (e.g. the financial market) it is important for family members to learn to master its procedural practices. The difference is that among African American families, the “procedural practices” in successfully navigating the financial market can be influenced by their experience with unfair policies, practices and general historical inequality when dealing with the financial market.

There is a need for more research that empirically and qualitatively examines the ways in which parents and other family members inform its constituents around rules, rituals and routines that guide their behaviors and their understanding of what is normal (Furstenberg and Kaplan, 2004; Gans, 1962; Lareau, 2001). This study explores some of the values, content, guiding behavior and as well as the mode of transmission of knowledge surrounding money issues among African Americans.

To conclude, “researchers generally agree that social capital refers to resources embedded in social relations that actors can use to garner benefits and improve their life chances” (Offer and Schneider, 2007:1126l; also see Lin, 2001; Portes 1998; Sandefur and Laumann, 1998). Born from social capital, one aspect of cultural capital that has been transmitted among African Americans is the value and importance of helping the family and community which has been documented in the literature (Martin and Martin, 1985; Billingsley, 1992; Stack 1974; Sarkisian and Gerstel, 2004; Hofferth, 1984).
Helping Tradition

Helping one another run the gauntlet from birth to old age has brought out the best in African American families throughout history. Turning to their relatives, neighbors, friends, institutions in their community, and systems of the larger society when necessary, they have readily accepted their responsibility to generate, protect, and sustain life and health (Billingsley, 1992: 147).

There is a dearth of theoretical and empirical literature on the African American helping tradition. A review of the literature on African American families and culture reveals a core set of values that support the framework of the helping tradition (Grant, 2008; Martin and Martin, 1985; Wallace-Benjamin, 1994). Some of these core values include extended family networks, fictive kinship, and collectivism/communalism. While other values have been identified in the literature (see Table 7), for the purpose of this study, the focus will be on the three following values as they are the most relevant to the discussion of helping.

**Extended Family Networks** are “multigenerational, interdependent kinship system[s] [which are] welded together by a sense of obligation to the welfare of its members” (Martin and Martin, 1985:4; also see Allen, 1995; Billingsley, 1968,1992; Kivett, 1993a, 1993b; Martin and Martin, 1978; Sarkiasian, 2005; Stack, 1974; Wilson, 1986). Using the National Survey of Families and Households to focus on giving, receiving, and exchanging kin support as measures of family integration, Sarkiasian (2005) found that White participants were more involved in generational, financial and emotional support and African Americans were more involved with instrumental helping among immediate and extended family members. It can be argued that structural disadvantages have reduced African Americans ability to give consistent, substantial
monetary assistance but the help they have given on a consistent basis has financial elements to it such as child care, transportation to work, and living with family members (Aschenbrenner, 1975; Billingsley, 1992; Stack, 1974). The following chart outlines some of the values and characteristics that have helped African Americans sustain their families and communities. The values and beliefs listed on the chart helps one understand aspects of African American culture that lend itself to familial and communal helping.

Table 2.5 List of Values, Characteristics and Beliefs of African Americans

<table>
<thead>
<tr>
<th>Author</th>
<th>Date</th>
<th>Values, Characteristics and Beliefs That Have Sustained African Americans and Their Families(^24)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billingsley</td>
<td>1968, 1992</td>
<td>• Value of learning, knowledge, education and skill development; deep spiritual values; quest for self-governance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Service to others; cooperative economics, politics and social goals; Race pride</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strong Black-owned, private enterprises; family ties</td>
</tr>
<tr>
<td>Boykin</td>
<td>1983</td>
<td>• Spirituality; harmony; movement; verve; affect; communalism; expressive individualism; orality; social time perspective</td>
</tr>
<tr>
<td>Christopherson</td>
<td>1979</td>
<td>• Love of children; acceptance of children born out of wedlock; strong resilience; adaptability of family coping skills</td>
</tr>
<tr>
<td>Gary et al.,</td>
<td>1983</td>
<td>• Strong kinship bonds; strong achievement orientation; parenting skills; strong religious-philosophical orientation;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Intellectual-cultural orientation; ability to deal with crisis; strong work orientation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Independence; organization; active recreation orientation; appreciation for each other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Adaptability of family roles; self-expression;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Love, kindness, and compassion; supportiveness and caring</td>
</tr>
<tr>
<td>Hill</td>
<td>1971, 1999(^25)</td>
<td>• Strong kinship bonds; strong work orientation; adaptability of family roles; strong achievement orientation; strong religious orientation</td>
</tr>
<tr>
<td>Martin &amp; Martin</td>
<td>1985</td>
<td>• Elements of extended family – mutual aid, social class cooperation, male-female cooperation, prosocialization of children</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Extension of extended family elements – fictive kinship, racial consciousness, religious consciousness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Institutions of Black helping tradition – Black churches, mutual aid societies, fraternal orders, women’s clubs, schools, protests movements, etc.</td>
</tr>
<tr>
<td>McAdoo</td>
<td>1988</td>
<td>• Kinship and mutual assistance are more than provision of basic needs</td>
</tr>
</tbody>
</table>

\(^24\) Source: Denby (2001:148)

\(^25\) Hill first published The Strengths of African American Families in 1970. The second publication in 1999 was titled The Strengths of African American Families, Twenty Five Years Later. In a book review by James Stewart it was apparent that Hill firmly asserted in both manuscripts that the listed values, beliefs and characteristics noted above, continue to be protective factors that help shield or counteract the “negative effects of social forces and policies on the African American family” (2000:88).
The current study would suggest that the importance of extended family is still relevant in the African American culture even with having made more economic strides. It is evident in the fact that African Americans have significantly increased their numbers in the middle class since the Great Migration and the Civil Rights Movements of the 1960s. One contribution to this social mobility can be attributed to the extended family’s networks that helped to facilitate the support needed to climb the socioeconomic ladder (Billingsley, 1992).

**Fictive Kinship** is the relationship developed among nonrelated persons that exist because of their common ancestry, history and social plight (Aschenbrenner, 1975; Chatters, Taylor, Jayakody, 1994; Ebaugh and Curry, 2000; Kennedy, 1980; Martin and Martin, 1978; Martin and Martin, 1985; McAdoo, 1982; Stack, 1974; Tatum, 1987). Unrelated or “fictive kin” relationships are less concerned with consanguine or conjugal ties and more concerned with the benefits of those relationships (Dilworth-Anderson, 1992; Johnson, 1999; Littlejohn-Blake and Darling, 1993; Scannapieco & Jackson, 1996; Shippler, 2004; Stewart, 2007; see Sudarkasa, 1988). Perpetuated out of their experience with slavery, African Americans cultivated fictive kin relationships to cope with the constant ripping away of family members. Fictive kin were especially critical for children who were sold to plantations without their parents or any other family members. Calling an older female “auntie” or a male “uncle” gave them a sense of

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26 Sudarkasa (1988) gives a compelling discussion on understanding the dynamics of consanguinity and conjugality in the African American family structure.
familial ties (Gray-White, 1985; Gutman, 1976). Gutman (1976) gives a lengthy, informative account of the importance of fictive and extended kin networks during slavery. Denied the right to use the terms “Mr.” and “Mrs.” in the presence of white owners and overseers, many Blacks were permitted to use the terms “aunt” or “uncle” to show respect to the elders in the slave community. Although partially perpetuated by a condition of slavery, extending kinship to fellow slaves was a means for survival but also insurance that one’s children survived the hardships of slavery in the event the nuclear family deteriorated due to the realities of slave life (Gutman, 1976).

While socio-political conditions have changed greatly in the U.S. the existence of fictive kin is still prevalent. In current times, Stewart (2007) explored the way in which African Americans defined family and kinship. He interviewed 42 participants from rural Southern areas from a range of socioeconomic backgrounds and found that those from lower and higher socioeconomic backgrounds used and accepted the concept of fictive kin.

**Collectivism/Communalism** – Billingsley (1992) reports that among African American family values there is an emphasis on a service to others, as well as cooperation with others to accomplish economic, social, and political goals. Benevolent societies, mutual aids, fraternal orders, churches and civic groups all example the value African Americans place on communal ties and collectivity. In a study of Carolina drink houses Gentry (2004) found that even though the function of these drink houses had both negative and positive effects, the primary function they served was perpetuating a sense of neighborhood and community. Komaraju and Cokley

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27 A long standing and widespread tradition in Southern Black communities, a drink house is a residential home open for the illegal sale of alcohol by drink (Gentry, 2004).
(2008) examined the ethnic differences in individualism and collectivism in 96 African American and 149 White American college students and found that collectivism was more positively associated among African Americans than their White counterparts. Unfortunately there are few empirical studies that examine the extent to which African Americans embrace collectivism/communalism versus individualism but assessment of this ethnic group’s proverbs, religions, oral traditions, morals and ethics gives strong support to the heightened sense of community and helping that exists among African Americans (Komarraju and Cokley, 2008).

Clearly the literature supports the existence of these three values within African American culture. It is essential to point out that it is these cultural values that influence the financial market for African Americans, combined with their past experiences. Fictive kin, extended family networks and collectivism/communalism are cultural values that would explain why some members of the African American population would put family above allegiance to a financial institution. The depth of the importance of family and its many definitions as well as historical experience is overlooked in the financial world and severely undervalued. These values, among others, are born out of the reaction of African Americans to their historical and economic experience in the United States which will be discussed in detail below.

**Historical Influences**

African Americans’ experience with slavery in the U.S. and has been characterized by cultural, social and economic oppression. Oppression is present when one segment of the population in a social system systematically and consistently prevents another segment of the population from attaining access to the scarce and valued resources of that system (Turner, Singleton, and Musick, 1984). As mentioned, as the demands for the highest cash crops increased so did the number of slaves imported from Africa. Africans and eventually African-
Americans were deemed by their captors to be socially, intellectually and morally inferior and this justified their brutal captivity and exploitation as a free labor source (Takaki, 1979). The African American experience during slavery included systematic and unadulterated physical brutality (vicious whippings, mutilations, and rapes); emotional degradation (constant reinforcement of their assumed inherent inferior nature and status); social callousness (deliberate separation of parents and children) and severe economic inequity (no financial compensation or wealth acquisition in exchange for their labor) (Holcomb-McCoy and Mitchell, 2007). For over 200 years, America benefited from the free, intensely grueling labor of African Americans that allowed the developing country to accumulate immense wealth, stability and global political power (Herring, 1999). As a result the hardships inherent in the slavery system, African Americans turned to each other to protect against the adverse conditions they were experiencing. Values such as kinship and collectivism were used to offset the sting of adversity they faced (Shipler, 2004).

After the North won the civil war, it was realized that without a full-scale “social and economic revolution” it was foreseeable that the South would eventually regain de facto control over the destiny of the South and its African American constituents (Turner, 1984:25). Meaning that, without strict enforcement of the 13th Amendment, the White southerners would reemploy the basic tenets of the former slave system. And this was in fact the case. Emancipation and Reconstruction did little to alleviate the caste system and low status of African Americans. The North provided troops in the South to try to enforce African American’s new rights to freedom as afforded to them by the 13th Amendment. By 1877 when it was no longer a vested interest to protect these freed peoples, Northern troops pulled out and left the former slaves to fend for themselves. Along the same vein of assisting newly freed slaves, the Freedman’s Bureau was
created to 1865 to help with the transition from slavery to freedom and was one of the few government initiated programs to do so (Kolchin, 1993). The Freedman’s Bureau was created with the intention of providing food for the needy (including Whites), helping manage the transition of the economy into a free-labor agriculture, and also providing assistance to construct schools for ex-slaves (Kolchin, 1993). Unfortunately, the program was severely understaffed and under budgeted and was infested with racist agents who favored the abuse of Black labor (Kolchin, 1993). Overall, the Freedman’s Bureau did very little to help the state of newly freed slaves and thus was one of a number of contributions to the slaves turning to themselves for help. Kolchin writes.

Much of the separation, however stemmed from a tendency of blacks to pull apart from whites and rely on themselves: they seceded from white churches, showed a marked preference from black teachers, demanded the nomination of more politicians, and drifted from overwhelmingly white areas where they often felt unsafe. In a variety of ways, emancipation facilitated the communal activities of African-Americans and strengthened their recognition of themselves as a common people, with shared interests and values (1993:227).

Reconstruction, an era that was supposed to rebuild and reorganize the country, brought a myriad of problems for African Americans. Newly freed African Americans became the objects of the hatred and frustration that the defeated White Southerners felt toward the North (Turner, 1984). This hatred and fear toward African Americans severely hindered their opportunity for economic advancement in the South. Eventually, in many parts of the country, particularly the South, the Jim Crow era was introduced and prevailed between 1876 and 1965. This attempt at social order for African Americans mandated de jure segregation in all public facilities and claimed to promote a “separate but equal” state. The Jim Crow laws affected public schools, public transportation, restaurants, as well as the military. The problem was that the separate experiences were not equal and African Americans still experienced severe inequalities and did
not have access to the same resources and opportunities as Whites. Eventually, state sponsored
school segregation was deemed unconstitutional by the Supreme Court of the United States in
1954 by the landmark case of Brown vs. Board of Education. This opened the door for the
remainder of the Jim Crow laws to be overturned by the Civil Rights Act of 1964. The Civil
Rights movement signified the push for a paradigm shift in regards to the African American in
the U.S and that struggle continues in the 21st century. In many ways the movement was
effectual according to Patterson (1997), thus demonstrated by their recognition in some of
America’s influential political positions (notwithstanding the election of the first African
American president), such as heavy influence in popular culture, growth in educational
attainment, influence in the media and the arts, and the expansion of the Black middle class
(Patterson, 1997). Even though there have been improvements for the descendants of slaves in
America, in summary, African Americans’ nearly 400 year history of racial and social
oppression has significantly contributed to the social and economic inequities they experience in
the United States today (Takaki, 1979; Turner et al, 1984).

**Evidence of Economic Hardship**

U. S. Census (2006c) data indicates that the poverty rate among African Americans is
24.3% compared to 8.2% of Whites. Some scholars would argue that the legacy of slavery is still
apparent and racial bigotry continues to impact the life chances of many African Americans as
evidenced by the rate of poverty, along with the number of low-income and working class
members of the African American population (Shipler, 2004), despite economic advancements.

Due to an unequal economic system, African Americans recognized a need to resist
economic hardships through family and community ties that would combat the economic system
that was undoubtedly created without their best interest in mind. African Americans have been
given repeated reinforcement that the system is not put in place to protect or promote their well being. For example, by the 1920s African Americans were leaving the agrarian South and migrating to the North in large numbers (Landry, 1987; Patillo-McCoy, 1999a. There was excitement about the work opportunities emerging from the newly established textile and steel mills, mines, slaughterhouses, and automobile factories (Landry, 1987). When the African American migrated to the North for their chance to improve their financial situations through job opportunities, they found that White employers oftentimes preferred to hire European immigrants. With limited means to earn money, African Americans were relegated to the confines of inner-city ghettos after Whites moved out due to their presence (i.e. white flight) (Drake and Cayton, 1993; Du Bois, 1996; Kusmer, 1976; Shapiro, 2004; Trotter, 1985). It was only because of World War II and the Immigration Act of 1924 that African Americans began to see some economic gains through job opportunities (Landry, 1987). The Immigration Act limited the amount of European migration to the U. S due to the conflict with Europe. African Americans were admitted into those industrial jobs left vacant by the reduced number of immigrants but even then, they were systematically prohibited from holding supervisory or managerial positions.

While these blue collar jobs provided relatively good wages to less educated African Americans, which helped propel many African Americans into the working middle class, this “utopia” would be short lived as manufacturing jobs declined in the 1970s and 1980s. This led to the end of relatively high wages for less educated African American males which has perpetuated a persistent wage gap between more- and less- educated African American men (Spalter-Roth and Lowenthal, 2005).
During these historically hard times, survival was difficult as African Americans met with continued economic discrimination. It was here that reliance on the collective and the family/extended kin networks were vital to the African American’s survival in the North. Shipler (2004) writes that for the poor, and here specifically for the African American, “kinship can be a blunt edge of economic adversity…It is a safety net that improves the material dimension of life; for those who have that network of connectedness and caring with in a family and beyond, the brink of poverty is a less dangerous place” (179-180).

After World War II with the collectivist tone of the Civil Rights Movement, there were even more significant strides made to ameliorate the African American economic situation but the fact remains that even in the 21st century this ethnic group has a higher rate of unemployment (U.S. Census Bureau, 2010) and earns less income (Bitler, Gelbach and Hoynes, 2003; Issacs, 2008) We will, however, see in Chapter IV some of the strides that African Americans have made which is evident in the growth of the African American middle class but these advancements are not without the remnants of their historical limitations.

**Ethnic Money Knowledge**

The intersection of the literature on social/cultural capital, the helping tradition and the historical economic realities of African Americans, leads one to speculate whether or not African Americans are utilizing different methods, processes or meanings for making financial decisions. While the areas of financial illiteracy in African Americans have been given some attention in the literature, there is a need for the research to explore the reasons behind the gap in financial literacy when compared to their White counterparts. The filters that an ethnic or class group utilizes when making financial decisions has seldom been explored. This filter is what I am calling Ethnic Money Knowledge (EMK).
Ethnic Money Knowledge is defined as the concept that suggests that an ethnic groups’ historical experience and values have generated a kind of financial understanding that has been passed down to ensure that their families survive. Often these survival mechanisms have economic components that can filter their understanding of financial matters. Today’s measures tell us little about the understanding, values and the culture from which individuals draw to inform their financial processes. For African Americans, the values placed on family helping, support and their experience with structural economic hardship have been passed down as cultural and social capital and can assists in their navigation in the financial markets as a benefit or a liability. Gaining an understanding of this cultural contextual explanation is salient if financial literacy programs and policies are to be implemented to change financial behaviors that contribute to the maintenance and deepening of poverty as well as the struggle for wealth attainment for African Americans.

One idea that can be used to support and further understand the idea of EMK in financial knowledge and behaviors comes from the education and cognitive science literature surrounding “prior knowledge.” It is argued that prior knowledge has an influence on learning and provides individuals “with conceptual or mental models that [they] use to filter new knowledge” (Lee, 2005:60; DiSessa, 1982). The prior knowledge in this case would be the cultural capital around financial matters gained from family and cultural values. This filtered knowledge would be the essence of Ethnic Money Knowledge.

As briefly mentioned in Chapter I, we have seen some references to this idea of EMK within existing literature on ethnic minorities. Studies on the dynamics of ethnic enclaves and ethnic enterprises (Bonacich & Modell, 1980; Light and Bonacich, 1988; Min, 2008) and rotating credit associations (Foner, 1994; Light, Kwuon, and Deng, 2004) allude to some of the
ideas surrounding Ethnic Money Knowledge. They all reinforce an emphasis on economic survival among ethnic groups, typically those with a history of immigration to the United States. Korean immigrant entrepreneurs are a prime example of how EMK can operate. Koreans had been immigrating to the United States as early as 1883, but saw a considerable increase in numbers after the U.S. lifted the 1924 Immigration Act and in 1952 when the House of Representatives and the Senate overrode President Truman’s veto of the McCarran-Walter Immigration Act that allowed Asian immigrants to seek naturalization and reinstalled very limited numerical quotas (Thornton, 1980; Light and Bonacich, 1988). Upon arrival, Koreans focused on small businesses and entrepreneurship and made no apologies for the chronic nepotism. It is noted that within Korean culture there is a high value placed on ethnic solidarity and a low value placed on competition (Light and Bonacich, 1988). Hiring family and extended kin sometimes meant that these individuals were not paid at all or were paid very little (Light and Bonacich, 1988). The understanding in many cases was/is that the owner of the business, a kinsman, imparted skills to his workers, fellow kinsmen; thus, giving the employee the skills needed for future self-employment. With this came an overproduction of Korean business owners and they found themselves in direct competition with family members and other co-ethnics. It is here that the Korean values affected their approach to the financial market. Influenced by Koreans’ history of external oppression and reliance on mutual aid during financial difficulties, this competition among Koreans was a direct assault on their cultural values. Koreans felt “shamed” and “humiliated” by this and made efforts to limit the competitiveness by becoming more open about business needs with each other and encourage ethnic solidarity among them. Their values clearly informed their knowledge and behaviors around financial
actions which in turn helped secure their economic survival (Min, 2008). Thus it is a prime example of what is considered Ethnic Money Knowledge.

Another example that reflects elements of EMK would be the ethnically sponsored rotating credit associations (RCAs) found among several ethnic groups (Foner, 1994; Light, Kwuon, Deng, 2004). These associations referred to as “susus” “kyes” and “kos” in the Caribbean/African, Korean, and Japanese ethnicities respectively, are informal organizations based on social trust in which a core group of participants make regular contributions to a monetary fund. At various cycles, the fund, in part or in its entirety, is given to each contributor on a rotating schedule (Foner, 1994). In many cases where the RCAs have thrived in the U.S. (even though they have existed in the immigrants’ home country for centuries) they served as a survival mechanism and represented a value in collectivity/communalism and solidarity. These RCAs help their participants to pool monies for a variety of financial expenses including “mortgages, seed capital and general cash flow management” (Huggins, 1997). Similar to the concept of RCA’s, are mutual aid societies, also called fraternal orders, which have been plentiful among African Americans since the 19th century (Beito, 2000). These mutual aid societies were implemented to help people pool together their financial resources to provide each other with the essentials that the state would not, including burial insurance, medical care, homes, schools and various forms of needed welfare (Beito, 2000).

Ethnic Money Knowledge, as the concept is constructed here, recognizes the cultural values involved in ethnic enclaves, rotating credit associations and mutual aid societies. EMK is generated from these types of experiences. But more inclusive than ethnic solidarity and

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28 Mutual aid societies were not only used by African Americans although this population did rely on them heavily. These societies were very diverse and were self-selecting by geography, ethnicity, religion, or in some cases on “good character” alone (Beito, 2000:1).
entrepreneurialism and RCAs, EMK affects the general knowledge and behavior of an ethnic group. It is more broad and overarching. EMK also reinforces the idea that members of an ethnic group have unique experiences and understandings about money because of membership in the group. We will see how the participants in this study navigate the financial market using elements of Ethnic Money Knowledge.
CHAPTER III

RESEARCH METHODOLOGY

This current chapter presents the methodology used in uncovering answers to this phenomenon. It provides an account of how my interest grew in this subject matter, a description of the research design, methodological justification, the process of data collection, and the data coding and theme development used in this study. This study employed a qualitative approach to gain insight into the observed differences in financial literacy knowledge and behavior between African Americans and White Americans.

Interest in the Area

My interest in financial literacy was born out of the assumption that financial acumen was a set of knowledge and skills that were available to all and evenly distributed no matter one’s race, gender, or socioeconomic status. However, individuals and ethnic groups experience nothing in a vacuum. There are always some aspects of individual, demographic or structural experiences that shape understanding of the world, since we know that knowledge is acquired, whether implicitly or actively. When examining for myself the missing pieces behind the gaps in financial literacy scores a number of things surfaced. First, I considered the perpetuating “gaps” that exist between African Americans and other ethnic groups on a variety of issues. There is the gap in intelligence test scores which has been refuted in the literature and attributed to the effects of social phenomena. Previously it was thought that African Americans were simply intellectually inferior (Herrnstein and Murray, 1996; Jensen, 1969; Shockley, 1972), but research has debunked this racist theory and suggested otherwise (Fischer, Hout, Jankowski et al, 1996; Kincheloe, Steinbern, and Gresson, 1996). Similarly, there are the gaps in educational attainment
and social class mobility that were previously explained by meritocracy perspectives that populations that were lagging behind, including African Americans, were just not as ambitious (see McNamee and Miller, 2009). Research shows there are historical structural factors that limit their access in both of these areas (see McNamee and Miller, 2009). So as with the gaps in financial literacy, it is possible that what has been left to assumption (i.e. African Americans score lower so they are simply more ignorant on these measures) might be explained by some factors related to experience rather than intellect. Clearly a qualitative approach was necessary in order to fully explore the scope and range of possible explanations for this disparity that exists.

**Qualitative Research**

The concept behind qualitative research is that the whole must be examined in order for a phenomenon to be completely understood. A qualitative research approach is extremely useful for “any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification” (Strauss and Corbin, 1990:17). The aim of this study was to gain some understanding of how middle class African Americans’ experience and values informed how they approach financial matters. Although quantitative research is extremely valuable and useful in generating findings about populations that peek a researcher’s interest, they lack the “experiential depth” garnered from the intricate examination of the “texture, range, and meaning” of a group’s experiences (Feagin, 1994:29). The goal of qualitative research is not to test hypotheses objectively but rather to emphasize the human factor and the personal perspectives, experiences and behaviors of those involved in the study (Mohamed-Patel, 2002; Neuman, 2000). Furthermore, this study borrows tenets from Gramsci’s concept of “organic intellectuals” which refers to the informal educators and lived experiences of those in the groups
in which we examine. This study relies on the expertise of those who live and experience the ebbs and flows of Black life.

Further, this study is exploratory in nature due to the fact that the dynamics of African Americans historical helping tradition, cultural capital, and ethnic money knowledge as it relates to mainstream financial literacy has not been investigated extensively in previous research. Qualitative research is one of the most appropriate methods for exploratory studies because it generally “falls within the context of discovery rather than verification” (Ambert et al, 1995:880). Qualitative methods are employed when the research aims to uncover meanings, perceptions, symbols or description and focuses on informing the research questions based on what can be inducted from the data (Ambert, et al, 1995).

**Conceptual Framework**

This framework outlines the approach to the research topic. Prior to initiating the data collection process, the study used the following conceptual framework that delineated the presumed relationship between key constructs. In the framework below, the helping tradition, which emphasizes a value placed on the African American family, extended family networks and collectivity, is in a reciprocal relationship with the construct of social and cultural capital. To explain, the tradition of helping family and family networks is a part of the content included in social and cultural capital that is passed down through families. In the opposite direction, social and cultural capital regarding financial knowledge and behaviors, informs how individuals and families carry out aspects of the helping tradition. This relationship between the helping tradition and social/cultural capital helps shape the construct of Ethnic Money Knowledge.
Tenets from two qualitative traditions, grounded theory and phenomenology, were utilized in conducting this study. The reasons for using a mixed method approach within this qualitative analysis were twofold: (1) Straussserian Grounded Theory allowed me to examine the phenomena surrounding EMK with openness and provided a method for analyzing the data, which was used loosely during data analysis. The goal of grounded theory is to generate theory; however, examining EMK at this juncture would not allow production of a grand theory due to the demographic diversity and varied experiences within the sample of African Americans. Therefore the purpose was to introduce a conceptual framework to inform future studies. (2) Phenomenology was utilized because of its interpretive and descriptive aspects which allowed for the respondents to explain their experiences and interpret where they learned and applied financial knowledge and behavior. Both are explained in further detail below.
**Strausserian Grounded Theory**

The benefit of qualitative research is that it provides an interpretive approach to exploring social issues and is focused on understanding the meanings attached to people’s actions, decisions, beliefs and values within their social environment (Ritchie and Lewis, 2003). The current study was exploratory in nature and it employed tenets of grounded theory to guide the collection and analysis of the data.

Grounded theory is described as a research method in which data is used to develop theory (Glaser 1992; Glaser and Strauss, 1967; Strauss, 1987; Strauss and Corbin, 1990). Strauss and Corbin (1990) specifically outline that “[a] grounded theory is one that is inductively derived from the study of the phenomenon it represents. That is, it is discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon” (23). The more inductive approach garnered by grounded theory allows the research to move from the specific to the more general, rather than the reverse. Typically grounded theory has no quantitative or statistical elements but focuses on interviews which are usually the main source of information gathering. However, with this approach, everything is considered data, as Glaser informs that “All is data” (Glaser, 1992). This means that the scope of data collection is not limited to interviews or observational data but also sources from the media, literature or even fiction.

To be clear, there are two schools of thought in grounded theory research. Barney Glaser and Anselm Strauss founded grounded theory in the 1960s (Glaser and Strauss, 1967). Due to the highly abstract nature of traditional grounded theory, researchers were finding it difficult to apply the approach to their work. As a result, nearly twenty years later Strauss responded by
publishing a text that would “lay down more rules” for researchers to follow the method (van Niekerk and Roode, 2009). In doing so, Strauss almost totally revamped the theory from its traditional method (now called Glasserian Grounded Theory) and formed what is called Strausserian Grounded Theory (SGT) (van Niekerk and Roode, 2009). This version is the one most closely followed in this study.

This project utilized tenets of grounded theory, specifically the procedure of letting themes “emerge” from the data. In the procedural section of this chapter, the specific steps taken to collect and analyze this data will be discussed.

**Phenomenology – Hermeneutical and Transcendental**

The purpose of phenomenological research is to describe the meaning of a group of individuals’ lived experiences of a concept or phenomenon (Creswell, 2007). Specifically, hermeneutical phenomenology aims to interpret the responses to a particular phenomena or the meaning of the lived experiences while transcendental phenomenology attempts to describe the experiences of the individuals (Ray, 1994). The phenomenological approach allows the researcher to consider his or her own lived experiences when preparing for the study, as well as collecting and analyzing data.

The focus in phenomenology is describing what the participants have in common as they experience a particular event or phenomenon and then interpreting the overall meaning of the phenomena (Creswell, 2007). Creswell (2007) writes that during phenomenological research, the inquirer collects data from individuals who have experienced the same phenomena and develops a description of these experiences for all of the individuals; this is transcendental. In this case, participants all participated in growing up in a family of African descent in the United States.
Though broad, this experience informs how and what financial information was transferred and what was their experience like around financial matters individually and as a family unit. Portions of both hermeneutical and transcendental phenomenology are apparent in the design of this study and vary depending on the questions asked surrounding African Americans financial experience. Some questions were aimed at describing their experience and others were more focused on grasping the interpretation of their responses. Using a mix-method approach, i.e. combining grounded theory and hermeneutical and transcendental phenomenology, served this study well during the preparation of questions and data collection and analysis phases.

**Research Design**

In money matters, the family is important. Much of the knowledge we receive and behavior we mimic about the world in general comes from our primary source of learning - the family, even though there are embedded institutions such as the church, school, and the community that generate social capital. For this study I focused on the African Americans and their family experiences as well as their individual experiences. What was critical to explore was

**Question 1:** Are there value lessons regarding financial matters that are passed down in these African American families that are different from mainstream understandings of money knowledge and behavior that may or may not be considered financially savvy or “literate”?

**Question 2:** Secondly, within the African American family how and with whom do the family members discuss and gain knowledge about financial matters. In other words, what are the modes of transmission and what of this financial understanding gets transferred from one generation to the next?

**Population and Samples**

The focus population in this study is the African American middle class. The financial literacy and social science literature has largely omitted specifics about the Black middle class
and its issues (Patillo-McCoy, 1999a). The sociological literature recognizes that the African American middle class exists but has long overlooked its importance and has only recently begun to explore its intricacies (Landry, 1987; Patillo-McCoy, 1999a, 199b).

This demographic in and of itself is complicated because African Americans have within group diversity that I contend with in this study. The study examines how knowledge and learned behavior passed down from cultural capital, specifically along the lines of the African American helping tradition within the African American family, affects this ethnic groups’ understanding and behavior around financial matters. Considering the within group differences, we know that all African Americans do not have the exact same background and experiences; therefore, their demographic origins participate in their acquisition of certain cultural capital. The respondents were divided and identified by two major characteristics:

1) Geographical origins (Caribbean roots, Northern roots, Southern roots) and

2) Class origins (middle class and working class).

**Geographical Origins**

**Respondents with Caribbean Roots**

In this study, out of the 17 total participants, nearly 1/3 of the respondents identified with Caribbean or West Indian ethnicity. On the demographic survey that was administered, these participants identified that they had at least one parent who was born in the Caribbean, yet they were born and raised in the United States. All were linked to the West Indies through one or both parents. The islands represented by these 6 participants’ families were Jamaica, Barbados, Belize, and Grenada. All of the Caribbean American respondents were from middle class backgrounds, save one respondent who held working class roots.
Respondents with Southern Roots

Nearly 1/3 of the participants in this study had strong ties with the South. These respondents were born in southern states including Mississippi, Georgia, Louisiana and Arkansas. Four relocated to the Boston area as adults and two relocated as young children with their parents but remained closely tied to family from their Southern states.

Respondents with Northern Roots

Nearly 1/3 of the participants in this study had parents and grandparents who have lived in the Northeastern United States for generations. These participants were considered to have Northern roots. These participants were solidly rooted in the Northeast for at least two generations and were without parents or grandparents who migrated from the Caribbean or the South.

Class Origins

Respondents with Working Class Roots

Of the total 17 participants, slightly less than ½ were from working class roots. Their parents were working class and therefore they were first generation middle class participants.

Respondents with Middle Class Roots

Slightly more than 1/2 the respondents had middle class roots. These participants had parents and in some cases, grandparents, who were considered middle class. These participants were solidly rooted in the middle class for at least one generation.

In addition, the sample population ranged in age from 28 to 86 years old at the time of the interview and there were a total of 7 male and 10 female participants.
**Sampling Method**

A non-probability sample was used to collect data which means that participants were selected from the population in some nonrandom manner. The methods available were convenience sampling, judgment sampling, quota sampling, and snowball sampling. Convenience sampling is a common choice in exploratory research such as the current study and it is typically used to gain an inexpensive approximation of the subject matter (Ferber, 1977). As the name implies, the sample was selected because they were convenient.

**Data Collection and Procedures**

**Pilot Study**

A small informal pilot study was conducted during the preliminary phase of the research. The purpose of the pilot study was to test the interview questions and to practice generating conversations around financial matters and family dynamics surrounding money. The pilot study was conducted on three individuals. Two respondents were male and one was female. The pilot study interviews ranged from 1-1 ½ hours and were audio-recorded but were not transcribed. Transcription was not necessary because I took copious notes and made corrections to questions during the interviews. The goal was to specifically test the clarity of questions and understand the kinds of responses the questions garnered.

After the pilot study was completed, semi-structured research questions were created to guide the interview process. The interview questions were exploratory and covered a variety of topics. The questions were created by me and were based on reviews of the literature and informal interviews (pilot), conversations, and experiences that suggested specific themes were
important to the target population: tradition of helping, value in family, emphasis on cultural
capital and acquired knowledge about money.

**Obtaining Consent**

Before administering any interview questions, participants were verbally made aware of
the nature of the study. I gave a detailed description of the study and its procedures, fully
outlined and identified the research’s identity as well as my identity and role in the study.
Participants were assured that participation was voluntary and that they had the right to withdraw
at any time without penalty. They were informed that the interview would be audio recorded and
transcribed by the researcher. In addition, participants were made aware of how the research
process would protect their identity and confidentiality. During the data analysis process as well
as during the write-up of the final research findings, respondents were given pseudonyms and all
transcripts and audio files were cleared of any identifying information. In addition, respondents
were also informed of the benefits and risks associated with participating in the study. Once
participants understood the process verbally, they were given the opportunity to read the same
information on a written informed consent form (see Appendix A). Participants were given
ample time to read and sign the informed consent form and were asked to sign and date two
copies of the form after they felt comfortable with the study. After they did so, I signed and dated
both forms and kept one copy on file and the other was given to the participant.

After consent was established, participants were asked to fill out a 17 question
demographic questionnaire (see Appendix B) indicating gender, age, marital status, ethnicity,
income, education, homeownership status and parental background information. This was
completed by the participant in all cases except one. In this case there was an elderly participant
who could not see the writing on the form clearly and asked if she could be assisted in filling out the form.

**Interview Process**

As a part of gathering information for the study, I conducted preliminary interviews with representatives from two of the leading financial literacy and urban community organizations in the Boston area and for the purpose of this study they will be referred to as Capital Increase Foundation (CIF) and Upward Development (UD). The first interview, with CIF took place at the organization and included three financial educators employed by the organization. The interview was one hour in length and its purpose was to inform the research about the cultural elements lacking within financial literacy education. The interviewees and I frankly discussed the mainstream expectations for minority participants in the financial market and also discussed some of the cultural expectations that their participants experienced in their everyday lives that were not always in line with mainstream expectations. The second interview took place at UD and was between two program directors and myself. This conversation was also about money and culture and again, outlined some of the differences that African American and other ethnic groups face in the American financial market. Both interviews played vital roles in helping to inform interview questions and adding to the data which will be discussed in the Chapter V results section.

As with grounded theory, this study primarily used in-depth open-ended interviews but the interviews eventually changed form to resemble conversations. The questions that were created for the interviews served as a guide which was an indication that there was some structure to the interview process. Patton (as cited in Rubin & Babbie, 2001: 407) writes that
“one way to provide more structure than in the completely unstructured, informal conversational interview, while maintaining a relatively high degree of flexibility, is to use the interview guide strategy.” The questions were used to open up conversations about particular topics and were a starting point for me to draw out more detailed information and comments; and from there conversations ensued that produced a variety of information regarding their experiences and understandings about money matters.

In addition to obtaining data from the interview process, as a tenant of grounded theory information was also collected through a variety of measures such as participant observation and electronic archival document studies, as well as popular media websites, news broadcasts, informal conversations, brochures, and newspapers. Two of these methods warrant further description: participant observation and electronic archival document studies.

**Participant Observation**

Participant observation is a form of research where the researcher participates as an actor in the events he/she wishes to study (Babbie, 2007). For this study I participated in two financial literacy training courses to gain a better understanding of the information being disseminated around financial knowledge and expected behavior. (1) The first, in addition to an informal conversation/interview with CIF, I also completed the training to become a financial literacy instructor with the organization. The three day training session equipped me to train clients in credit, budgeting, debt management, banking and a host of other areas. (2) The second participant observation experience was at Boston Women’s Group (BWG) in which I participated in a course with approximately 15 women of color on financial literacy instruction. Both experiences allowed me to interpret whether there were any culturally sensitive information
being disseminated and if participants made reference to culturally relevant ideas and issues that were not being addressed within the mainstream realm of financial literacy training.

**Electronic Document Studies**

The data collection for this study not only took place via interviews with participants, informal conversations with organizations and through participant observation but it also consisted of thorough electronic document analysis. Again, the internet is an enormous provider of financial literacy education. During the initial phase of this research which began approximately five years prior to this dissertation project, there was very little print media addressing the subject. The internet was the main source of data collection at that time and the research has had to maintain that avenue of information. Today, there are a myriad of books discussing financial success and advice on achieving it but discussing financial illiteracy as a problem was not discussed as widely five years ago as it is today. Essentially, the electronic document studies consisted of periodic searches that allowed me to stay current in the rapidly growing field of financial literacy and to determine whether there were any strides made that would address the cultural aspects of financial knowledge and behavior and to date there have been very few, if any.

From this account, it is apparent that there were many methods and resources utilized to inform this study. The pilot study and preliminary interviews with institutional representatives were critical in informing the design of my study, constructing interview questions and identifying some of the problems circulating around financial matters in minority communities. The participant observations and electronic data studies were essential for me to learn and develop knowledge of the discipline surrounding financial literacy and general money matters as
well as become aware of what people were gaining and missing within current financial literacy programs.

**Analysis of Data**

The analysis of field notes and interview transcripts was based on an inductive approach which is centered on identifying patterns in the data and pulling out thematic codes. Patton writes that “inductive analysis means that the patterns, themes, and categories of analysis come from the data; they emerge out of the data rather than being imposed on them prior to data collection and analysis” (1980:306). The interview questions uncovered data about the importance of family among the participants, where they received financial knowledge, and their cultural and historical understandings of financial matters.

Once interviewing was complete the researcher transcribed the audio-recorded interviews verbatim. The process of transcription was a useful preliminary assessment of the data. After transcription had been completed the data was organized according to the exploratory interview questions. Each interview question served as a heading and underneath each heading the individual answers of the 17 participants followed.

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<th>Question #1: Entire Question Written Here</th>
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<td>Participant #1 Response.....</td>
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<td>Participant #17 Response...</td>
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Following this process, the data was reviewed, and notes were made in the margins to help look for emerging themes. According to Creswell analyzing phenomenological data requires that the researcher go through the data, in this case transcripts, and “highlight significant statements, sentences or quotes that provide an understanding the participants experience” (2007:61). This coding process added an additional layer of analysis, which allowed me to see patterns in the responses of the participants to each individual interview question. Also information shared during the interview that fell outside of the guided interview questions was dealt with by making memos and notes of the data that had significance and warranted consideration. Lastly, after the data was organized by interview questions, and coded, the data was then sorted again by overarching research questions. This final analysis brought forth the final set of themes that will be discussed in the next chapters.

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<th>Research Question #1</th>
<th>Participant responses addressing this question</th>
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<tr>
<td>Research Question #2</td>
<td>Participant responses addressing this question</td>
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Qualitative studies of this size carry a set of limitations that for the most part are unavoidable. Due to the limited number of participants in this study, it is in no way assumed that they represent the entire African American middle class, all of African American family life, or any other entity of the African American population in its entirety. The benefit of generalization is not a viable option for these results; conversely, rich explanation for the intricate details of the
participants is valuable information to be utilized in enhancing future studies in the research area, qualitatively and quantitatively alike.

Participants recollected on what they remembered about their conversations about money when growing up and on what value lessons they received from their childhood. The problem with this method of data collection, which relies on participants’ memory, is that over time, memories become distorted and fade. Although the effect that these phenomena would have on the overall results is unknown and immeasurable it should be considered as a minor limitation.

Interviewee bias is always a concern with qualitative studies. Participants in this study spoke freely about their financial knowledge and behavior as well as their childhood and family lessons on the subject. Many times interviewees will assume judgment on the part of the interviewer and will prefer to be viewed in the best possible light. Withholding information or “sugarcoating” is always a possibility in a qualitative study.

Due to my preference as a researcher, the method for coding and analyzing this data which was outlined in the beginning of this section was chosen over a professional qualitative data analysis program. Some may argue that the proficiency of electronic analysis programs is superior to other techniques. I argue that due to the close relationship I have with the data and the participants, the technique employed provided a more profound analysis.

Chapter V will share a great deal of the results of the analyzed data and will frame the findings in a historical and cultural context. Bear in mind that unlike data analyzed using grounded theory in the strictest sense, this study was not intended to form theory but to
conceptualize a relationship between cultural capital, the helping tradition and ethnic money
to knowledge that exists among African Americans.
CHAPTER IV

A SNAPSHOT OF THE AFRICAN AMERICAN MIDDLE CLASS IN BOSTON

To date there has been a wealth of literature written on the subject of low-income, African Americans and scholars and students alike can take their pick of such studies to reference (see Jarrett, 1997; Jayakody and Kalil, 2002; Orthner, Jones-Sanpei and Williamson, 2004). Even though an overwhelming amount of literature on African Americans focuses on the urban poor, in actuality, most African Americans do not fit into the poor-urban category and a very small percentage of African Americans actually live in poor and extremely impoverished neighborhoods (Jargowsky, 1997). The literature regarding the African American middle class leaves much to be desired. Much of the research on families and family matters in particular has focused on Black/White differences and rarely does it examine the diversity within the Black family along lines of class, income, regions, and values. In general, there is a “lack of majority appreciation of [black middle class] culture” (Green, 1970; McDoo, 1982:479)

Through conversations with the participants in this study as well as informally with others who were not a part of this study, I gained some understanding of what it meant to be a member of the African American middle class in Boston. These families and individuals have a variety of occupations including lawyers, researchers, educators, consultants, physicians, administrators and real estate agents and some were members of the retired workforce. They all have a story to tell about their lives in Boston and how they have had to adjust, struggle, excel, strategize and readjust according to the expectations and discriminations held of them professionally, academically and financially. They tell of experiences that make their middle class lives pale in comparison to the working poor but leave something to be desired when
compared to the middle class Whites. Many that I spoke with directly have the burden of trying to be seen as equal contributors in the work force but that generally means having to work harder, faster and more efficiently just to be seen as average among their White peers. Many have stories of being classified as middle class but feeling more “low-income” or in some cases “poor” due to the high cost of living in Boston and the general struggles of having to stretch a dollar. They shared stories of having to contend with Du Bois’ “double consciousness” (Du Bois, 1903, 1989) and having to find a balance between embracing their African heritage and identity and not “scaring off the white folks” and being seen as a deviant. Despite their degrees and successes, according to Ellis Cose, this “privileged class” still has dissatisfactions, disgruntlements, humiliations, unfulfilled dreams, and sometimes even rage (Cose, 1995).

The purpose of this snapshot is to show readers that this minority middle class still has struggles and though they have “made it” in many cases there is room for improvement. To fully understand the African American middle class, a brief history of its origins and the legal and educational contributions to its development are in order, along with some illustration of the actual African American middle class people who participated in this study.

**The Origins of the African American Middle Class**

Due to legally enforced income oppression and mass exclusion from property rights, African Americans were relegated to the lowest rung of the social stratification system during years of bondage. The stratification system among the major ethnic populations during slavery existed primarily between Whites, the multiracial and African American slaves. The richest

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29 The former term used for this group was “mulatto” which is defined as the offspring of one white parent and one black parent. There has been some debate over the pejorative and demeaning nature of the word and it is used less commonly today. However, using the U.S. Census and the government’s definitions of races, today, this group
Whites unquestionably held the majority of land and human property ownership during slavery; thereby securing their elite status. The multiracial population was unofficially the more acceptable and “appealing” amongst the slaves and therefore was often times allowed access to the indoor labor force as opposed to outside in the fields (Frazier, 1997). During slavery, to work indoors was a type of social mobility that came with certain benefits that were not afforded to slaves assigned to field labor (Frazier, 1997). This multiracial population was given more access to the European culture, religion and dialect and was considered a “privileged class” among the slave community above their darker-complexioned slave counterparts (Frazier, 1997). As expected, stratification within the African American population emerged between multiracial/light-complexioned and dark-complexioned slaves—the house and field slaves, respectively (Frazier, 1939, Keith and Herring, 1991). The members of the multiracial class (many of whom were emancipated by their White owners/fathers) and the free African Americans would eventually constitute the African American middle- and lower-middle classes (Frazier, 1997; Landry, 1987). However, during slavery, among African Americans, there was not much in way of a middle class per se, but there was an elite class that existed during this time that deserves mention. In the words of Du Bois in The Philadelphia Negro, “every group has its upper class; it may be numerically small and socially of little weight, and yet its study is necessary to the comprehension of the whole” (Du Bois: 1996:7).

Before the Civil War a small, affluent and propertied African American elite class emerging in the Northern and Southern states (Marable, 2005). Marable reports that directly before the war, in some Northern cities such as Philadelphia, New York, and Cincinnati African

would be considered a part of the “multiracial” category which includes the combination of up to six races (U.S. Census Bureau). For this group during antebellum slavery time period, mulattos were typically considered to be of both African and White ancestry.
Americans owned large amounts of real estate ranging from $400,000 to $800,000 in value (Marable, 2005). In some southern cities, despite the oppression of slavery, some African Americans were able to acquire wealth in cities such as Baltimore and New Orleans with a collective property value of nearly 2.5 million dollars (Marable, 2005). In the Northeast, particularly Boston, before the Civil War and until the turn of the 19th century there were those elite African Americans who were considered the “upper tens” living in Boston and other northern cities such as Philadelphia and New York (Gatewood, 2000). In Boston this population of mostly fair-complexioned free Blacks, held occupations as attorneys, physicians, salaried employees, businessmen and musicians and were referred to as the “other Brahmins” (Cromwell, 1994; Gatewood, 2000). This group considered themselves as “examples of possibilities of the race” and thought themselves to be exceedingly superior to the African Americans who escaped from the South and as those who were darker-complexioned in general (Gatewood, 2000:116).

Those who did not have the ancestry and means to be considered the elite of the Northeast, found ways into the slowly emerging middle class through entrepreneurship. African Americans found niches in the printing/newspaper business (Marable, 2005), barber shops and beauty parlors, funeral homes, restaurants, wholesale/grocers, shoe shine and repair services, cleaning and pressing establishments (Conrad, 2005), hairdressers (Walker, 2009) and a small percentage found economic success in bank ownership (Dymski & Weemes, 2005). Unfortunately, it would take many years after the Civil War to see the door to middle-class status

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30 The Boston Brahmins were also known as the First Families of Boston and are referenced as the New England families, descents of the English Protestants, who founded the city of Boston. Members of these families are generally known for being fiscally conservative. They were influential in establishing the textile industry in Boston and were noted for being socially liberal and well educated (Farrell, 1993; Johnson, 2006).
swing open on a grand scale for African Americans. During this time, there were a number of factors that led to the birth of the African American middle class including political and educational contributions.

**Political Contribution to the Formation of the African American Middle Class**

The Civil War, also known as the War Between the States, held some hope for the relief from the bleak class status in which the majority of African Americans were confined. At the heart of the contention surrounding the Civil War was the issue of slavery and whether the United States would continue to be a slave holding nation. From 1861-1865 the states split between the North and the South, with the former opposing the further expansion of slavery and the latter fighting to maintain it as an institution. The North was victorious and with the victory came the abolition of slavery. The newly emancipated slaves were “free” to abandon the plantations to earn a day’s wage working as emancipated men and women but it was at this point in history that the actual battle for equality officially began. Many White landowners were resentful at the abolition of slavery and the loss of the cheap labor they had previously relished. With the abolition of slavery, freed Blacks were in dire straits and needed work. In most cases, staunchly held antebellum racism prevailed, and discrimination left many freed slaves in the same roles that they had experienced before slavery ended: working excessively long hours with little to no wages in exchange for little food and minimal shelter.

African Americans endured many years of economic turmoil after Emancipation. During Reconstruction, times were especially difficult for the newly freed slave and African Americans continued to band together in the form of mutual aid and benevolent societies to care for the old, the young and the penniless (Martin & Martin, 1985; also see Walker, 2009). Women’s clubs, the African American church, the extended family and other helping institutions banded together
to rebuild the life of the former slave and to move impoverished people into citizenship (Martin and Martin, 1985:58).

African Americans did not receive much relief until World War I caused White industrial workers to leave their jobs at factories, plants, and mills primarily in the North in order to participate in the growing combat between the United States and Europe (Franklin, 1966; Zhang, 2002). Prior to this shift, European immigrants were finding great success filling these open positions. As the war surged on, the U.S. instituted a firm immigration bill that restricted would-be newcomers from entering America (Hall, 1995; Landry, 1987; Kleniewski, 2006). This economic void sparked the Great Migration of African Americans from rural Southern states to the Northern cities to replace White workers who had gone to fight the war (Landry, 1987; Patillo-McCoy, 1999a; Farley and Allen, 1987). With the migration, African Americans had access to jobs and wages but residually they were relegated to the confines of the Black ghettos. Not only did this Great Migration increase the population of African Americans in Northern cities but it also encouraged the spatial concentration in these cities (Kleniewski, 2006). Whites tended to relocate after a neighborhood began to see the presence of African Americans, also known as “white flight” (Drake, 1966; Shapiro, 2004). Whites also implemented social and legal initiatives aimed at keeping the races residentially segregated (Kleniewski, 2006), which in turn, promoted the introduction of the Black urban “ghetto.” Essentially the “promised land” of the North had shown them only minimal promise of social mobility.

It was not until World War II that African Americans were able to make noticeable strides in their social economic plight since the dissolution of slavery. The hypocritical nature of the war on a racist Nazi regime ignited African Americans and some Whites to call for America on its inconsistencies (Franklin, 1966, 1988). The hypocrisy lay in the U.S.’s condemnation of
the racial cleansing and the assumed racial superiority of Hitler’s regime, meanwhile, relegating their own African American citizens to second class status. Throughout the war, African Americans and their allies made serious advancements in destroying domestic racism. But as an advancement for African Americans, during this same war, America’s booming economic opulence helped usher in some economic opportunities. The greatest migration of African Americans occurred with them leaving the South and moving to the industrial centers of the North and West during this time (Franklin, 1966). They secured jobs in the aviation plants, steel mills and automobile factories among many other industries (Franklin, 1966, 1988; Harris, 1982). These advances were not absent of struggles and the average African American would not have claimed the race had “made it” at that point. Segregation and discrimination were still alive and well in the North as well as the South.

Educational Contributions to the Formation African American Middle Class

At the time of emancipation approximately 95% of ex-slaves were illiterate (Anderson, 1998). The Freedman’s Bureau was integral in helping churches and schools extend education and literacy to freed men and women after the war. In the South at the end of the Civil War there were a number of educational opportunities developed for former slaves (Anderson, 1988). By 1900, African American literacy had increased to more than 50% and leading up to World War II, most African Americans receiving college degrees were graduating from colleges designated for African Americans (today, known as Historically Black Colleges and Universities or HBCUs) (Anderson, 1988). Unequal educational opportunities and underrepresentation of African Americans in White colleges and universities sparked the legal attack on segregation in education. This legal battle found success in 1954 with the unanimous Supreme Court decision in the case of, Brown vs. Board of Education of Topeka, which declared race based educational
segregation to be unconstitutional. It was not until 1960 that the African American middle classes reached and surpassed 10% percent of the African American population (Landry, 1987; Patillo-McCoy, 1999a). With the help of Title VII of the Civil Rights Act of 1964, institutions of higher learning were mandated to enroll minorities including African Americans. This opened the door to the social mobility that many African Americans and other minorities continue to take advantage of currently. According to the U.S. Census Bureau, the number of single race African American college students more than doubled from 1 million to 2.3 million from 1991 to 2006. In 2008 the Survey of Consumer Finances confirmed that 14% of African Americans 25 years and older held an undergraduate degree compared to only 19% of whites surveyed (U.S. Census Bureau, 2008). Also, it was reported in 2007 that 1.2 million African Americans in this same group have an advanced degree (e.g. master’s doctorate, law or medical degree) (U.S. Census Bureau, 2007). Not without lingering elements of racism and discrimination, with the opened door to higher education came the opportunity for migration out of the urban ghettos and the chance to invest in property ownership, and get better paying jobs. The fact that African Americans are even considered middle class reflects their ability to become socially mobile. Their ability to maintain some level of middle class status, sits squarely on their advancements in educational attainment, residential spaces and employment.

As a result of some of these political and educational advancements that contributed to the expansion of the African American middle class, avenues opened up through employment opportunities in entrepreneurship and representation in corporate America which has provided many middle class advances. Through taking advantage of the access to better jobs and

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31 Single race refers to Blacks who identify as “black only” as opposed to identify as “black” and some other race according to the U.S. Census.
subsequently increased salaries, the African American middle class began to expand. With this expansion there were distinctions between the economic indicators of African American middle class and those of the White middle class. When examining the White middle class, African Americans do not equally compare as demonstrated by Lacy (2007). She writes that what constitutes the majority of the White middle class is typically considered the lower-middle class among African Americans. Lacy explains further that the African American middle class “has very little in common with the White middle class.” They generally earn less than $50,000 a year, are concentrated in the sales and clerical occupations rather than white collar jobs, and do not possess, at minimum, bachelor’s degrees (Lacy, 2007:2).

There are also distinctions within the African American middle class itself. Specifically, there are two distinctions: the lower African American middle class, as mentioned, which is less stable and lags behind the White middle class on “key measures of middle class status” (Lacy, 2007:2); and the stable Black middle class that is “virtually indistinguishable from its White counterpart on most standard economic indicators” (Lacy, 2007:2). Lacy (2007) goes on to say that the Black middle class is “bottom-heavy” and are most represented by the lower-middle class numbers which equal about 65% of the African American middle class.

**African American Middle Class Identity**

When African Americans left the rural farms after World War I and migrated North to fill urban jobs, according to Frazier (1957) they had to adjust to the mainstream expectations which meant they would have to establish a new sense of place and self in their new environment. According to Frazier this idea would hold true even in more recent and modern job markets. Frazier believed that this identity adjustment was a kind of social transformation that would,
along with earlier experiences with slavery, break down the African American traditions and customs and further separate the African American middle class from the poor counterparts. Evans wrote that the “emerging norms and values in the new milieu stressed that workers should conform their attitudes and behaviors to corporate expectations” (1992:212). It is suggested that in doing this they lose touch with their original communities and identities. Others (Hall, 2005; Herskovits, 1958; Holloway, 2005; Thompson, 2005; Turner, 2002), including this researcher, are in disagreement with Frazier’s belief that the socially mobile African American is lost and has completely melted into White, middle class American values and beliefs. As mentioned, there is a “double-consciousness” experienced by African Americans in order for them to compete in the corporate world (Du Bois, [1903]; 1989) Du Bois amply describes this dual consciousness in his infamous work The Souls of Black Folk. He proclaims that the African American is

…born with a veil, and gifted with second sight in this American world—a world which yields him no true self-consciousness, but only lets him see himself through the revelation of the other world. It is a peculiar sensation, this double-consciousness, this sense of always looking at one’s self through the eyes of others, of measuring one’s soul by the tape of a world that looks on in amused contempt and pity. One ever feels his twoness,—an American, an [African American]; two souls, two thoughts, two unreconciled strivings; two warring ideals in one dark body, whose dogged strength alone keeps it from being torn asunder (1903:3)

It is these kinds of struggles, along with many others including general institutional racism and discrimination that fuel many African American middle class frustrations and disappointments (Cose, 1997; Feagin & Sikes, 1994).

Racial solidarity helped propel African Americans into middle class status and should not be thrown aside and traded for equality. The middle class African American population provided leadership in the Black community through Civil Rights organizations such as the
National Association for the Advancement of Colored People (NAACP) (Carson, 1989). Middle class organizations focused their efforts to gain equality for the entire Black community, especially those economically less fortunate. African Americans’ history of philanthropy and volunteerism directly and positively affected the entire African American community. However, Frazier suggests they were trying to escape and separate themselves (Carson, 1989; Frazier, 1997). Hwang, Fitzpatrick and Helms’ analysis suggests that “African Americans, regardless of class standing, join in a united front with their attitudes serving as grim reminders of the racial inequality-ties created and maintained by the current stratification system” (1998:377, italics added). These examples illustrate how the African American, when faced with the mainstream in any capacity is expected to shed his or her cultural identity to blend into the White masses, but also how they reject complete assimilation due to ties to their own communities, identities, and culture. This rejection of complete assimilation occurs alongside social mobility in many cases.

Billingsley (1992), for example, took a specific look at this minority middle class and the role of the extended family in helping their working class relatives while simultaneously trying to move up the economic ladder. He asked policymakers and scholars: What is the bearing of the extended family on the upward mobility of African American families? While others maintain that they were a liability, some say that “extended families facilitate upward mobility of their members” (286). Research indicates that both situations exist (Billingsley, 1992) but whether as a support system or as a liability, the African American middle class in many cases remain tied to their working class families and communities in some way. Patillo-McCoy says that “in the end, the [B]lack middle class continues to live near and with the black poor” (1999a:13; Kleniewski, 2006) and when they do leave they often remain in contact with the poor and working class communities via churches, non-profit organizations and/or other civic duties.
(Patillo-McCoy, 199b). Moore discusses this conflict between the middle class identity and their background especially if they are first generation middle class. They have experienced social mobility within their lifetime and “search for a means to maintain and reconcile the class identity formed during childhood and they one they have acquired as an adult” (2008:504-505), also known as the “outsider-within perspective” (Collins, 1997; Moore, 2008). Also, some members of the first generation middle class group who have experienced upward mobility engaged in what is referred to as “conspicuous consumption” as a method of demonstrating their mobility, separating themselves from their low-income and working class families and reconciling the existence of belonging to two worlds.

All of these mentioned studies have shown the origin of the African American middle class and exemplified how their identity and obligation to their community and families have survived even through their upward mobility. In conclusion, McAdoo writes:

Through blending of African and American cultures over generations, [African Americans have] been able to develop lifestyles and family patterns that [are] similar to but different, in many subtle ways, from other families. While the similarities may outweigh the differences, those differences have formed the core of cultural content (McAdoo, 1982:479-480; Mindel & Habenstein, 1977).

The next section explores some the African American middle class lifestyles and families of those who participated in this current study but prior to this, a brief general overview is given of the city of Boston where this study was conducted.

**The City of Boston**

The city of Boston was founded in 1630 and is one of the oldest cities in the United States. Boston, the capital of Massachusetts, is the largest city in the New England area. (Steinbicker, 2000). With a population of approximately 609,000, it is sometimes called the “city
of neighborhoods” due to its composition of 21 official neighborhoods including Allston/Brighton, Back Bay, Bay Village, Beacon Hill, Charlestown, Chinatown/Leather District, Dorchester, Downtown/Financial District, East Boston, Fenway/Kenmore, Hyde Park, Jamaica Plain, Mattapan, Mission Hill, North End, Roslindale, Roxbury, South Boston, South End, West End and West Roxbury (Boston Redevelopment Authority, 2009). Although the study’s participants were solicited from these 21 neighborhoods (i.e. the city of Boston), the participants mainly resided in Dorchester, Mattapan, Roxbury, Jamaica Plain, West Roxbury, and Hyde Park. There was one participant who resided in Randolph, MA but had only recently moved from Dorchester.

Education and healthcare are major contributors to the city’s employment and overall economy evidenced by 10 colleges and universities within the city limits, 6 technical schools, 4 art and music schools and 6 junior colleges (“Boston Economy”, n.d.). Within Boston’s population of African American residents who are 25 years and older, 22% hold Bachelor’s degrees, 19% have graduate or professional degrees, 84% graduate high school or higher, and 41% attain a bachelor’s degree or higher. (U.S. Census Bureau, American Community Survey, 2008). With this same population of 25 years or older, the median income is $39,219 as of 2008. Distinguished by level of education, those residents with less than a high school diploma have a median income of $21,186; high school diploma or equivalency, $27,290; some college or associates degree, $34,436; Bachelor’s degree, $51,552 and graduate or professional degree, $63,759 (U.S. Census Bureau, American Community Survey, 2008). In the field of healthcare, of the city’s top ten private employers, seven are major medical facilities (“Boston Economy”, n.d.). Although wages and salaries are competitive, the cost of living in Boston is quite
expensive. When compared with the national average and other New England cities, Boston is the most expensive (“Boston Economy”, n.d.). For example, according to the ACCRA Cost of Living Index in 2004, before the housing foreclosure crisis, the average price to purchase a house was $466,429, slightly less than ½ million dollars (“Boston Economy”, n.d.).

**Boston’s Black Middle Class**

The racial make-up of Boston was calculated in the 2006-2008 American Community Survey conducted by the U.S. Census Bureau and the survey gave estimates of the ethnic groups living in Boston. White Americans (non-Hispanic) made up roughly 56% of the Boston population, followed by Black/African Americans (non-Hispanic) at 23%, Asians 8%, individuals of some other unidentified race alone 8.4%, and those of two or more races 3%. (U.S. Census Bureau, American Community Survey, 2008). According to U.S. Census 2000, people of West Indian ancestry accounted for 6.4% of Boston’s population (U.S. Census Bureau, American Community Survey, 2008).

Of the 23% of Bostonians who identify as Black or African American, it is less than straightforward when trying to gain a firm understanding of who, exactly, is considered middle class. Using indicators such as educational attainment, income, occupations and homeownership gives an idea of who constitutes the African American middle class in Boston. But first, of the 23% of African Americans in Boston nearly 44% are male and 56% are female.
Educational Attainment

The educational attainment of Boston’s Black middle class (using education as a proxy) is outlined in Table 4.2. The table demonstrates that for Blacks over 25 years of age 27.2% have some college or an associate’s degree compared to 17.5% of the total population; nearly 12% hold bachelor’s degrees compared to 22.3% of the total populations; and 5.4% have a graduate or professional degree compared to 19% of the total Boston population. Education is only one indicator of class status but those with some college or at least one college degree are more likely to be in the middle class.

### Table 4.2. Educational Attainment of African Americans in Boston

<table>
<thead>
<tr>
<th>EDUCATIONAL ATTAINMENT (25 years and older)</th>
<th>Total population in Boston</th>
<th>Black or African American alone in Boston</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some college/associate's degree</td>
<td>17.5</td>
<td>27.2%</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>22.3%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Graduate or professional degree</td>
<td>19%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

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32 Source: American Community Survey, 2006-2008
33 Source: American Community Survey, 2006-2008
Income

Income, another indicator of social class status, is used here as a proxy to identify Boston’s Black middle class. The American Community Survey reports that in 2008 dollars, the median household income for residents of Boston was $51,849 and the median income for African Americans as $33,420. The average income for the general Boston population was $81,673 and for African Americans it was $51,484.

<table>
<thead>
<tr>
<th>INCOME</th>
<th>Total Population in Boston</th>
<th>African Americans in Boston</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income</td>
<td>$51,849</td>
<td>$33,420</td>
</tr>
<tr>
<td>Average Household Income</td>
<td>$81,673</td>
<td>$51,484</td>
</tr>
<tr>
<td>Per capita Income (individuals)</td>
<td>$31,974</td>
<td>$17,978</td>
</tr>
</tbody>
</table>

Occupations

The occupations of the Black middle class which are most likely to produce middle class residents are the management and professional related occupations which make up 26.9% of occupations held by Black Bostonians and the sales and office occupations which make up 26.7% of Black Bostonians. African Americans are overrepresented in the service occupations with 32.1% of the Boston population found in this area compared to 21.6% of the total population.

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34 Source: American Community Survey, 2006-2008
35 Source: American Community Survey 2006-2008
Table 4.4 Civilian Employed Populations in Boston Aged 16 Years and Older

<table>
<thead>
<tr>
<th>OCCUPATION</th>
<th>Total population in Boston</th>
<th>Black or African American alone in Boston</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management, professional, and related occupations</td>
<td>43.4%</td>
<td>26.9%</td>
</tr>
<tr>
<td>Service occupations</td>
<td>21.6%</td>
<td>32.1%</td>
</tr>
<tr>
<td>Sales and office occupations</td>
<td>23.7%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Farming, fishing, and forestry occupations</td>
<td>0.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Construction, extraction, maintenance, and repair occupations</td>
<td>4.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Production, transportation, and material moving occupations</td>
<td>6.5%</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

Within these occupational categories 40.1% of Black Bostonians are in the educational services, and health care and social assistance fields; 9.5% are professional, scientific, and management, and administrative and waste; 9.1% are in retail trade; 8.1% can be found in the arts, entertainment, and recreation, accommodation and food industries; and 7.2% are in the fields of finance and insurance, real estate- rental and leasing.

**Homeownership**

As mentioned earlier, homeownership is considered to be a reliable indicator of class status. In Boston, homeownership is held by 29.8% of African Americans compared to 38% of the Boston population.

**The African American Middle Class: Current Study Participants**

The participants in this study reflect the reality that there are a myriad of within group differences among the African American population. The shortcoming of many financial literacy...
programs is they oftentimes overlook the diverse needs of the populations they target. This study manages to uncover a small glimpse of the life of the African American middle class population. I examine them according to their geographical and social class origins. The geographical orientations are Caribbean roots, Northern roots, and Southern roots. Nearly one-third of Boston’s Black population is immigrants (Bluestone and Stevenson, 2000). From these immigrants, there are at least one generation of thriving descendants of Caribbean and African peoples. The latter’s presence in this study gives this study an additional layer of analysis because it allows the findings to show how different experiences in the U.S. can still produce comparable approaches to the financial market. Boston, unlike some other U.S. metropolitan areas, such as those in the South, has the characteristic of choice. The immigrant populations come to Boston to live have most often done so by choice. Generations after the Great Migration to Northern cities, the descendents of ex-slaves, farmers and laborers still reside in Boston and other cities giving them too, another perspective just as those who have only migrated from the South in recent years. All of these geographical identities give depth and a unique collective perspective from the participants engaged in this study. The social class orientations are categorized by their middle class- or working class roots which also gives credence to variations in class backgrounds and how this impacts the financial market. Boston’s Black residents are a collection of the “home grown” and transplants and each perspective is filtered, to some degree, from their experience in the Boston area.

**Geographical Orientations**

**Caribbean Roots**

The term Caribbean roots refer to African Americans born in the U.S. with one or more parents originating from the Caribbean islands. Often called the West Indies, the Caribbean,
according to Chaney (1994) can be defined as the as the 50 inhabited island countries that comprise a 2,000 mile stretch between Trinidad and western Cuba. A few countries representing the Caribbean are Jamaica, Trinidad and Tobago, Montserrat, Guyana, Grenada, Aruba, Dominican Republic, Martinique, St. Lucia, Bahamas, and Barbados and many others. Six of the 17 participants in this study had Caribbean roots.

**Craig Wilkes**

At the time of the interview, Craig was a 32-year-old married homeowner whose ambition was evident in his accomplishments. He received his degree in law and had been working in the field for over ten years. Craig married his college sweetheart and they were raising two children all while trying to climb the corporate ladder. Craig was born and raised in the U.S. but his mother was born in Jamaica. She immigrated to the U.S. in the early 1970s, attended college and bought a home where she raised her son Craig and his brother Roy, who also participated in the study.

**Roy Wilkes**

Roy was a 28 year old Boston native who was working as a manager for a major pharmaceutical company in Boston. He worked with the company for 10 years, holding various roles and working his way up the corporate ladder. He has an undergraduate degree in psychology and a master’s degree in business administration. He was recently married to his college sweetheart, yet had decided to forgo having children until he and his wife were financially ready. He bought his first home in his mid-20s and has thus far been proud of his financial acumen which he attributed, in part, to his business education background.
Travis Wicks

Travis Wicks was a 47 year old, married professor at a private university in the Greater Boston area. He attended a fairly prestigious graduate university where he received his terminal degree in economics. Travis appears as a very ambitious and focused individual who places as strong value on family and homeownership. His parents, who were from Barbados, immigrated to the U.S. to Boston before he and his siblings were born. It was here that they attended some college and purchased a home in which to raise Travis and his siblings.

Gwendolyn Owens

Gwen Owens was a 37 year old single mother of a 5-year old son. She recently purchased a house after years of saving. Gwen obtained her undergraduate and master’s degree at a prestigious university in Boston. After completing her advanced degree, she continued to work in the field of higher education for the last 13 years. Gwen’s parents also took advantage of the educational opportunities provided through immigration. Gwen’s mother attended graduate school and her father completed his bachelor’s degree in the U.S. and they purchased a home when Gwen and siblings were very young.

Tonya Lewis

Tonya Lewis, a 30 year old married woman with two children, received her doctorate from a private university in Connecticut. Her husband is also of Caribbean ancestry and they make a conscious effort to teach their Caribbean heritage to their two young children. Tonya’s parents are originally from Grenada and Belize and immigrated to New York in the 1970s. Born and raised in New York, Tonya moved to the Boston area to pursue a job in university teaching and to be closer to her husband’s family after the birth of their first child. Tonya and her husband have engaged in homeownership by purchasing their home about five years prior to the
interview. They are currently contemplating a move to ensure better schooling opportunities for their two small children. Tonya’s parents both finished high school and found jobs in working class professions.

**Bridge Payne**

Bridge Payne was a 28 year old single mother of one five year old son who rents a small apartment in the city of Boston. With parents originally from Belize, Bridge was born and raised in the New England area. Her parents moved around to a few New England cities before finally settling down in Boston. Bridge attended a small liberal arts college and majored in accounting. She currently works for a large national banking institution in the Boston area. Bridge’s parents attended college but did not own their home.

*Northern Roots*

In this study, participants identified as having Northern roots, refers to the African Americans who have lived in the Northern region of the United States for generations, including, at a minimum, their parents and grandparents. Massachusetts, particularly Boston in this study, is where most of the Northern roots participants have resided for generations. However, other Northern states would include, New York, Connecticut, Pennsylvania, Rhode Island, Maine, New Jersey, Delaware and the general Atlantic Northeast region of the United States. Five of the 17 individuals interviewed for this study had Northern roots.

**Jack Spurgeon**

Jack Spurgeon is what one would call a “life time educator.” A strong and caring family-man with five adult children, Jack had been married to his wife for 39 years. He was a Boston native, but his mother was originally from the South and his father was from the Northeast. His parents both finished high school but neither owned a home in their lifetime. Jack’s parents
separated when he and his four siblings were very young. He grew up in a single-parent household and remembers a struggling mother trying to make ends meet. At the age of 60, Jack and his wife had managed to witness all five of their children graduate from college, three of which received advanced degrees. They acquired their home over 20 years ago and Jack attested that this purchase had been the “bread and butter” necessary to realize his goal of sending all of his children to matriculate at private four-year colleges.

**Patricia Walthour**

Patricia Walthour was a 46 year old single woman who was born in Boston and raised in Boston. She cherishes her African American/Bostonian history and participates in many of Boston’s cultural events geared toward African Americans. She was the youngest in a family of ten but her father passed away when she was 18. Her mother was never a homeowner but nevertheless she is very close to her family and enjoys spending quality time with them. After one year at a junior college, Patricia discontinued schooling and eventually went to work as an administrator at a large hospital where she has worked for 22 years. She is very community oriented and connected. She likes to travel but feels it’s very important to stay involved with her community and advance the knowledge of her history. Patricia rents her home which she says is by choice and not due to financial constraints.

**Hashan Mulley**

Hashan Mulley was a bright and energetic 35 year old, single graduate student at one of Boston’s most prestigious universities. Enamored by the dynamics of computers science, Hashan was pursuing his doctorate at the time of the interview and planned to become a professor and independent consultant in the computer and technology industry after graduation. Hashan’s parents raised him in the New York area and he migrated to Boston solely for graduate school.
His parents both owned homes and had earned college degrees. Hashan bought his first home in graduate school but had mentioned plans to sell it and upgrade if in the event he got married.

**Diamond Maxwell**

Diamond Maxwell was a single, 30 year old recent Ph.D. in chemistry and at the time of the interview Diamond worked as a chemistry professor at one of the local universities in the Boston area. She migrated to the Boston areas from Philadelphia where her parents and grandparents had made lives for themselves for generation. Her mother finished high school and her father had completed an undergraduate degree, however, her parents did not own their home. Diamond, too, rented a modest apartment that could house two but she chose to live alone.

**Ronald Dumas**

Ronald Dumas was a 30 year old single homeowner who was working in Corporate America as a sales representative at the time of the interview. His parents and grandparents had established long lives in Boston area he and his siblings enjoyed the benefit of a boarding school education. Both Ronald’s parents attended college and owned their home. Ronald graduated from college in the mid-1990s and has been working in Corporate American every since.

**Southern Roots**

Participants with Southern roots are those African Americans born in the southern portion of United States but have moved to the Northeast as a child or young adult. Southern roots include states in the southeast, Upland South, Deep South and Gulf coast regions of the United States which includes states such as Texas, Georgia, Florida, Louisiana, North Carolina, Tennessee, Alabama, Virginia, Tennessee, Arkansas, Kentucky and South Carolina among others. Six of the seventeen interviewees had Southern roots.
Jasmine Jones

Jasmine Jones was a 28-year-old woman who had been transplanted to the northeast at a young age from Mississippi. She grew up in the Deep South but her mother, a single mother who had a high school diploma and years of office management experience, followed a job opportunity and decided it would be best for her and her two daughters to relocate. The majority of her family remained in the southern region of the United States. Jasmine’s mother took a job as an administrative assistant at a large, private university in Boston but decidedly never bought a home. Now working as a researcher at a prestigious university, Jasmine is a college graduate and has taken a few graduate courses toward a master’s degree. She has a bachelor’s degree in biology and a “half-master’s” in pharmacology that she plans to finish sometime in the future. She rents a home with her sister and her sister’s children. Jasmine has no children but think of her niece and nephew as her own.

Sonny Thompson

Sonny Thompson was the devout Christian with a professionally ambitious spirit. The 31-year-old family man had strong roots tied to southern culture. Born and raised in the South, he attended a historically Black college in the South as well. Sonny moved to Boston to attend graduate school. It was here that he married his wife, Katrina Thompson, bought their first home. Sonny was working at the graduate school in which he attended as an administrator. Sonny’s parents were homeowners and both held graduate degrees.

Katrina Thompson

Like her husband Sonny, Katrina Thompson, 30, was from deep Southern roots with deep Christian values. Her entire family lived in the Southeastern U.S. and she also came to Boston for graduate study in the medical field. As an undergraduate, Katrina attended Spelman College
and moving to Boston was her first experience with living a Northern life. Katrina’s parents both held advanced degrees and owned their own home.

**Della Waters**

Della Waters was an 86 year old widow originally from the Gulf Coast who came to Boston during the 1940’s with her husband. They were living in a racist Southern town when her late husband left the South in search of fairness and equality in the north. According to Della, he was sorely mistaken and found no such equality in the Northeast. A young Della and her husband, (five years her senior), moved to Boston knowing “no one and nothing” about the new city. They had never traveled to the area prior to moving and they relocated with only themselves and their belongings. Shortly thereafter, they started a family and eventually had four children. Della has completed high school and afterwards, she had plans to become trained as an office manager and attended clerical school. This accomplishment was monumental since no one in her family had finished high school before her. She was only months away from earning her certificate when her husband insisted they go North to seek new beginnings. Financially, Della and her husband had become fairly comfortable. They were able to send their children to college and they bought a home. Her parents were also homeowners. Della worked as a daycare provider for nearly 30 years before retiring. She still owns the home that she and her husband purchased, but rents it to a tenant. Della currently lives with her daughter and son in-law.

**Janice Charles**

Janice Charles moved to Boston with her mother as a young child. Her mother never bought a home and had only graduated from high school. Janice continued to live in Boston after high school and attended undergraduate school in the Greater Boston area. Currently a social studies teacher at a high school, Janice received her Master’s in Teaching while working in the
public school system. A single mother of two, Janice rents her home with her brother and aspires to own her own home one day.

**Gladys Burrows**

Gladys Burrows, a 57 year old mother of two adult daughters, and two grandchildren, moved to Boston in the early 1980s for professional advancement. Janice works as an office manager at a prestigious law firm in the Boston area. By choice, she rents and does not own her home. She attended a clerical school in the South before moving to Boston. Her parents both attended high school and owned their own home.

| Table 4.4 Chart of Geographic and Social Class Origins of Study Participants |
|---------------------------------|-----------------|-----------------|
| Caribbean roots                 | Northern roots  | Southern roots  |
| Working Class roots             | Tonya Lewis     | Jack Spurgeon   |
|                                 | Patricia Walthour| Jasmine Jones   |
| Middle Class roots              | Craig Wilkes    | Hashan Mulley   |
|                                 | Roy Wilkes      | Diamond Maxwell|
|                                 | Travis Wicks    | Ronald Dumas    |
|                                 | Gwendolyn Owens |                 |
|                                 | Bridge Payne    |                 |
|                                 |                 | Gladys Burrows  |

**Summary**

The African American middle class in Boston is a diverse group of people made up of individuals from all walks of life. There are the young hardworking-family types who utilize Boston’s “close knit” metropolitan ambiance to their advantage to move up the social and economic ladder in their various professions. Social networking is the norm and becomes second nature when these young professionals realize how small the professional world of “who-knows-who” actually is in the city. Attracted by educational and occupational opportunities, they have master’s degrees, teaching degrees, MD’s, PhDs, JDs, MFA’s, and an assortment of qualifications and specialties. Their goals are usually different in that they seek Boston for all it
has to offer, educationally and professionally, with the intention of leaving for better
opportunities once they have accomplished what they have set out to do in the city. One of the
many reasons they communicated to me about their intended departure from Boston is its
extremely harsh winters and the relatively low number of ‘black folk’ in the Greater Boston area,
unlike Chicago, Atlanta or Washington, D.C. Surprisingly, though, many linger for years on end
because of the networks they have established, the connections they have made, and the
relationships they have nurtured. Of this group, the diverse makeup is endless because it
comprises the individuals and families who come to Boston from the South for better pay and
education as well as those who originate from the Caribbean and from African counties. Finally,
there are what I call the Boston “lifers” who were born and raised in the area and have carved out
careers and families here all of their lives. Whether they have always been middle class or
whether they have low-income roots, Boston is their home, a part of who they are and how they
identify themselves. And of course within all of these groups you have the subgroups who
contribute to African American middle class life styles such as the community organizers, the
political activists, the progressives and liberals, the members of the various faith communities
among many others.
CHAPTER V
RESULTS OF STUDY

The purpose of this chapter is to highlight the central themes that emerged from the data. It will address the research questions that were presented in Chapter III which were: What are the value lessons regarding financial matters that are passed down in African American families that are different from mainstream understandings of money knowledge and behavior that may or may not be considered financially savvy or “literate”? Secondly, what are the modes of transmission of this financial understanding and what gets transferred from one generation to the next? This chapter will (1) discuss the central themes that emerged and (2) explain the positioning of this data within the larger scope of the literature.

This chapter will specifically detail the themes found in the data that opposes mainstream financial advice, explore the data surrounding the middle class African American’s transmission of financial understanding and examine the impact of demographic variables such as family origin and gender. Family origin has two components, geographical differences and class differences. I organize this chapter into two parts: Part I will share the findings around middle class African Americans’ cultural values that have influenced their approach to the financial market. Part II will address the modes of transmission, that is, how and through whom financial understanding is transmitted within African American families and it will discuss Implicit and Explicit Financial Communication. Part II will also discuss class and geographical roots and gender differences in modes of transmission in knowledge.
Part I

Helping Family at All Costs

“When its family, it’s all that matters. It’s always been that way from my mother and my grandmother on up. They would always say, you don’t kick a man when he’s down. Especially when he’s family. When it comes to helping out a family member, THAT’S more important than any financial stretching or burdens it might bring.”—Gwendolyn Owens, 37 year old, middle class Caribbean roots

The first research question explored in this study was what exactly is understood as financial knowledge and how is transferred within African American families. We know that financial literacy is a combination of financial knowledge, behaviors and experiences. However, the cultural understanding of finances is what is referred to as Ethnic Money Knowledge. Here, I will discuss the central themes that emerged out of the data which suggests that middle class African Americans make financial decisions based on important cultural values.

Emerging Theme: Obligation to Help Financially

Financial advisers and financial literacy experts have outlined fairly specific guidelines to help consumers navigate the financial market and manage their money matters. Even in the face of a recession, some advice is standard no matter the financial climate: Make a budget and stick to it. Only use your credit cards for emergencies and avoid charging anything you cannot pay off in X number of months according to your budget. Have at least three months of salary saved in case of an emergency. The advice is endless. Using saving for example, almost all financial advice encourages saving and “paying yourself first” (Cargle, 2006; Foster, 2005; Smith and Richardson, 2009). Most advice for the working adult suggests having 8-10% of your income automatically deducted through a tax-deferred retirement savings plan, such as a 401(k), 403(b),
Keogh and a few others, before paying bills and other debts. Even if these options are not available, saving in a traditional savings account is the next best thing as long as the money is accumulating, preferably with interest. Lori Mackey, founder of Prosperity4Kids, uses a 10-10-10-70 system for teaching kids to budget. She suggests when a child makes his or her first dollar, parents teach them to save 10%, invest 10%, give 10%, and live from 70%. She explains,

> When you give them a dollar, you give them two quarters and five dimes and then you sit with them and say this dime is for something that is important to you or that you want to help. So you can help them understand what giving back means with 10 cents out of a dollar.

> This kind of philanthropic inspired financial advice is relatively new. Old models of financial advice typically did not include budgeting for what you wanted to give away. But what if 10% is unacceptable according to the values one understands from his or her culture and family? What if the expectation to give and support financially from a collectivism/communalism standpoint outweighs the individualist expectation to save primarily for oneself and one’s immediate family only? One theme that ran through the responses of participants in this study is the need or the obligation to help family member financially. Respondents in this study overwhelmingly communicated the importance of family, extended family ties, and the responsibilities associated with these relationships, including the financial ones. In the early 1970s there were two emerging schools of thought on the effect of extended family ties or kinship ties in the African American community. Stack (1974, 1975) would argue that this obligation to help family limits African Americans’ social mobility and in order to move into the middle class one would have to sever ties to needy kinsmen. However, Billingsley (1968) and Hill (1971) would argue that this helping system is a strength and is seen as a
powerful tool used in the African American family and community to sustain the group’s well-being.

The theme in this study, the obligation to help family members, takes the position of strength and resilience and magnifies the African American middle class participants’ willingness and perceived obligation to help family financially. Those who responded that there was this obligation to help emphasized the importance of family and the reliance the members had on each other.

Sonny Thompson, a 31 year old, college administrator with Southern, middle class roots, contributed to his family’s financial expectations at the risk of putting himself in financial detriment. According to him, the family’s needs come above individual needs and this includes the mainstream advice to save 10% of income for oneself:

Disproportionately African Americans and minorities in general have to get money to support their poor family, their immediate family. I know I had to do it. Yeah, so if I’m home from college, got a part time job but folks need money back home, [then] you send money back home. You’re in grad school, you’re getting a stipend, but folks need money back home, you send money back home. That’s not to say that [all] white people [are wealthy], because there are enough white people who are struggling financially, so it’s not even close to being all white people, but there are more of them who don’t understand what that’s like. And so yeah, I have dealt with issues that my white counterparts haven’t had to deal with. Now when I really needed something—the good thing about it was that when I needed something, I could call and they [my family] would rally somehow to figure out a way to get it. And there were times when things were better with them. Yeah cause we had ups and downs. Yeah, there were times where they would send money and there were times where they needed money back.

Sonny’s example shows the expected reciprocity among African American families from a financial point of view. There is the idea that there is no set amount set aside for helping a family member financially, and it surely is more than 10% of one’s income. The theoretical perspectives that emphasize the resilience of Black families has the overriding theme that the extended family is the entity that allows the African American individual to cope and survive
(McAdoo, 1975). The theory generally states that “the extended family provides the screens of opportunity that cancel out the negative messages received by the Black child from the moment he comes into contact with the outside society” (McAdoo, 1975). Instilling the knowledge in all family members that each one has one the obligation to support the other is a process of racial socialization that passes down the understanding that with the lack of institutionalized support that is equal with their White counterparts, the extended family has had to compensate in support that should be received through democracy and equality.

Sonny continued:

Even if its money that’s kind of beyond what I shouldn’t be loaning, I would loan it anyway. I had to learn to not lend what I couldn’t afford to lend. So that means learning to say “no”, but the family pressure is to say “yes” whenever there’s a family member in need. So the family pressure is to say “yes” even if you don’t have it to spare. Its family and you make sacrifices for family. ‘Cause we’re family and we have to take care of each other regardless of what the family was--well you know, however you define the family. And so the mentality was that ‘ok, well if I’m doing my internship in college and my brother needs my entire stipend check, even though I worked a whole summer to get it--I’m giving him my entire stipend check.’ That’s the mentality.

Responses such as this would likely support Stack et al’s oppositional theory that suggests that this overextension of individuals within the Black family is a contribution to the obstacles in Black social mobility. However, regardless of the mainstream’s expectation to maneuver financial matters in ways that promote individual mobility and exclude those in the extended family, this goes against an emphasis on family networks and helping systems that many African Americans have been socialized to value since childhood. Socialization is the process of adapting an individual’s behavior to the accepted values defined by his group and the socialized person is “expected to behave in culturally approved ways according to the values of
the major educational, economic, social, political and religious institutions of that community” (McAdoo, 1975:291; Inkles and Medinus, 1965). Abandoning this value, for some, would be equivalent to abandoning pieces of one’s cultural identity.

We see here that within this obligation to help family financially, Sonny sheds light on what it means to “give ‘til it hurts.” The desire to see family members survive is a strong pull for many middle class African Americans in this study. Gladys Burrows, a 57 year old, Southern transplant to Boston with working class roots, spoke about the obligation she felt to help but also acknowledged her frustration with the expectation/obligation that she and other family members had with assisting family members financially.

Gladys: You know, I used to give [un]til it hurt with some family members. And I would help anyone in need. But now I have to try to help to a certain point. But there comes a point in everybody’s life that you have to realize that what you’re doing isn’t working. And you need to figure out how to do something else. I have this situation with a family member and I have to say to her, “I will help you but I’m not your bank and I’m not your crutch.” If that means that [she] ha[s] to get a second job, then maybe [she] needs to think about that. I worked two jobs trying to raise my family. And it’s not that I try to be cold or hard, but what winds up happening so much, especially in African American families, is that people become a drain. And once they start asking you and they see that you’re going to give, then it becomes the fact that you are their solution before they think of their solution (italics added for respondent emphasis).

Q: So, is this based on experience and you’ve done it before?

Gladys: Yeah, yeah. I have a family member who lives in the South. And you know in the South the salaries are not that great. She’s been working at this place forever. I mean, since she got out of high school. And she’s now in her 40s and she’s still working at that place. And she has two kids and a husband who…I won’t even [get into that situation]. But anyway, so I feel like sometimes that her solution is calling somebody [for financial help] rather than trying to sit down with her paper and pencil and figure it out [and saying] this is what I need and this is maybe what I need to do. [She] can go get [her] hair done, [she] can go get [her] nails done but [she] can’t pay [her] bills. You know what I’m saying? So at some point in your helping, you have to say ok I’m robbing from Peter to help her pay Paul.
This quote demonstrates that the value in helping family members has an overwhelming pull among some middle class African Americans. There is a strong expectation to provide for family even at the detriment of personal finances but Gladys’s response suggests that this giving behavior and expectation is not always upheld without question. Mainstream financial advice reinforces securing individual and immediate family needs and omits the concern for the needs of extended families. These opposing forces are reminiscent of Du Bois’ “double consciousness” where one tries to remain true to his or her family and cultural values while also tries to strive toward the “American way” that values individualism and self-sufficiency. The “mentality” that Sonny and Gladys refers to represents a value associated with the importance of extended family, collectivity and kinship within the family network in which they was raised but they both are aware of the responsibility to their own personal financial situations. There is a pull between supporting family and taking care of oneself individually. So even though they may know what is considered financially responsible, sometimes family and cultural values steer them in other directions with their money.

Along with Du Bois’ theoretical explanation, one can turn to social psychology’s theory of cognitive dissonance to explain this relationship between the family’s and the individual’s financial well-being. Cognitive dissonance is defined as the uncomfortable feeling that is caused by holding two opposing or contradictory ideas at the same time (Festinger, 1957). This theory asserts that people have a motivational drive to reduce dissonance by altering their attitudes, beliefs and/or behaviors or by justifying them (Festinger, 1957). Both respondents spoke of having to “unlearn” this mentality to help financially. Sonny said that he “had to learn to not lend what I couldn’t afford to lend” and Gladys said “you have to realize that what you’re doing isn’t
working.” The idea that this has to be unlearned is indicative that it was taught to them, very insidiously and implicitly through their family and through cultural expectations. But it also indicates that there is a struggle to fit cultural values into a mainstream box.

It is important to understand the context from which Sonny and Gladys speak. They both grew up in large and extended, yet close-knit families in the Southern region of the United States. With Sonny in particular, his parents struggled with money even though they both had decent incomes. His parents, being upwardly mobile middle class members who attended college and graduate school and both held descent professional careers, felt the responsibility to help working class family members. Being one of the few nuclear families within his larger extended family with middle class means, his parents frequently loaned money to family members and in many cases did not expect or receive repayment. They practiced exactly what Sonny explains in his example, and he too absorbed those practices of helping family members at all costs. Billingsley (1992) makes reference to this support system between working class and middle class members in the same family and noted that within the African American middle class family there are more likely to be working class family members to whom they feel obligated to extend financial help. This is reflected in Sonny’s experience but he also illuminates in his responses the responsibilities of working class family members to pool money together to help those trying to maintain middle class status. Essentially, Sonny suggests that the pendulum swings both ways around helping family members regardless of class status. Similarly, Gladys’s family resides in the South and is working class. Even with working class means, she saw her parents (and herself as she entered adulthood) become the sole source and answer to many of her extended family’s financial needs. The needs of the family, in Gladys’s case, can be
overwhelming but to combat this it appears that the presence of reciprocity within the obligation to provide financial kin support is critical to the informal financial helping system working properly.

The mainstream advice to only allot 10% or some other calculated portion of personal finances to “giving back” would be viewed as unacceptable in some cases among ethnic families as exemplified here. The willingness and expectation that the respondents feel to help family members is reflected in the family values outlined by Logan (2001:10) 36. Four of these values have direct financial components:

1. **Blood ties** – takes precedence over all types of relationships
2. **Extended family orientation** – takes precedence over nuclear family
3. **Reciprocity** – mutual aid and reciprocity exist among family members
4. **Cooperation** – shared responsibility for the well-being of others is practiced.

The importance of blood ties, extended family, reciprocity and cooperation were evident in the responses regarding how to help their loved ones. During a very open conversation with respondent Diamond Maxwell demonstrates how deep this obligation to help can run and how critical it can be to a family or individuals understanding of appropriate financial savvy behavior. Diamond, a 30 year old single woman of Northern, working class roots recalls how her family handled the option to place her elderly grandmother in a nursing home. Even though there was severe financial strain on family members, because of the value placed on blood ties, extended

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36 Logan (2001) conveys the work of a number of scholars who devote study to African American family life. The complete list of eight items have been identified as family patterns that have survived the “slavery holocaust”: Blood ties, extended family orientation, childrearing, respect and reverence, reciprocity, restraint, cooperation and marriage.
family, mutual aid and the well-being of all family members, the family’s response is one that
would not be considered a financially savvy response. Diamond explains:

My grandmother had a stroke about 8 years ago. She lives down South with my aunt—and my father came [up] with this idea and casually mentioned that maybe she would be better off in a nursing home because she would be around other older people and have much more one-on-one care. And as soon as he brought that up, they just went for the neck. They really were not faking. My mother said she would never send someone to a nursing home. I guess they just considered it so artificial. Like, she should be with family watching over her and how dare you send her to some nursing home that’s away from us—even though they really can’t take care of her financially. I find it interesting that they wouldn’t even consider it. They’d rather work less and juggle around more schedules and buy all this equipment to take care of my grandmother than put her in a nursing home where she would have more access to more stuff if you find the right one.

During the preliminary phase of this study when I was actively gathering background information and testing interview guide questions, I asked one of my White co-workers if he would be more inclined to save for the future or help a family member in the present. He responded that he would “definitely save for the future because who’s going to help me when I’m old? Probably nobody.” This individualistic perspective is supported by most financial advisors and is the prevailing norm concerning “best practices” in personal finances. Among some African American families, as demonstrated in this study, this collective concern, in many ways, supersedes the individual financial concerns. Patricia Walthour, a 46-year-old single woman, of Northern working class roots, spoke freely about her obligation to help family members financially. Again, her mother was a strong influence in her need to give back to her family and others. Patricia recalled when she was in elementary school and she woke up to a strange man in her mother’s kitchen. Her mother had prepared breakfast for the stranger, who was “disheveled” and “confused.” It was not immediately clear how the strange man had gotten into the house but she later figured out it was her mother who had invited him there. He had
escaped from the mental health center but her mother welcomed him and fed him until the authorities arrived to take him to his appropriate facility. This sense of giving and extending was communicated to Patricia and it spread throughout her sense of obligation to help others. Just like the man her mother helped in the kitchen many years ago, Tonya explained how this transferred to her sense of helping family members (and non-family members) financially:

I figure for me it’s important [to help] because we’re family. And most of the time, 90% of the time, I’m loaning money to someone who I feel needs it. And for me, money is not something that I need to hold on to…if someone pays me back that’s fine, I don’t even keep track of how much they pay me back. Whatever they give is fine with me. The reason I feel that way, I guess is because sometimes it’s an obligation for me to help.

I asked Patricia to help me understand this pressure to help family and she quickly corrected my term.

It’s not a pressure. I just feel if someone needs your help and you can help them in anyway, someone close. If it’s financial, talking, or listening. There are [many] ways you can help people. And allowing someone to have money to help them get to some place, say to be able to get out of jail, a loan for trying to get a car—things that can help them to move on.

Katrina Thompson, 30, of middle class, Southern roots also demonstrated how this obligation to help permeated the family and stretched into the African American community as well.

[My husband and I] said how we would like to have all the high school seniors in the church to stand up and we would be able to write checks for each of them to take a laptop to college. Or even give scholarships to folks in college. And I think the idea behind that is the notion that we are here to take care of each other, be it blood family or play-play cousins or just other human beings in general. We are here to take care of those that don’t have.

Clearly all of these aspirations exceed 10% of any of their family’s total income, the “generous” suggestion of mainstream financial advice. Needless to say, the African American extended family has been taking care of itself for centuries. Distrust of the financial system, structural
barriers which include blatant prejudice and institutional racism and income disparities has riddled the African American experience and the family has been its stronghold. The need to provide any necessary security to the family is understandable even if there is a pull from White America to abandon these ties.

Thus far it has been revealed that one of the major themes of this study was the financial obligation to help family members among these African American middle class members. When compared to some mainstream advice to allot very limited portions of income to family financial support, the value placed on family can override these suggested financial parameters. It is important to understand the circumstances in which these respondents stated that they would not feel this obligation to help family members. The instances which overrode the family obligation to help financially varied among respondents but most held some idea that the family obligation to help stopped at family wants as opposed to needs. Participants such as Craig Wilkes, a 32 year old in the legal profession with Caribbean and middle class roots responded that he once helped a distant cousin who he had not spoken to in years. His cousin’s apartment had burned down and she lost everything and he said that he “quickly wrote a check for her. You know, we haven’t spoken in years but I don’t even weigh the strength of our relationship. If someone in my family sound like they are in need I will definitely do something.” However, Craig drew the line around “frivolous” things. These were items or situations that he felt were unnecessary or that the family member could do without. Craig responded that “if someone would say to me ‘I really need to go see that concert’, I won’t even hear about that.” Craig’s brother Roy 28, also of middle class and Caribbean roots, confirms the ease of giving money to family members by saying that “I’d say we are pretty generous about giving money but we’re still, you know, intelligent about how we give out money.” By this Roy was referring to the refusal to pay for trivial needs.
The participants who mentioned the instances in which they would not give financially to help a family member, most frequently referenced “frivolous” needs which fell under entertainment wants, drug problems, gambling addictions, or “a hot date that’s costing them an extra $500.” One respondent, Jack Spurgeon, a 61 year old with Northern, working class roots said that it was about options. If a family member had options, he might not be so willing to give his last dime to their wants. He added, “If they can still get to work on the T [public transportation] but they just want a car, I might have to say ‘well, you need to save up more for a little while.’” The information gathered from the interviews seems to point to critical needs for these middle class respondents. This finding directly points to the tenets of the African American Helping Tradition which reinforces that there is an obligation to help those secure the things that an unequal system may be keeping from them.

Understanding Demographic Differences

When examining the African American population there is a critical need to acknowledge and respect the diversity found within the group. Usually when examining the African American population here is little attention paid to the diversity of the group by class, gender or geographic origin. In this study, I have singled out middle class African Americans but even within this group there are differences. This study chose to investigate the differences in responses by the class and geographical origins as well as gender.

The general consensus of the participants was that there was an obligation to help family financially. Eight-two of all participants mentioned some financial obligation to help family while only 18% of participants did not. The chart below shows the response rate of each demographic variable outlined in the study. Men were the least likely to respond that they felt an
obligation to help family financially but over half of the women identified with this obligation. This finding supports the literature that suggests woman hold the responsibility for what di Leonardo terms “kin work” (1987:110). Kin work is the maintenance of cross-household kind ties and includes the creation and upkeep of “the quasi-kin relations and decisions to neglect or intensify particular ties” (Zinn and Eitzen, 2002:212) and “it is kinship contact across households, as much as women’s work within them, that fulfils our cultural expectations of satisfying family life” (di Leonardo, 1987:442). This suggests that the obligation to take care of and maintain family members’ well being, even if is financial, falls directly on the shoulders of women, African American women included. Also respondents with Northern roots, compared with those of Caribbean and Southern origins were noticeably less likely to mention that they felt an obligation to help family members financially. It can be argued that the North is far more socially and financially competitive than the South and other regions, which have been characterized as being more “laid back” and “hospitable”. One popular saying about the Northeast, New York in particular is that “if you can make it in New York, you can make it anywhere.” Many in the South see Northerners as competitive and individualistic and those who have lived a few generations in the North, may be experiencing some effects of their social environments which lessens the perceived obligation to be helpful.
It is important to also analyze the specific responses of those who mentioned the obligation to help family members financially. The charts below specifically examined the participants who responded in this way. When analyzed by gender, of those respondents who mentioned an obligation to help family financially, 64% were women and 36% were men. When analyzed by geographical origins, participants with Southern and Caribbean roots were equivalent with 36% in each group. Participants with Northern roots mentioning the obligation to help represented 29% of those responding in this way. Fifty-seven percent of respondents who mentioned obligation to help family financially had working class roots and 43% were from middle class roots.
Here again, attention is drawn to the role that gender may play among these respondents as well as the role that working class roots may influence this obligation.

Emerging Theme: Value and Appreciation of Needs in the Present

The idea that there was an obligation to help family was aligned with another theme which was the value and appreciation of the needs at present. With this theme there is value placed on the present and there is a perceived elusive nature about the future. It is defined as
having the wherewithal to focus on the immediate and being able to offer some kind of security to themselves and family members in the moment.

Participants in this study communicated that there was a value of the present when it came to family and supporting family members. There was “no guarantee of the future” and it was the present that mattered. Many participants concurred with Gladys Burrows, a 57 year old with Southern working class roots, in emphasizing helping family members now versus saving for some future endeavor. Gladys explained,

You know that saying or that poem that says ‘give me my flowers while I’m living’? I think that however it turns out, people will eventually be taken care of in the future. I think in the present day, you have to live for the present. And not taking away from the fact that you have to plan for the future but if it came down to helping somebody in the present and saving for the future, I would help someone in the present.

The literature on financial literacy and money management would not suggest that one focus on the present but rather the urge is to focus on the future. Although much of what financial literacy curriculums suggest is very neutral, there is an undertone in much of the literature that suggests the primary concern is not now, but our financial quality of life in the future. The Federal Deposit Insurance Corporation (FDIC) has a Money Smart Financial Literacy curriculum which is a training program designed to help adults. The claim is that it was created for those adults “outside the financial mainstream [to] enhance their money skills and create positive banking relationships” (www.fdic.gov). Although it is unclear what is meant by “outside the mainstream” in this context, one of the strongest points made in the curriculum is to save money for the future and pay yourself first. This advice ignores those with a value in extended family and helping tradition networks. Jasmine Jones a 31 year old, also with Southern, working class roots said:
It’s important for me to save for the future but if a family member in the present needed help I would gladly help them. I think I would first try to shuffle, if that didn’t work or if that was going to put me in a financial tight spot then I would neglect my savings.

These examples of placing more value on the present and less value on the future might help to explain why some African Americans have a hard time saving, irrespective of financial constraints. Clearly, it is not that they do not know saving is important, specifically since Jasmine has a savings account that she actively, regularly contributes money. However, if she was given the choice to help her family financially or remain loyal to her savings habits, her saving would be “neglected” to support the family member’s well-being in the present. Also, Janice Charles, a 36 year old educator and single mother, with Southern working class roots, spoke about helping family members in the present when she talked about how she viewed her paychecks. She said, “You know, I can always make it up later” when she talked about helping family members with their financial problems and lending money to them. She continued,

I operate like this: I give it if they [her family] need it. I think that with the next pay check this [her other needs] is going to happen. Or the 401k money is going to go in then. One reason for sure is the sort of feeling that if I have more then I should give more….And then like I said, knowing that the next paycheck I can sort of start again and do that over.

African Americans have had good reason to displace invested value and expectation in the future due to the ebbs and flows of social cohesion and social disruption within their experience in America (Bailey, eblackstudies.org). The chart below shows a brief theoretical account of the overarching periods of transition and readjustment for African American population.
These periods of adjustment span decades but are indicative of the inherent uncertainty in the African American experience. The slave trade, emancipation and migration, were periods of uncertainty in the economic survival of Blacks. African Americans have had to rely on their immediate understanding of what is important because at any moment racism and discrimination could thwart even the best laid plans for advancement. This was demonstrated in Chapter I and II by the examples of distrust and disappointment experienced with the legal system during and after slavery and well into the 21st century.

In this study there were some respondents who did not hold as strong a position on the value of the present and wanted to make a distinction between whether the present was the ongoing present or if it was “the present that never leaves.” Katrina Thompson, a 30 year old, with Southern and middle class roots who did identify with the value of helping family member financially but made a distinction between helping immediately and the amount of time she felt obligated to help.

I just always think: Is it the present that never leaves? Or is it the present where we can help them and move on? I think helping them now and then moving on is optimal. Like helping someone pay a bill or helping them if their house burned down or something like that, absolutely I would help a family member. But if Joe Schmo [a fictional family member] was like ‘yeah can I come live with you’ and not pay no bills and help with the food or whatever and it becomes a year thing, or a two year thing and it’s not only that they’re not helping pay any of the bills but it’s that our bills have increased by their

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37 Source: Revised from Alkalimat (2009), Introduction to Afro-American Studies, www.eblackstudies.org
presence being here so that all the money that we were going to put in the savings is now coming out with the extra groceries… Now I’m just saying, I have no problem with helping for a while because as a matter of fact we [her and her husband] were talking about my brother coming to stay with us. That wasn’t going to be a permanent thing though.

So there were some respondents that identified with the need to help family members and they identified with the need to help them in the present but the helping did have an ending point or a timestamp so to speak.

**Understanding Demographic Differences**

Of the participants in this study, overall 59% mentioned the value of family needs in the present while the remaining 41% made no mention of it. Women, Caribbean roots and those with working class roots were the only groups in which over 50% mentioned a value of the present.

**Value of Present by Demographic Totals**

Of respondents who mentioned value of the present, gender seemed to play a role in the responses with 75% of those being female and only 25% being male. The majority of those mentioning a value in the present were Caribbean with 50%, followed by Southern and Northern
responses being equally represented with 25% apiece. Respondents with middle class and working class roots were represented equally.

The theory applied to explaining this value found among middle class African Americans and possibly among Blacks in general, referred to the uncertainty that many may have about the future. For women and those with Caribbean ancestry, these feeling may be more prominent due
to their added layer of marginalization by virtue of their gender and familial experiences with immigration.

**Emerging Theme: Devaluation of Money - Increased Emphasis on Human Value**

Another theme that emerged was the idea that some participants redefined the value placed on money and transferred it onto the individual or family member. In other words money became less valuable when juxtaposed to the family member and their needs.

Hashan Mulley, a 35 year old graduate student with Northern, middle class roots grew up in a small family and although he did not consistently embrace the idea of the extended family operating as a network, he mentioned that he did reach out to extended family members, (i.e. cousins) to create sibling-like relationships. Within this interview, as with many others, the discussion eventually turned to family members and the obligation to help them. He reported that his reasoning for helping family or any other friend (which in many cases he considered fictive kin) was mostly about the human relationship.

[I would] help family, what are you talking about? Oh please. Your future is uncertain…money is useless, it’s green. It doesn’t even smell good; it’s not even that pretty. There is no point in saving it… *(jokingly)*. No, I would definitely give it to a family member to help them out in any way I can.

Hashan reiterates the previous theme regarding emphasis on the present but he also takes the power and prestige out of money and places it with the human/family relationship. Similarly, Patricia Walthour, a 46 year old hospital administrator who is a single woman with Northern, working class roots concurred with Hashan’s emphasis on the relationship or the human being as opposed to the value placed on money. Coming from opposite class origins than Hashan, she was also exposed the idea that human relationships override the value of money. She stated,
For me what’s most important is the relationship right now. And the money isn’t what makes the relationship. It’s the person’s well being. And if helping them financially helps their well-being then that’s the reason. That’s how I look at it.

The basis of financial literacy is communicating how to educate individuals to successfully navigate themselves in a capitalistic financial market. When value is removed from the very source that sustains the market, there is an obvious disconnect between financial literacy and opposing cultural value systems.

**Understanding Demographic Differences**

Fifty-nine percent of respondents mentioned a value of the human relationship over the value placed in money, while 43% did not. In most demographic categories, except for men, at least 50% mentioned a devaluation of money and an emphasis placed on the human/family relationship. The highest among these cases was women and respondents with working class roots.

**Devaluation of Money by Demographic Totals**

![Bar Chart]

Of the respondents that mentioned a devaluation of money and emphasis on the human value 70% were female and 30% were male. Thirty percent were of Caribbean roots, 30% were
of Southern roots, and 40% were of Northern roots who identified with this theme. Lastly, participants with middle class and working class roots were equally represented in supporting this theme.

In this case, gender is the only significant finding which, like previous themes, can be tied to the gendered expectation that women nurture the relationships in families and communities.
Emerging Theme: Human Relationships Supersede Relationships with Financial Institutions

Most participants in this study had communicated that they had an understanding of the importance of maintaining good relationships with financial institutions which includes having a banking relationship and paying lenders on time. However, with this theme there was evidence that the relationship with the financial institution became secondary oftentimes when juxtaposed to maintaining a healthy relationship between respondents and their family members.

To explain, credit is a major component within the financial literacy literature and one important element of credit is the credit score. A credit score is a calculated number that ranges from 300-850. There are a number of versions of the credit score calculation but generally different pieces of one’s credit history are weighed by importance. The breakdown of this is: the amount owed makes up 30% of the score; length of credit history is 15%; payment history on accounts is 35%; new accounts are 10% and types of credit in use are 10%.

(http://www.bankrate.com).

![Components of the Credit Score](image)

The credit score has been given priority in financial transactions and has been used to determine whether applicants qualify for loans to acquire cars, homes, and lines of credit. To illustrate the importance of the credit score, most recently credit scores of job applicants have been introduced as a predictor of employability. Employers are utilizing the credit scoring system as a filtering
mechanism to determine an applicant’s honesty, integrity, responsibility and organization, traits that are not so easily gleaned from the resume (Lewis, 2006). *The Boston Globe* (Lewis, 2006) ran an article explaining the use of credit scores in the hiring process. One example used to demonstrate the weight placed on credit scores was of a young woman who was temping at a management-consulting firm in Boston. When the company offered her a full time job as a clerk, the firm checked her credit and she was denied the job. Her credit report showed $18,000 in deferred student loans. Her credit history report was interpreted by the firm to mean that she was unable to manage her finances in a way that would allow her to avoid deferment of her student loans.

Clearly, according to mainstream understandings, maintaining a healthy credit score is paramount and it is seen as one of the gateways to acquiring wealth. However, in some cases, a number of the participants in this study valued the family or fictive/extended kin relationship over the potential detriment of harming their credit score or the relationship they had with a lending institution. Over the course of our conversation, Hashan Mulley a 35-year-old graduate student had understood from childhood how important it was to maintain good relationships with family members, those by blood and those acquired later in life. In the interview Hashan gave insight into the importance and gravity of maintaining these relationships even at expense of damaging his credit score.

I would take [borrowing money] very seriously [from family/friends]. I would take that far more seriously than a bank. A bank or a loan, you know, if you don’t pay they have a list of things they are going to do to you…they charge you some money, they crank up your rate, they do many things to you. With family or a friend though, now you are talking about a relationship and that’s far more valuable than any kind of money.
Hashan also reiterates the previous theme where he specifically devalues money and emphasizes the family/human relationship but he also effectively demonstrates that the harm caused to his credit report and to his relationship with a financial institution is secondary when compared to maintaining the family relationship or friendship. However, drawing on the theory that supports the importance of family within the African American community, this rationale is not so farfetched when filtered through the cultural values among many African Americans. Jewell (1988) mentions how society stresses individual and familial autonomy, yet African American families have learned to rely on supporting each other so much more heavily in a way that is extended beyond nuclear and immediate family needs and concerns. This “created an interdependent relationship between Black families and members of informal helping networks” (Jewell, 1988:35). In many cases, African Americans have placed an importance on the family and its ability to sustain them when the institutional entities fail or neglect them. Choosing to repay a family member over institutional debt may very well be a carryover from a history of African American families relying on each other for support. There is an allegiance to the most stable support, which in many cases is the African American family and its understood helping system. Essentially, African Americans may be willing to trust that family will take care of or support them when a financial institution may not.

Gladys Burrows, a 57-year-old single mother of two adult children with Southern and working class roots, pointed out that

It’s important, I think, [to pay back a financial institution] in the same terms as family. I think that sometimes when you’re thinking about an institution [i.e. bank], it becomes maybe a step less important. …I personally believe that credit was something that was devised to keep the poor man down. And so for me, a credit rating is important but it’s not as important as feeding my family. And so I think you should always pay back what
you borrow, but it is more important for me to pay a family member back than it is to pay CitiFinancial or whoever.

Gladys alludes to two issues. First, she speaks to the distrust of the financial system which has most likely been her personal experience as well as the experience of most of her family residing in the Deep South. Approaching financial institutions with precaution is common among a number of Black southerners. Many Southerners whom I have spoken with informally remember the shifty insurance salesmen going door to door in Black neighborhood to sell sub-optimal life insurance to Black families. The scams of the life insurance companies mentioned by Burrell (2009) and the general experience of racism in the financial market possible contribute to Gladys’s skepticism around credit. But secondly, Gladys also emphasizes her family and that nothing comes before their well-being, even her credit score.

Janice Charles, a 36 year-old single mother of two also said that paying back an outside lender such as bank or a service provider was a priority but paying her family members took precedence.

For me, I would say, [paying a lender] is a priority, but I would pay my family before I paid the outside lender…. In my mind, I’m sort of thinking, ok they lent this to me with this sort of promise from me that it was going to come back at this certain time and I want to be true to that person, to that family member. And so, you know that will trump a lender anytime.

There were a number of responses from the participants that place the family relationship over the relationship with a financial institution. Janice Charles mentioned that when she wrote out her monthly budget and identified her creditors, if she owned her sister any money “she’s on that list to be paid before MasterCard.” In actuality, this kind of knowledge and behavior goes against most mainstream advice of a consumer in a financial relationship with an institution.
The reasons for placing the family relationship over the relationship with the financial institution can be explained in two ways. (1) In some cases, the desire to pay a family member over an institution suggests that there is a value in maintaining the balance of the family relationship. (2) There is an understanding that family members need the money, more so than a financial institution, i.e. bank or credit card company or, service provider.

Throughout the interview process it became clear that money that is borrowed between family members but is not repaid can be written off as a contribution to general family survival. However, there were some descending views. Gwendolyn Owens, a single mother of Caribbean, middle class roots spoke about not wanting to cause trouble or strife in the relationship between family members and in some cases decided against loaning money at all if she thought that it would jeopardize the nature of the relationship. She also spoke about the reverse and how she has loaned money to preserve the nature of certain family members’ relationship with her. In general, maintaining family balance, in some ways, may explain why some family obligations would supersede the relationship with financial institutions. Along the same lines of maintaining balance, there is reciprocity among family members that does not necessarily exist between individuals and financial institutions. When there is a financial need, the bank, for example, may or may not grant a loan. Within the family, if there is reciprocal relationship and understanding around lending and receiving monies, it is important to keep this relationship healthy even if means neglecting responsibilities to a financial institution.

These values may help to explain some of the disparities in the financial literacy knowledge and behaviors around credit and the use of it. Meaning, the financial literature that suggests that African Americans are in more credit card debt or that they have more late
payments on credit cards may find it enlightening that these kinds of scenarios, such as those discussed, might help explain some of the reasons why these deficiencies exist.

However, Suze Orman, one of the major personal finance gurus, has stated that “You must honor all your debts equally--whether it's the money you owe Visa, or the money you owe your brother.” But this is the reality: The money you owe your brother will not affect your credit score if you do not pay him and most likely will not affect your access to wealth. Placing the family relationship over the financial relationship is another example of how some African Americans make sense of the financial market and it reflects many aspects of their cultural lens on how to approach these credit situations (i.e. collectivism, reciprocity, importance of blood ties).

At first glance there seemed like a contradiction in some of the respondents’ commitment to repaying family members before financial institutions and their ability to shrug off expectation of repaying family members. The latter suggested that when it came down to family members paying loans back to each other it was, in some cases, acceptable if money borrowed from a family member did not get paid back. Tonya Lewis of working class, Caribbean roots said:

I think on the part of the borrower it was often or at times you reverted back to “well we’re family” and family is very broad and very extended. We’re family so if you forget [to repay], don’t get to it, or something else happens then that’s ok. On the part of the lender, I think at times it was like “it's no big deal and I don’t really need it anyway” or “its family and I make sacrifices for family” and clearly they have some other things going on. Or I don’t want to cause any trouble.

What seemed to happen was that in some cases, when there was a presence of a financial institution, one which may represent structural racism and the historical oppression African Americans have experienced, the family and its needs prevailed. However, without the presence
of a financial institution, and if in the event a family member was not able to pay back a loan to another family member, they relied on the value driven obligation to help family and the family lender would dismiss the loan.

**Understanding Demographic Difference**

Fifty-nine percent of all respondents mentioned that the human relationship supersedes the relationship with a financial institution and 41% did not. The chart below demonstrates the responses by demographic categories. The most significant findings can be easily observed among the respondents with working class roots in which 71% of them mentioned this value and again, among women with 60% of them responding in this way.

**Relationship Over Institution by Demographic Totals**

![Chart showing relationship over institution by demographic totals]

Of respondents who mentioned a value of the family relationship over the institutional relationship women made up 86% of this group and men contributed 14%. Participants with Caribbean and Northern roots represented 29% apiece with those of Southern roots representing
43% of the responses. Also, participants with working class roots represented 71% of those responding to this theme compared to 29% of participants with middle class roots.
In both cases, whether in terms of the entire group or only by those mentioning the value of the family relationship over the financial institution relationship, women and those of working class roots were the two demographic groups that mentioned this value the most.

Emerging Theme: Faith and Money

*Will a man rob God? But you say, ‘In what way have we robbed You?’ In tithes and offerings. You are cursed with a curse. For you have robbed Me [and] even this whole nation.*

Malachi 3:8-10

One additional theme that emerged from the data analysis was the emphasis on faith by way of religion, and money, specifically tithing to the church. While not all members of the African American middle class subscribe to the values placed in church membership and spiritual life, many of the respondents in this study did. Tithing in the Christian community is an obligation that is Bible based and requires believers to give 10% of their income to the church. Some of the more new age believers have shifted from the staunch expectation that the 10% tithe has to go directly into the hands of the church and are more content spreading this 10% of their earnings to other needy causes. For the most part, the expectation is that the tithe goes to the church and God will bless the believer’s obedience. The quote above is just one of many in the Bible urging Christians to give their charity back to God. The Bible also outlines the rewards for their obedience and the consequences for their disobedience. The belief is that through obedience and faith, God will always provide.

The provisions of God have often been funneled through to believers within the walls of the Black church. Religion and churches have long played an important role in the everyday lives of African Americans (Chatters and Taylor, 1991). Chatters and Taylor (1991) assert that within
sociological theory, it is believed that the profound religious orientation and gravitation to religious institutions “emerged as a reaction to blocked opportunities for full participation in the American mainstream” (106). Although it is debated whether this situation helped Blacks by giving them a source of pride and agency over one sole institution or hurt Blacks by contributing some academics idea of an “escapist” mentality, the support system garnered through the church could not be denied (Chatters and Taylor, 1991; Thompson, 1974). Since slavery and in present day, the African American church has provided, not only spiritual guidance and support, but also social welfare to its members and the community (Boddie, 2004). Using data collected from the National Survey of Black Americans (NSBA), Chatters and Taylor found that the church provided a variety of support measures including those with and without monetary components to them.

In December 2009 The Atlantic published an article titled “Did Christianity Cause the Crash?” The premise of the piece was that many people of strong Christian religious faith have been consumed by “prosperity gospel” which has been taught through a growing number of “mega-churches” where church congregation numbers swell into the thousands. Found also in smaller churches and among the various denominations and highly prevalent in many immigrant and minority communities, the prosperity gospel doctrine asserts that God will provide and “make a way out of no way” regardless of the financial realities. It teaches that the will of God for them is to be wealthy and it should be their spiritual expectation that their “cup runneth over” in monetary blessings. The article alleges that many Christians who were fueled by the teaching of prosperity gospel were assured that risky investments such as homeownership that they did not qualify for would be worked out on a spiritual level and upheld by faith.
In this sample of middle class African Americans the role that faith played in their financial knowledge was different than that portrayed in *The Atlantic*. Those who mentioned their relationship with faith and money most often mentioned their diligence to tithing however they did not support the wild expectation, oftentimes supported by prosperity gospel, that risk is removed from financial decisions because God will “work it out for their good.” Participants generally tithed because the Bible commands it but also because the reward, which is not always a monetary return, will be realistic and make sense to them. The returns vary from God making ends meet, to saving a little here or there unexpectedly, or there are returns that are unrelated to money. The value that many African Americans place on faith and religion and its relationship to their financial outlook may be nonsensical to the mainstream financial world. The Ethnic Money Knowledge that flows throughout the faith instilled in some African Americans goes unaccounted for in economic realms. For example, while conducting my participant observation at the Boston Women’s Group (BWG), I witnessed a financial counselor show a group of low-income women the benefits and tools of budgeting. They were asked to work in groups of two, and the task was to consider which aspects of their expenses could be cut to save money. One woman and her partner were working, when one of the ladies informed her partner that she could cut out the monthly expense she listed for tithing to her church. The tithing woman, who spoke with a Caribbean accent, appeared stunned and speechless at the thought that her tithing was vulnerable to budget cuts and that her partner would even suggest she neglect the practice. Her response was “Oh no! Uh uh! You can’t stop givin’ your tithes. I can get rid of something else but I can’t get rid of that one.” What her partner did not realize was that she was asking the tithing woman to abandon a practice that she mostly likely felt was an investment that helped her to make ends meet.
Janice Charles, a 36 year old, mother of two with Southern, working class roots explained her value of tithing in this way:

I pay tithes as faithfully as I can every paycheck. Because I believe that is what I’m supposed to do and that it yields returns. Sometimes financial [returns] and other times it might be that my son got five pair of new sneakers over the [holiday] break from his grandfather. I see the returns in that way. Either I gain a financial blessing or I can in see the blessings in other ways that save me financially…I also, the religious part of me guides me in my giving to other people, whether its lending to a friend or a family member or giving someone who is homeless money to eat. I almost never pass up either opportunity. If I can, if I have it I will give it and that definitely comes from a spiritual aspect.

I think most times I don’t always consciously make the connection between tithes and blessing until I stop tithing. And its stops happening [the blessings]. Or I find myself in these binds and I’m like “Wait, what? Why don’t I have enough or whoa my refrigerator is empty and I don’t have any money.” Its then that I start to think, I need to tithe. Whoa, I’m off track here. Let me get back on track. So, that’s how it is for me.

Janice is what people in the Christian community would call a “cheerful” or “faithful giver.”

The obedience she demonstrates in her tithing rewards her in other areas of her life. Similarly, Craig Wilkes, a 32 year old, with middle class, Caribbean roots discussed his relationship with tithing to the church and exampled how he has seen the return on his investment:

Even though I don’t think we [he and his wife] do as great job getting out to church as we used to, I tithe every week. And I mean, I do that automatically through my bank account. I just have it send the 10%. When I think about it, sometimes it’s a higher power gain. I mean I guess if you listen to the scripture about things like that, in some respect, you are blessed you know, 10, 50 or 100 fold or whatever the scripture says, you know. I think also too, I owe so much of my success to God. If all I had to do is give Him 10% of my earnings, I mean how hard is that? There have even been times when I took a lesser paying job. I mean I felt that I was really over extended. I mean, when I went to work for the [lesser paying job], financially that was a tough decision to do because on paper it never made sense. I mean, man, if there was ever anything that brought me more financial discomfort it was that, you know. I’ve been so pragmatic doing these budgets forever and when I did my budget for what I was going to make for the [lesser paying job] I was always in the red.
Craig goes on to explain that he always seemed to make his ends meet, even when he “stepp[ed] out on faith” and took a job that would pay less but eventually the decision allowed him to advance in his career in the long run. The advancements come in different forms. Similarly, Jack Spurgeon, a 61 year old, with Northern, working class roots further example the theme of faith and money but spoke of his obligation not just in tithing but to be a good steward of his money which he interprets to be a requirement of this faith:

[To be a good steward means to] take good care of [your money] and not let it run every decision that you make. Take good care of whatever you have. It doesn’t necessarily mean that the more money you have the more spiritual you are. Or the better God is taking care of you. You know, the prosperity gospel that you often encounter on TV, that’s not the mission I grew up in around money. But some of the basic premises of money in my religious life were that you were to tithe. And we didn’t do that all the time but once we decided that’s what we were going to do, we did that. That’s something we started as adults in my married life.

Tithing was that you would give 10% of your income to your church so that it could do the work that it does in the community. I think part of the tithing and how it effects my overall financial situation is that it’s part of the stewardship. It’s like the establishment of some financial discipline. We tithe regularly every week and it’s kind of like automatic. It doesn’t matter what kind of situation it is, I don’t make the judgment on “oh, I don’t have the money this week” or “what bills I have coming up?”…I just tithe. And what I find from the standpoint of religious beliefs, my spirituality is that, not to say that sometimes things don’t get tight but I think the Lord provides. I think it always comes out ok. I’ve had situations when I was like I didn’t know how this was going to get paid and then it just does. Something happens, something comes along. There’s been cases where I literally have gone to the mail box and there was a check that didn’t expect. I knew it was supposed to come but I just totally forgot about this one! That’s happened. I’m not saying that that’s going to happen to everybody or that it should happen or there’s some bible verse that says, “keep tithing and checks are going to show up in the mail.” Because there’s been other times when I’ve looked at the bottom line and I did my tithe that week and I’m thinking about it and without stressing over it…it was really tight. But that’s just the way it is.

On the other hand, some participants felt that there was no relationship between their religious beliefs and how they handled their money. But there were also some respondents that
did believe in tithing but also believed that it did not have anything to do with a “spiritual investment” that had any kind of personal returns. Hashan Mully, a 35 year old, graduate student with middle class, Northern roots believed that a church’s congregation should support the church and that a “donation to the church is great.” However, he also felt that “the concept of getting what you get back tenfold is repugnant.” He continued,

I refuse to give money to God expecting anything in return. No. Don’t want it…I don’t have any problem asking for blessings outright… God can give me the blessing. Now, I do feel like I need to support the church but I don’t feel like I need to pay for the blessing. Those are completely separate. So I have a problem with the concept of giving money with the hope of getting something back. You should give money because you think this is a good thing. You should pray to get your blessings. You should be a good moral person, you should do the right thing, you should be nice to old people and kids and that will get you blessings and those two [tithing and blessings] are not even close to being related.

In summary, from the majority of the responses it is clear that faith has played a significant role in the financial understandings of some African Americans. This investment system, categorized as an element of Ethnic Money Knowledge, and demonstrated through tithing, is not acknowledged by mainstream American financial literacy standards. Furthermore, faith is not a category on any financial literacy measure that determines what one knows about money or how a person makes sense of his financial situation and tithing is not a formal type of investment.

Understanding Demographic Differences

Fifty-three percent of the respondents mentioned that they tithed and that faith influenced how they handled their money while 47% did not mention this relationship. The chart below demonstrates that for each demographic category with the most glaring result were the responses of 71% of the men mentioning this relationship and 67% of the Caribbean respondents.
Northerners responded the least at 29% and surprisingly, they were followed by the women in which a mere 40% reported that their faith influenced their money matters.

### Faith Influenced Money Behaviors

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<td>WCR</td>
<td>43%</td>
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When we solely examine the participants who responded that they tithe or that their faith influenced their money matters the results showed that the men of this group represented 56% of the respondents and also those of Caribbean roots 44%, and working class roots 67%, had a substantial presence among these respondents.
In many cases, one would expect women to dominate the responses around tithing and faith. Historically, African American women have been fundamental to the growth and operation of the African American church and have attended in large numbers. Turner-Battle (2009) explored the giving patterns of African American, Asian and Hispanic women. Results showed that that these women, African American included, preferred to donate to the church. The African American church has greatly benefited from the loyalty, support and contribution of
African American women. It is unclear why this sample does not support the realities of the relationship between Black women and church support, except that with any small study using convenience sampling, the sample is not representative of the general population.

**Other People’s Money Matters - “White Folks Money Knowledge”**

The five values listed in Part I have all contributed to the term Ethnic Money Knowledge. The overarching theme is one that debunks the general assumption that Blacks are simply unknowledgeable about financial matters. While in some cases, this may be true, what has been shown here is that there are often times cultural understandings that filter how they operate in their financial knowledge and behaviors. The theoretical underpinnings of this “alternative” approach to money will be discussed further in the following concluding chapter. But for now, it is important to discuss some of the perceptions that African Americans hold about the majority group’s money knowledge, here termed White Folks Money Knowledge. This too, falls under the term EMK because it speaks to some African Americans’ perceived inequality in the financial realm and their proof that the inequality exists.

Some of the African American respondents in this study adamantly assumed/believed that their White counterparts spoke more and knew more than most African Americans. They believed that if Whites did not openly teach their children the ways of the financial world, then they implicitly communicated more valuable “cultural capital” that would guide them to make better financial decisions. Hashan Mulley, admitted when it comes to finances, compared to his White counterparts, “I think that there’s a great deal I did not know… I think I am ten years behind my White colleagues, I would say.” Hashan described an incident in which he received $38,000 dollars which he won in an academic contest. He described his journey to deposit his
earnings and shared that he had no idea how he should manage this large sum of money. Hashan assumed his White colleagues received far more financial communication about money. He explained:

I think that if someone had handed a $38,000 dollar check to one of my white colleagues at that time, they would have stopped at Fidelity [Investments]. I walked past Fidelity Investments to get to the bank…

Johnny Baggs adds, “It’s like they are born with the information or something…” and Sonny Thompson concurs. Sonny states that his White counterparts have financial knowledge that he never learned.

There’s plenty of White people who have no clue about money and there’s plenty of White people who have a great clue. In fact, I was having a conversation with a guy today. And part of that conversation was that we [African Americans] barely understand the tip of the iceberg. So, I was talking with this White guy who had this idea. Which wasn’t really worth much of anything. But [he] wrote a grant to the SBIR, some small business foundation or whatever and you get like a million dollars to support your idea and they made a video. He made a training video. Then they wrote another grant and made another video. So not really doing anything spectacular but they ultimately ended up with like 7.6 million dollars. The risks they[Whites] take have six zeros behind them; the risks we [Blacks] take have two zeros behind them. We’ll risk a couple hundred dollars. We won’t risk millions of dollars to make the deal. The way they [White people] leverage capital and money is very different from the way we leverage capital and money. So I think we’re headed there because of the fact we have conversations with people in our cohort who help us push the envelope. But I don’t think we’re there yet.

These few participants’ responses drew attention to the Thomas theorem formulated by W. I. Thomas in 1928 which stated that “if men define situations as real, they are real in their consequences.” Some participants felt that when Blacks make an effort to compete and navigate the market like many of their White counterparts, they find there is a “good old boy” system that keeps pertinent information about the process away from them. Therefore, it would be understandable for African Americans refer to their more familiar African American EMK or the
“Black way” of doing things and understanding how the market works for and against them and to shield themselves against its pitfalls. When African Americans see that Whites are advantaged in wages, wealth, homeownership, inheritance and other financial means it validates the idea that they must know something that other minorities are not privy to that gives them this advantage. This idea of knowledge and “White Folks Money” led me to ask some follow up questions to participants in this study and to some who were not officially involved with the original interviews. I went back into the field and asked a handful to middle class African Americans “What do you think Whites folks know about money?”

What I found was a pattern among those from Northern roots and Southern roots about their perception about White people knew about money that African Americans did not. Lula Mae Perry, a 62 year old with Southern woman with working class roots, who did not participate in the original interview questions, was asked what she thought about Whites money knowledge. She responded,

[They know] a lot more than we do! Most of them were raised around money and they know how to invest and how to use it to their advantage. They know how to respect it, especially old money. They talk about it a lot more. They talk about it to their children, cousins and everybody….They are interested in finding out the value of money. They discuss it among themselves but they don’t talk about it around us too much.

Lula Mae’s perception was that there is awareness on behalf of White people that money knowledge is not to be placed in the hands of African Americans. She mentioned that “they don’t talk about it much around us” which would imply that there was an intentional effort to keep the marginalized out of the financial loop to where they could possibly make advances comparable to Whites. Monroe Jenkins, a 43 year old, moving business owner with Southern and working class roots concurred and responded to the questions about what he thinks Whites
people know about money. He said “I know they want to keep it out of our damn hands!

*laughter*...Brain power and money power are just two things they don’t want us to have.” He continued,

[Whites] want their money to grow and they want it to go generations. White people can live with a little and be rich as hell and Black people feel they have to show their money. You let them [Black people] win the lottery and it’s gone in that same month because they gonna get all the things they desired. White people will bank it and invest it. Whites are smarter with their money. They buy land but they might not even break ground on it for ten years from now, but their kids will. They invest. They look ten years down the road and black people’s outlook is like we’re not promised tomorrow…They learn it from generations before them, they are trained that way. White people invest in land and property and anything that gains interest.

Monroe’s response pointed to a number of issues. He agreed with Lula Mae that there was a perceived “conspiracy” of some sort among Whites to keep money knowledge out of the reach of Blacks. This idea reflects a history of unfair treatment in the financial market and generations of being duped and swindled by the White establishment. Secondly, Monroe’s response taps into the value of the present that was discussed earlier in Chapter V. There is a notion that today is important and tomorrow is uncertain. He mentioned that White people seem to be invested in the future and Blacks not so much, “they look ten years the road and Black people’s outlook is like we’re not promised tomorrow.”

Lastly, Monroe alludes what has been called conspicuous consumption, or buying expensive services, items and products in order to flaunt or demonstrate one’s wealth. Described by Caplovitz (1967) as a consumer practice of low-income families, Monroe uses this theoretical explanation to describe those in his middle class cohort as well as for African Americans in general.
Sasha Cartwright, a 35 year old professional in the medical industry with Southern, working class roots was able to example how being around Whites increases one’s chances of obtaining access to their source of money knowledge.

I think they know how to manage it better. They are taught earlier how to manage it better. They have about a thousand year head start on having wealth versus everybody else. I think is because they had an introduction to wealth earlier, education earlier, had a chance to be college educated a lot longer. So when it came to managing money they are more experienced.

I feel like, even today, there is some stuff that they get that we don’t get. I’ve been in corporate America for six years and I’ve learned some stuff from my white counterparts. My co-worker taught me how to get noticed more… I asked where he learned that from and he said his father was in the industry. There are unspoken rules. And it’s not that blacks don’t learn it but they don’t pass it on. It goes back to that African American thing that’s more of “learn by how I do”… This is how you handle and learn about money and we look and watch our parents. That’s how we learn. Learn by example but with whites its learn by talking to their families.

Another example is, I tried to get a house for my mom and I talked to [Peter, a white man who is her neighbor’s son]. [The neighbors are a wealthy White family in the town she grew up in which her mother cleaned houses]. And I could tell that the things that he knew, he knew for a long time. And he was like “you didn’t know that?” I felt stupid when I was talking to him. There were things he already knew and I was trying to catch up on like property taxes, and what can be done to get rid of bad credit. Like, I know that I have to have good credit but I don’t know how to get it and keep it. Peter was told you don’t ever have to have bad credit. I learned those lessons the hard way. And I can just tell that bad credit is the equivalent to a bad person, but we [Black people] are kind of like, that’s just about everybody we know has bad credit.

Jasmine Jones, a 28 year old, with Southern and working class roots added,

I think they have a lot more financial knowledge than we do. They know more about saving, spending, credit and that kind of stuff. I think there is culture they are taught from an early age. I guess there is a reason for that but I’m not sure what it is.

Most of the participants who I spoke with equated White Folks Money knowledge information that is passed down through their families for generations. Participants believed that
Whites knew more about saving, investing, spending, credit and a plethora of other financial matters. This knowledge is perceived to be a part of their “culture” because “they’ve always had money.” On the other hand, what they knew about money was also attributed to what they learned in their respective families.

The dissenting voices around the perceived White Folks Money knowledge came from those with Caribbean roots. Gwendolyn Owns, a 37 year old in the field of education with Caribbean, middle class roots who also participated in the initial interviews felt differently about White people and their money knowledge.

I think that we are increasing gaining greater knowledge about money and becoming more educated. There are so many more young African American professionals in the work force in comparison to our parents. Giving the times of our parents and the things they offered for advancement was so limited but today it’s not as limited. [Today, Blacks] have access to more and I think there are more opportunities available. I think African Americans knowledge base is much greater at this point. Don’t think there is such as thing as white folks money knowledge. But I do think we raise our children differently.

There are some in our community that just perpetuate the wrong kind of ideas about what’s really important. Some of us are too busy buying goddamn sneakers than putting money away, like investing in our education. I have a friend who is always bragging about what she got and what she bought. She bought an expensive puppy and I was thinking “how much of that puppy money could have gone into a 529 plan?” Priorities. But that goes for some of them [Whites] too in terms of priorities. But I think we are behind the eight ball constantly and I think we have to be a bit more vigilant about keeping our priorities straight.

Gwendolyn also seemed to think that having access to the professional world increased Blacks access to financial knowledge. She did not say it was because of increased exposure white people per se. Melinda Wells, a 40 year old, with working class, Caribbean roots replied to the question
regarding what she thought White people knew about money, “Not much obviously, they’re in just as much trouble as we are!”

For the majority of these respondents their perception of Whites money knowledge is a logical one given what the literature has communicated about the wealth disparities between Blacks and Whites (Keister, 2000; Oliver and Shapiro, 1995; Shapiro, 2004). Whites hold an obscenely larger amount of wealth compared to Blacks and much of it trickles down in the form of inheritances. With this transmission of wealth comes the assumption that there is transmission of some kind of knowledge about money as well. For many African Americans what gets passed down is not the wealth or the inheritances or the knowledge that their White counterparts receive. According to these middle class African Americans, not much gets passed down at all about how to explicitly handle money but what they do get is an understanding of what really matters in life: familial well-being. In Part II, I examine the communication and modes of transmission around financial knowledge and learned behaviors among middle class African Americans.
Part II

“[In my family], we just never really had that discussion [about money]. And it’s funny because as African Americans we think that our kids should learn by osmosis, but yet we never really teach it to them…” ---Gladys Burrows, 57-year old, administrative assistant with working class, Southern roots

One of the main research questions asked in this study was how does financial knowledge get passed down among African American families and ultimately, who responsible for the transmission of cultural capital surrounding financial understanding, (i.e., the modes of transmission). This section will address the overall perceived taboo nature of financial communication within the household and later it will discuss the forms of communication, which have been identified as implicit and explicit financial communication.

The Taboo Nature of Money Talk: “Money Is Grown Folks Business”

Overwhelmingly, the data on financial literacy education reports that American families in general do not discuss money often within the home. The archival data and the interviews that I conducted converged around the conclusion that African American parents and families do not talk to their children about money but for African American families in particular, this can be explained by the perception that money and financial matters are off limits and reserved for adults, i.e. “Money Is Grown Folks Business.” Janice Charles, a 36 year old mother of two, illustrates this point:

You don't ask a grown up how much money they have or how much money they make. You don’t ask for money. So there is this cloud around that...I probably knew something about when my mother got paid maybe because, you know, they go to the grocery store
that weekend. But I do remember conversations around money about it being hard and around not having enough. But just information about money – that’s just something you don’t need [as a child]. Not really relevant to you. What are you going to do with it anyway? You know that kind of thing.

Johnny Baggs asserted that money was a taboo conversation between children and parents in his household as well: “We didn’t discuss pay dates because they [his parents] thought it was a personal thing. It wasn’t something that you had to know.” Johnny goes on to reference his parents’ use of lyrics from blues singer Eric “T-Bone” Walker’s famous song *Call It Stormy Monday* to refer to money. He says, “I do remember my mother saying that she got paid on Friday or ‘the eagle flies on Friday’ which meant that they got paid on that day.” According to the interpretation of Walker’s hit, this was a correct use of the phrase “the eagle flies on Friday” (National Public Radio, 2008). Johnny’s parent’s reluctance to speak about money gives insight to the kind of silence surrounding money in some African American households.

Katrina Thompson, a 30 year old in the medical field with Southern, middle class roots added that when she was a child growing up in her parents’ house and even now that she is an adult, the conversation about intricate details of her parents’ financial life are not a topic of conversation. Later in our interview, Katrina communicated to me that as an adult she could ask her parents questions about what they would do in a financial situation, in hypothetical terms, but she could not ask questions about what they have actually done in various situations. She said:

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38 Lyrics *Call It Stormy Monday*:

They call it stormy Monday, but Tuesday's just as bad
They call it stormy Monday, but Tuesday's just as bad
Wednesday's worse, and Thursday's also sad
Yes the eagle flies on Friday, and Saturday I go out to play
Eagle flies on Friday, and Saturday I go out to play
Sunday I go to church, then I kneel down and pray
Lord have mercy, Lord have mercy on me
Lord have mercy, my heart's in misery
Crazy about my baby, yes, send her back to me
So, I talk more about finances now than when I was a child, but they never tell us what they make. I still don’t know what [my parents] make. And I have no clue as to what the mortgage is on the house. So numbers, or things in terms of where they are financially, I don’t know about it— and I have no idea of how much they’re in debt or not in debt. I don’t have any idea about any of that stuff. That was kind of the taboo thing to talk about in the household and they never told us. Neither myself nor either one of my brothers have that detailed kind of information about their financial status. I have zero clue.

Patricia Walthour continues with this example. I asked:

**Q:** Are there any conversations about helping your mother figure out what she should be doing with her money, or to help her plan or to budget?

**Patricia:** Her money, is *her* business. It’s her money and you can’t tell her how to spend it. I had the conversation with her about playing the lottery (laughter), and that didn’t go well.

**Q:** Let me make sure I understand what you’re saying. You didn’t have any conversations about money with your mother as a child and you still don’t now as an adult?

**Patricia:** Right. I have tried to have those conversations before but at this point I don’t try anymore.

Given the data retrieved from these interviews it appeared that many participants did not feel comfortable asking about money matters when they were children. There was an understanding that money conversations were off limits. But also as adults, the idea of speaking with their parents around money seemed to shift. The reason for not speaking about financial matters was less about them being minors and was more because money matters, in general, were deemed personal or private.

In many cases, respondents attributed this absence of communication to the fact that there was little money to talk about. Jasmine Jones explains,

In the town we lived in most of the African Americans are poor and most of the white people are very rich. So I think I kind of picked up some things like there wasn’t a lot of
money so I feel like that’s one of the reasons why it was never discussed because it was kind of implied that there’s not any [money]. So there’s nothing to talk about.

Mainstream standards in financially literacy education now strongly encourage parents to talk with their children about financial matters, especially during the recession when money is scarce. The advice is to not overwhelm the children but to give them an idea of what is going on financially in the household and the general economy in terms that they can understand. Case after case was presented with this reoccurring theme that money was the business of adults and children were not to be involved. I asked the respondents why they thought that financial matters were kept from them during their childhood and many of them could not explain why. Some of the respondents reported that they tried to change this paradigm with their own children but many times the conversation got lost or overlooked or they simply “didn’t know what to say.” However, one respondent who actually was exposed to some of the financial matters of the family was able to shed some light on why it might be kept from others. Sonny Thompson, a 31 year old college administrator, spoke candidly about what it was like to be exposed to the hardships that come with full entitlement to financial matters:

I saw the struggle in my folks. Whereas [my wife, Katrina Thompson] didn’t. She was shielded from the financial conversations, from the financial struggle—I saw the arguments. I saw the conversations. I saw the bad habits and behavior. I saw that. It does something to you as a child even though you don’t realize it then. It kind of makes you feel anxious about money in some ways.

Sonny’s explanation may explain some of the reluctance to openly speak about money in the household and it might also explain widespread Implicit Financial Communication (to be discussed shortly) that was found to be the main mode of transmitting money knowledge in these participants’ households when they growing up. However, despite the respondents perception
that there was “no” money talk in the households they grew up in, the interviews suggested otherwise.

**Modes of Transmission in Financial Knowledge and Behavior**

In many cases, direct financial knowledge and understanding was perceived to be shielded from children in the African American community. However the interviews uncovered that there was communication about financial matters, money and how to handle it. The data showed that there are two modes of communication surrounding financial knowledge transfer: *Explicit Financial Communication* (EFC) and *Implicit Financial Communication* (IFC).

**Explicit Financial Communication**

Explicit Financial Communication, the more heavily discussed finding in this chapter, is the very limited yet open conversations about money which were usually problem oriented and revolved around one or both parents’ pay period. As comments by Janice Charles and Johnny Baggs have previously mentioned, there was a subtheme surrounding explicit financial communication that is being termed here “pay day talk.” This study found that when there was money discussed many times it was around “pay day” which is when they or their parents received their wages from their respective occupations. Though there did not seem to be full discussions about money within many of the households of the participants in this study, “payday” is when a number of respondents remember there being activity around financial matters. As we recall Johnny Baggs and his parent’s use of “the eagle flies on Friday” it suggested some reference to money around the pay period. The reason for this monthly or bi-weekly surge of communication can be attributed to the range of meanings and responses associated with the influx of finances among these African American families. With wage payment, a variety of responses can occur which infiltrate the family environment. Some may
worry about making wages stretch to cover a variety of expenses. Others may experience discontent, happiness or they may express general conversation about what needs to be done with the money. These conversations are not necessarily directed toward children but rather to a spouse or to the open air. In this case, knowledge about financial matters is communicated amongst family members’ about their payday experiences. Gladys Burrows, a 57 year old with Southern roots, recounts that, “My parents talked about money and finances around payday and about what needed to get paid but we never really had that finance discussion in that household.” Many participants described the explicit communication about money in this way. Jeffrey Hines added that “Money conversations happened when the bills came in and bills came in throughout the month so we heard the money issue throughout the month.” This kind of knowledge transfer seemed more focused on present and pressing money issues according to the data derived from the semi-structured interviews.

Closing the door on full exposure to financial matters may have served as a protective mechanism among African American families. With the understanding that the African American economic experience has been unfair and full of disadvantages, it is understandable why some parents would not want to burden their children with undue financial stressors as Sonny Thompson explained earlier. In addition, to payday talk respondents who spoke about their experiences with EFC also explained that money talk in their households as children was problem driven. Meaning, they remember the most conversations about money, although not directed toward them, when there was a financial crisis or problem within the household or among extended family members. This kind of EFC was found among most of the respondents
except for those with Caribbean roots, who seemed to have a very different experience with Explicit Financial Communication.

**EFC and Caribbean Americans**

The study found significantly different responses from those participants of middle class, Caribbean roots. Those from middle class Caribbean roots were more likely to report more open discussions about money (outside of the pay period and general financial problems) and also reported more financially savvy examples to follow from one or both parents. Most of the Caribbean participants in this study were middle class with the exception of one participant. Eighty-three percent of the Caribbean roots participants mentioned that their family members explicitly shared some financial information with them.

West Indians/Caribbean Americans with African ancestry often have different experiences in the United States than those African Americans who were brought directly to North America from Africa. These differences cannot all be explored in depth due to the limitations of this study. However, participants in this study with Caribbean roots reported to have experienced some sound explicit financial communication about how to manage financial matters and to preserve and build wealth. These participants remember having open communication about money. Roy Wilkes, whose mother was born in Jamaica recounts, “When I was younger, was always stressing the importance of saving money, the importance of balancing your checkbook. And by the time I was in high school I had my own bank account and I was working and putting money in there. I had a check book and everything and was balancing it.” Similarly Gwendolyn Owens, whose parents were from Trinidad and Barbados learned in her family that one had to “be wise about your investments [and] invest your money. Clearly the
message to be responsible with money was being sent to these respondents explicitly and in some cases at an early age.

Travis Wicks, whose parents were born in Barbados said,

[My parents] encouraged us to be responsible when it came to money. Be responsible when it came to debt; be responsible while borrowing and all that kind of stuff. But we never got into what struggles they went through to make sure that we had food on our table. We had the bills paid all that kind of stuff [but] we never really were privy to that.

Although demonstrating what the other demographic groups communicated about not being privy to “grown folks business” regarding money, Travis was still able to benefit from some of his parents financial advice. However, what is suggested by the findings in Part I is that even though there was sound financial advice given to Caribbean participants, they were still willing to dismiss this advice and turn to alternative understands of handling their money when the needs of family members became apparent.

Other participants from Caribbean roots spoke of their parents encouraging them to “set goals,” “saving towards those goals” and “buying a home.” This financial ambition can be seen in the familiar story of one our nation’s most prominent leaders. Former United States Secretary of State Colin Powell, who has Jamaican roots is open about his humble beginnings and the efforts of his parents to “make it” in the United States. Powell grew up in the South Bronx, but was born in Harlem and raised by Jamaican parents who immigrated to the U.S. Powell attended the NYC’s public school system and the City College of New York, afterwards he received his commission into the U.S. Army as a second lieutenant (Powell and Persico, 1996). His father immigrated to the states seventeen years before Powell was born and during this time his father began as a gardener on the estates of the wealthy in Connecticut. Powell’s father had not finished
high school, but he moved up the social ladder and became a building superintendent before landing the job that would provide this family with the financial security they needed. Powell’s father went to work for a company that manufactured women’s suits and coats (Powell and Persico, 1996). Powell writes that his father started in the stockroom, was moved to shipping clerk and eventually became the foreman of the entire shipping department. His mother on the other hand was the oldest of nine children but came from a more “elevated social station in Jamaica” (Powell and Persico, 1996:8). Before emigrating, his mother was a stenographer in a law office and the granddaughter of a Scottish sugar plantation overseer in Jamaica (Powell and Persico, 1996).

Using Colin Powell’s background and ancestry as an example of the framework that many Caribbean Americans have in relationship to the financial market here in the United States, it sheds light on the kind of communication or cultural capital that is passed down among Caribbean American families and children. There was significantly more explicit financial communication among the middle class Caribbean roots subgroup of the respondents than among the other participants. Among participants in this study with Caribbean roots, there was a recognized sense of dedication and commitment in the lives of Caribbean Americans to make it to the United States, the land of opportunity. There is a need to secure a financial future for themselves and their family. Powell’s parents, for example embodied the dedication to become socially mobile and theirs is only one of many stories like this. It alludes to the idea that along with social mobility comes financial responsibility. There has always been speculation that West Indians have fared better economically and professionally in the U.S. than native African Americans (Model, 1995, Sowell, 1978). As early as the 1920s when West Indians began immigrating to the United States, some Americans opined that they were more entrepreneurial,
familistic, scholarly, diligent and economically successful than the African American that had resided in the states since slavery\textsuperscript{39} (Model, 1995, Sowell, 1978). To illustrate, Thomas Sowell noted that second-generation Caribbean Americans average a higher standard of living than African Americans as well as the average White American (Sowell, 1978). By stating this Sowell, asserts that Caribbean Americans have managed to overcome keen discrimination through a cultural tradition of hard work and industry.

There are a few theoretical attempts that try to explain this economic perspective or and some would argue, advantage, that many Caribbean Americans experience in the United States. Model (1995:536) details the two explanatory theories: cultural distinction theory and traditional selectivity theory. The cultural distinction theory argues that West Indians have a “more useful cultural legacy.” With this theory, Sowell (1978) reasons that attached to their cultural legacy are certain attributes including the fact that Caribbean peoples had more autonomy during their slavery system and experienced freedom sooner, which would carry over in their striving for success upon reaching the states. Also, upon gaining their independence from Great Britain, they experienced less post emancipation obstacles compared to African Americans in the United States once they were emancipated (Sowell, 1978). Model summarizes that as a result, “Caribbean islanders believe that hard work and self-sacrifice bring economic rewards, and they perform accordingly. Such an outlook is less characteristic of African Americans because they competed more directly with Whites and suffered greater racist indignities” (Model, 1995:536; Sowell, 1978).

\textsuperscript{39} Chiswick (1979) examined black immigrant males in particular and discovered that of the Caribbean born immigrants, only those who had lived in the U.S. at least 13 years or more surpassed the earnings of African American males who were comparably qualified.
Secondly, on the other hand, some of the success seen by immigrating Caribbeans may be explained by traditional selectivity theory that proposes that those who move to the states are self-selected for positive traits. This theory suggests that “those who migrate are more ambitious, talented and diligent than those who do not” which would bolster the evidence that immigrants who come to the states are above average in their home countries as well as their destination country (Model, 1995:538; Chiswick, 1979). Whether through cultural distinction or traditional selectivity, the evidence in this study points to respondents with Caribbean roots having more explicit financial instruction from their family members, and this datum is noteworthy. Even though the reason for the Caribbean populations’ more explicit financial communication and demonstration of that knowledge is not fully understood, the literature on Caribbean American entrepreneurism and homeownership sheds light on the perception of this population which may influence their self-perception and expectation to demonstrated financial success. In the literature and amongst informal conversations I have had, Caribbean immigrants and Caribbean Americans have been compared with the business and financial acumen of the Jewish population through titles such as “Black Jews” or “Jew-maicans” (informal communication) when specifically referring to those with Jamaican ancestry (Kasinitz, 1992:90). The Jewish population has a history of financial success within their ethnic enclaves and within the general financial/business markets (Brodkin, 2000). As for homeownership, as the respondent Roy explains in the previous comment, is somewhat of a cultural expectation. Violet Johnson (2006) explained in The Other Black Bostonians that homeownership, whether in their home country or America, was one of the most important indicators of social mobility for the Caribbean immigrant. She writes about Caribbean immigrants in Boston and notes that “The immigrants transferred the high-premium placed on home ownership in the homeland to their status in their new home. By the end of the
1930s, even as the Depression unfolded, West Indians of all social strata had begun to buy their own homes” (Kasinitz, 2006:104). However, Kasinitz reveals that this kind of homeownership success was due to, in many cases, the rotating credit associations found in this ethnic community.

**Gender and EFC – “A Woman’s Got To Have Her Own”**

“If I learned one thing for sure from momma, it was as a woman, make sure to have your own money. And not everybody has to know about it.”—

Personal correspondence with family friend, Zakia Myers, age 39

As what is most likely a consequence of the oppression associated with the intersecting dynamics of race, class and gender, many African American women in this study communicated their gendered, cultural capital around financial understanding that was passed on from their mothers and other women in their family. Whether from working-class backgrounds, middle class roots, Southern roots, Caribbean roots, single or two-parent households, this single piece of explicit financial advice/knowledge rang true for the variety of women in this study. I uncovered that among these women (along with the women who were informally involved with this project), it was clear that most believed “you gotta have you own stash of mystery money” as Tonya Lewis, a married mother of two with Caribbean roots explains. Through my own experiences I was able to identify with this piece of “common knowledge” among African American women and other women of color. Growing up in a small, rural community with persistent poverty levels and working class, Southern roots, I too received this jewel of information from my mother and aunts. The idea behind having “your own money” among women of color came with what seemed to be unspoken rules. 1) Never tell your spouse/partner how much money you really have. Some discussion about the amount of money you possess is
acceptable but never should there be full disclosure. 2) This “mystery money” does not necessarily have to be banked money but should be readily available for personal emergencies, extremely personal expenses or a variety of wants and needs. Katrina Thompson, came from middle class and Caribbean roots, described her mother sharing this knowledge with her.

I wasn’t living in a single parent home. I don’t think it was that by any stretch of the imagination but at the same time I saw my mom taking care of stuff. I saw her paying the bills. I saw her mowing the lawn and all that stuff. So I saw that she was able to handle herself and so that’s what I think she imparted to me. Even with the telling me outright to have your own money, make sure you have this, make sure you have that. It’s what she did and so do I.

Katrina’s experience growing up was one with both parents in the home who were securely middle-class and lived a stable life. Her father was a member of the armed forces and later pursued a lucrative career in law. Katrina’s mother had earned a doctorate in Education and substantially contributed to the household income. The message to her was that even under these seemingly economically equal circumstances, a woman needs to reserve something for herself.

From a different perspective, Jasmine Jones, a Boston transplant with Southern working class roots, moved to Boston as a child with her mother. She is a 28 year old single woman who recalls how she came to understand that finances can be gendered and that as an African American woman she learned to have her own “stash” and to make sure she was always able to provide for herself. She said:

The women in my family, they are the ones who generally pay the bills. Most of the females in my family are the breadwinners, the main breadwinners, whether it is because they are single parents or because they just have better jobs than their husbands. The males in my family a lot of times they either didn’t work or they had jobs that were under their potential and so I don’t know what I really picked up from that other than to always make sure I had my own money.
In Jasmine’s case the inequality she experienced and understood was more about race than gender. She saw women as the “breadwinners” of her family which would indicate an “inferior position” held by the men in her family. But Jasmine also understood that on the macro level, women were still struggling on some level. The struggle Jasmine saw from her female family members to keep the family unit taken care of may have encouraged her to secure a little for herself. One woman, who was not a formal participant of the study, spoke with me about this finding. Nerraida Hilerio, a Puerto Rican-American, explains that this phenomenon is not just restricted to African American women. She had the same kind of cultural capital passed down in her family and explained that “Women and mothers are expected to give everything that’s theirs. Everything. Time, money and your soul if you have to.” Her statement is reminiscent of the “kin work” mentioned earlier but having access to some finances that others do not, gives women agency over some aspect of their financial experiences.

Many women in the study in my informal conversations were taught to be “self-sufficient” and to “rely on no one.” One woman spoke about the fact that her mother always tucked her secret stash of money in her cleavage. She too does the same thing and the reason for doing this given by her mother and now shared by her was that she kept her money in this particular place because it was “the only two suckers I can trust!”

Using theoretical approaches to explain this informal saving behavior leads to theories of gender inequality. Chafetz’s theory of sex stratification asserts that in most societies men are considered the dominant members and women are unequal in their access to material goods that include “prestigious roles, political power, interpersonal decision making, freedom from unwanted constraints, and educational opportunities” (Chafetz, 1984:4). Granted, the degree to
which the inequality exists among these restraints varies, but to example this social-structural explanation for women’s inequality, African American women earn less than African American males and less than the general population of Whites (U.S Census Bureau, 2008). In general, the relationship that African American women have had with the financial market has been a tenuous one and the interplay of race and gender has contributed to their social, political, educational and economic status.

Some of the female respondents gave a clear indication why for generations the women in their families have practiced this “savings system.” One conversation I had with a woman who did not participate in this study explained that all women have to have an emergency stash “just in case that (explicative) [man] _____ trips!” referring to any woman’s male partner. Reasons concerning independence and safety were the most common responses for why generations of women in their families passed along this explicit communication about saving a personal “stash” of money.

In a recent conversation with colleagues, it was suggested that this money saving behavior may have originated from a history of polygamy in parts of Africa. If in the event the husband acquired a new wife, any monies held by the co-wives were vulnerable to being taken for the dowry needed for the new wife. Therefore this secretive saving behavior may have become a way for co-wives to maintain a level of financial independence. Also, it was suggested that when this behavior was found among rural women who may live domesticated lives, having money allowed them to secure their personal wants and needs without having to ask it of their partners or other members of their families. With this understanding, some women altered their understanding of what is real and what is “relative” in terms of their financial status.
Katrina Thompson explained how this dynamic displayed itself in her marriage to husband Sonny Thompson.

[Sonny] would come to me he would be like “I don’t have any money.” And then I would say to him “No, seriously you have a stash, right?” Cause I always had a stash and it’s like when I say I don’t have any money, I really DO have something. For him, he’s like “no, I really don’t have anything. There’s nothing there.” When he said he was broke, he really was broke! For Sonny, zero is a real number. For me, it’s relative.

It is clear that the women in these participants’ families had openly communicated to them that reserve funds were necessary for them and their family’s overall survival. In today’s financial climate, African American women are more likely to have to take on the responsibilities of the household considering the disproportionate number of African American males who are incarcerated, the diminishing chance of marrying and combining two incomes, and the expectation of lower wages. Granted, Black women are receiving higher education at impressive rates and they are entering the middle class on their own merit but this advice reaches across class lines and geographical spaces. The need for immediately available clandestine cash for these women and origins of this financial behavior is still unclear and should be investigated further. It is understood that the behavior transcends across class lines and among other ethnic groups and therefore the richness of this finding deserves more data collection and analysis.
Implicit Financial Communication

The Role of Women - “Mother Knows Best”

Implicit Financial Communication, focuses more on the gleaned knowledge and behavior, rather than directly verbally communicated. The reported implicit financial communication was largely influenced by gender. Outside of the heavy gender influenced focus of women to have their own money, gender also played a role in the general Implicit Financial Communication about money matters. The primary vessel for transferring IFC appeared to be matrifocal. The role of mother in financial matters begged for attention during the data analysis. Throughout the course of the data analysis, the influence of the mother in transferring financial knowledge and information was paramount. Not in all cases, but in many cases when participants
acknowledged where money knowledge originated it was the mother who was the source of the information. Most respondents, regardless or class origins or geographical origins or their gender, reported that they most closely followed the actions and the non-verbal clues on how to handle money from their mother.

Craig Wilkes, 32, with Caribbean and middle class roots spoke of his mother and how she was the primary source of his financial learning:

I think a lot of it was just watching how she would save her things. I mean, the way my mother was, we had savings accounts for always, I don’t remember not having some type of savings or checking. And so my mother was very good, very early on. But I can’t say for certain that there were times when we would sit down and she would say “alright today we are going to talk about xyz” [related to money] but it was just over the years of just watching how she did it. For example, she was just someone that just hated bills. So I just learned to hate bills and she hated sort of being in debt, so I was sort of the same way.

At first glance, the reader may assume that based on his remarks there was more implicit communication than explicit. The participants in this study assumed that communication about money came in the form of their parents exaggeratedly pulling them aside, sitting them down and bombarding their psyche about the dos and don’ts of finances. Learning about money did not always happen in this way. Through conversations with Craig, we have seen in previous excerpts that his mother always expected him to be financially responsible. He told the story of how he had a credit card when he first enrolled in college and only used it once during his freshman year to buy a pair of running shoes. He added that even then he felt guilty about the purchase because there was not an urgent need to have running shoes. He mentions that the formal instruction about money matters was not there but he did have more of an understanding about money because of his experience with his mother. For now, to add to this Caribbean filtered transfer of
financial knowledge Gwendolyn Owens, a 37 year old, single mother of Caribbean roots from Barbados and Trinidad adds,

My parents were much more explicit and open about money and they haven’t changed. And as for my mom, you know, for mom it’s always, always a push to excel and to advance and to remain self sufficient professionally and financially. Just in terms of career and everything else, just always looking for advancements and ways to remain financially sufficient.

Roy Wilkes, the brother of Craig Wilkes adds about his Jamaican born mother and her influence in homeownership, a 28 year old, married man with Caribbean roots from Jamaica, shared that his mother has immigrated to the states during the early 1970s, where she gave birth to and raised him and his brother. She was considered a “pioneer” according to Roy because she was one of the first family members to buy a house and was determined to make her investment a success. Of the Caribbeans who immigrate to the United States 42% owned homes in 2004 (Papademetriou and Ray, 2004). Johnson (2006) writes that “Home ownership was perhaps the second most important, although more tangible indicator of social mobility [next to education] for the Caribbean immigrant. The immigrants transferred the high premium placed on home ownership in their home land to their status in their new home. By the end of the 1930s, even as the Great Depression unfolded, West Indians of all social strata had begun to buy their own homes, mostly in the South End” of Boston” (104).

Roy responds:

A: [Homeownership] was pretty important. My mother bought her home, probably was one of the first people to buy a home here in this country. My family is from Jamaica. So it was pretty important for her. And I bought my first home when I was 25.

Roy: Do you know why your mother stressed owning a home to you?
A: I think she understood the economics of homeownership, so in terms of paying rent instead of paying a mortgage I think she understood that. Getting equity out of your home and those types of things. …Yeah, my mother, when I was younger, was always stressing the importance of saving money, the importance of balancing your checkbook. And by the time I was in high school I had my own bank account and I was working and putting money in there. I had a check book and everything and was balancing it based on what I saw my mother do when she was balancing her checkbook.”

It was difficult for some respondents to communicate how they learned and gleaned information about money except through observation of their mother. Within many West African societies, from which many African Americans were brought to America as captives, a popular proverb states that “mother is supreme.” This proverb captures the positive essence of African American motherhood roles and responsibilities and debunks many of the academic depictions of the role of the African American female which distort her image as pathological or deviant (McCray, 1980; Townsend-Gilkes, 1980). According to Rodgers-Rose (1980) in West African societies women were vital to group survival and “her role as mother was her most important function… [and] it is through her that the nation is assured” (16). In West African societies the mother was critical to the economic marketplace and controlled many of the money making industries of the family including producing and selling good (Rodgers-Rose, 1980). In other words the African woman from whom African American women evolved was of high economic position, responsibility and status and was a leader in the financial and material matters of family life. Before coming to America, the African woman was trained in an environment that “stressed the importance of motherhood” and “survival of children was paramount in the culture” (Rodgers-Rose, 1980:17; Gray-White, 1985). During slavery, the roles of the African American woman changed but her devotion to children and family did not. Rodgers-Rose contends that the most challenging experience in slavery was the strain and separation forced on mother-child relationship because history shows through slave narratives and autobiographical entries that the
strongest bond in slavery was between mother and children (Rodgers-Rose, 1980). She suggests that the bond between mother and children in West African society was also alive and thriving during slavery.

My research suggests that affinity toward African American mothers coupled with the historical role as economic and financial caretaker has contributed to the increased expectation and observation of mothers concerning financial understanding. The current study does not suggest that all of these middle class families grew up in single parent, female-headed households because in many cases there were both parents in the home. The data showed that in single parent homes as well as two-parent homes, the mother was the primary source of transmitted cultural capital around money and the financial market. When participants were asked “If you didn’t explicitly talk about money, what kinds of lessons (if any) did you pick up from just being around your family members?” Respondents pointed out throughout our conversations that they gained much of their appreciation for the human relationship from their mothers and learned that this relationship was more valuable than monetary matters. A number of respondents gave countless examples of how their mothers implicitly influenced their behavior in general, as well as their financial behavior:

**Jasmine Jones:**

My mother pushed us to like go beyond the town’s glass ceiling and you know get an education, get a career to do what needs to be done financially. So I think it was passed down to us that way. She wanted to keep progressing in that way.

**Roy Wilkes:**

Certainly, my mother made a point to try to pass that information on to me but I don’t know exactly where she got that information from.
Bridge Payne

Yeah I mean my mom saved every penny. So I had to do the same thing. Now my God…the amounts of paper that piles up over time! And so, I think that was one of the habits that I picked up from my mother was all your bills, you save your box and bundle up.

Katrina Thompson

Sometimes I think what [my husband] does and tries to do come into conflict with the way I was raised because what I learned from my mother was being very independent. Extremely independent, financially.

Diamond Maxwell:

Yeah, I think my living for the moment thing came from my mom. For example, tax refund time. That’s one thing I can remember the most about money was tax refund time. So we get stuff at Christmas and I remember my mother used to buy so much stuff at Christmas. She would just spend $4000 for Christmas. And I was like, ‘why did she spend this amount of money?’ And now I know that [my parents] didn’t have those means. And that’s one thing I did too [now that I’m] flushing it out. One thing I did on top of the whole living for the moment aspect-- with my mother more so than my father—[was] buying things to please people. And buying things for people to make yourself be perceived as a better person. And that’s one thing I think that I kind of carried. And I think the residual is still there but now I’m just like, “Look, you’re my friend and all, you’re my girl but we got to split this bill.” But before I used to kind of go out of my way to want to pick up the tab. Just because I wanted them to know that I’m a nice person.

So that would be something that I picked up [from my mom]. I remember my first week of college. The counselors that were there—my mother brought them all lunch. And then, she said to me, “oh you can make some friends here” and then she turned around and bought them lunch! Not because she was just trying to buy lunch for the girls in the dorm, but she wanted it to be so that they would say ‘oh her mother bought lunch, so let me go talk to this girl and make friends with her.’

Way (1998) uncovered similar findings in a study on the lives of inner-city teenagers who communicated that their mothers were the most important people in their lives and were attributed with being solely responsible for the commendable aspects of their character and resilience. This study mimicked those results in demonstrating the role of mother in the transmission of financial understanding.

Given this, there is something to be said about the prevalence of single, female headed households. Historically, from the beginning of the 1960s until the mid-1980s the number of
African American female headed households grew from 20.6% to 43.7% compared to growth in white female headed households from 8.4% to 12% (Rickets, n.d). By 1992 46 percent of all African American households were headed by women (Allen, 1995). Recent estimates suggest that more than half of all these families are headed by women (Rickets, n.d). There are nearly 3 million households headed by African American women according to the U.S. Census (2007). It is clear that within the African American community the female has had an important position and responsibility in the family and extended family community. However, the point is that within this study’s population the emphasis placed on the mother reflects the societal emphasis on the African American mother and her position of nurturer, caretaker, cultural gatekeeper and teacher.

Even though these findings suggest that the respondents focused on their mothers as the avenue for understanding how to approach and manage money it is not to assume that the fathers’ or other male influences was completely absent. What some fathers did contribute the transmitted financial knowledge in these participants was the idea of being liquid and saving money. Jeffrey Hines, a 28 year old graduate student with Caribbean roots in Guyana, spoke of his father’s versus his mother’s perspective on saving and investing:

My father doesn’t think in terms of interest when it comes to saving. He is just about reserving something. My mother on the other hand is more willing to invest in family members and stocks and things like that.

A few examples reflect the role that fathers played in their financial understanding. The participants in this study either suggested that their fathers were concerned with basic methods of saving money or having “cash on hand” and being liquid. Craig Wilkes, son of divorced parents, adds:
Yeah, I can’t for certain say that with my father I saw him do something in particular with money and I said “I won’t do that”. I think I’d just generally put him in the “I won’t do that category,” just in general. But with my uncle, I think he is pretty good with money, very liquid let’s say that…He is very good with just having cash in hand. But I guess that impressed me on some level, so that when things come up, he doesn’t like setbacks…he doesn’t like having debts. So for him he likes to buy things for the cash he has. So I always liked that attitude.

In summary, understanding how and through whom Ethnic Money Knowledge is transferred through the family is just as critical to understanding what is transferred as shown in Part I. This study has uncovered some of the value laden behaviors demonstrated by middle class Americans around family and helping systems that filter their approach the financial market. It has also displayed the role of religion and faith that underscores the concept of Ethnic Money Knowledge, because unfortunately mainstream financial advice does not account for the influence of the supernatural in financial understandings. This study shows that some African Americans incorporate their beliefs into their understanding of the financial world. Finally, the current project uncovered and contributed to the understanding of the role that gender plays in the way that women behave in the financial world and the way that families learn about money. In the next chapter, I will discuss the meaning of these findings and place them in a broader perspective.
CHAPTER VI
DISCUSSION AND CONCLUSION

In this dissertation I explored how some of the values associated with the African American experience have influenced their financial knowledge and behavior in the financial market. Chapter I gave readers the initial introduction to the term Ethnic Money Knowledge (EMK), which was defined as the financial knowledge generated from an ethnic groups’ historical experience and cultural values that is passed down by family members to ensure family economic survival. Chapter II created the backdrop and gave an historical account of African Americans’ experience in the United States, which outlines how their struggles with inequality in wealth, wages, occupations, and income have contributed to their economic hardships.

Chapter II of this dissertation also demonstrated that the literature on financial literacy accurately depicts the gap in financial acumen between African Americans and White Americans but fails to fully explain why this gap exists. This chapter demonstrated that by engaging the theories on the transmission of social and cultural capital and examining cultural values such as the African American helping tradition, this study would be able to uncover some key findings that help inform the neglected spaces in the literature explaining the financial knowledge and behavior gap. Chapter III outlined the methodology used in pursing the goals of this project while Chapter IV contained an overview of origins of the Black middle class as well as offered a specific look at middle class African Americans in Boston. Chapter V reported the results of this study, which will be discussed shortly. Overall, the purpose of this study was to insert alternative explanations into the literature regarding the ethnic-based variations in financial literacy among Americans and to shift away from simply attributing differences to lack of knowledge even
though this does explain some parts of financial illiteracy. This final chapter will discuss these findings in a broader sociological context, discuss the short and long term policy implications, outline the contributions this project has made to the literature and suggest avenues for future research.

**Structure versus Culture Debate**

Financial literacy has become an important topic in the financial world. Locally, nationally and globally, efforts have grown to educate individuals and families about smarter ways to operate in a rapidly changing economic system; however, African Americans have been shown to have a more difficult experience in demonstrating their financial prowess. As previously stated, there is no viable explanation for this disparity. Often either cultural or structural arguments are the first line of reasoning when explanations for social issues are called upon. However, what will be shown in this section is that I have employed elements of both the cultural and structural explanations.

Many social scientists have steered clear of invoking culture to describe any aspect of inequality involving minorities but here, at first sight, it seems as if this is what I have done. With a very superficial overview, my findings seem to suggest a singular cultural explanation for the gap in financial knowledge and behavior between Whites and African Americans. When I first embarked on writing this project, my concern was that scholars and colleagues would immediately turn to their age-old defenses and insist that this is a case of “blaming the victim.” When presenting this work at conferences or in front of small audiences, the first line of questioning usually initiates from this point of view. As Patterson explains, this line of thinking would suggest that I believe it is the marginalized group who is responsible for their fate and not
the social structures and the social environment (Patterson, 2006). On the contrary, what I have
done here is help scholars further understand and illuminate the possibilities that the barriers of
the social structure have forced this group of ethnic minorities to call on their most resilient
cultural attributes to navigate the racism, prejudice, discrimination, and economic inequality that
has affected their financial well-being for centuries.

This study did not explore African societies prior to the transatlantic slave trade to study
the intricate workings of the financial systems and cultural practices among West Africans.
Therefore, it is difficult to say just how much of the way African Americans navigate in the US
financial arena is solely due to culture, or carryovers from this history. But what can be said is
this: the value of extended family and the helping tradition has always been consistent among
those of African descent. This study’s findings underlines the idea that there is a higher cultural
value that is understood among ethnic minorities, in this case, African Americans, that influences
how they may navigate the larger social structure, i.e. the financial system. The “higher cultural
value” can be appreciated in three very different ways which are explained below.

Perspectives on African Americans and their families have varied in scope. Allen (1978)
identified three perspectives employed to study them: the cultural deviant, the cultural
equivalent, and the cultural variant. (1) The culturally deviant perspective recognizes that there
are cultural distinctions between Black and White families but tends to view these differences
negatively on the part of Blacks. (2) The culturally equivalent perspective assumes that there are
few, if any, cultural distinctions between Black and White families, but this approach fails to
appreciate cultural differences. Today’s African American middle class strives to be seen as the
culturally equivalent. By shedding cultural markers in speech, dress, physical appearance many
cultural distinctions are hidden, if not lost, in the mainstream. With the concept of financial behavior and demonstration of competency, the expectation is still present. The expectation is to do what makes business/financial sense, not what makes sense culturally. Finally, the third perspective, the *culturally variant perspective* views Black families as a “distinctive cultural form” but these differences are not necessarily viewed as pathological. This view recognizes that Black and White families exist in their relative cultural and social environments and therefore differ in the way that they function (Allen, 1978:125). I use the latter theoretical explanation for Black family organization, and steer clear of cultural deviance as an explanation for how it operates. The way in which some middle class African Americans make sense of financial matters is not necessarily incorrect, but merely different. The value of family and the willingness to set aside personal financial needs and circumvent popular mainstream financial advice has not been fully embraced by our larger financial system. Sudarkasa writes,

> When we look back at the history of the African American struggle for survival in this country, it is clear that it is our families themselves, rather than institutions on the outside, that have mainly been responsible for our survival and success (Sudarkasa, 1996:xxiii).

These kinds of alternative understandings and behaviors encompass the essence of Ethnic Money Knowledge. African Americans’ acute sense of an unequal economic system has driven them to financially maneuver much differently, often relying of traditional African American values around extended kin and community to do so.

**Ethnic Money Knowledge**

Using the concepts of social and cultural capital, the present work has demonstrated that Ethnic Money Knowledge does exist among some middle class African Americans and deserves to be examined among the larger population. The cultural capital that is passed down concerns
the historical importance of family and the belief that it takes precedence over other social institutions. Using the first theme, which outlined participants’ perceived obligation to help their family member financially, EMK encourages a disregard, so to speak, of holding firm financial budgets and attributing only 10% of earnings to “charitable” family needs. What I found was the strength of blood ties, extended family, the expectation of reciprocity and cooperation outweighed self-centered financial advice. In no way do these findings suggest that these participants are ignorant about how their money should be managed. Middle class African Americans are knowledgeable about finances, possibly more so than their low-income or working class White counterparts. They are in professional positions in which they have access to scores of financial experts and advice. In addition, middle class African Americans are accessing some of the same online self-help sites as their White counterparts to assist them in learning how to manage their finances more effectively. But these sites will not advise anyone to neglect their savings for their family member. Nor will they suggest that anyone focus on the present and abandon future financial security because their distant cousin has a financial emergency. The middle class African Americans in this study have demonstrated that there is a cultural lens that filters how they process mainstream financial information, regardless of what they know academically. Also, drawing again from Sudarkasa’s quote regarding Black families, the cultural capital that gets passed down to some of middle class African Americans is that the financial institution may not have your best interest at its core, but your family will be there to support you more reliably. Placing value in the human relationship over monetary value and more pointedly, the concept of faith has been completely left out of most mainstream financial venues, but yet these values are prevalent to many African Americans and are considered when making many financial decisions.
The five themes, briefly recapped above, addressed the first research question of this study which sought to explore if there were any value lessons regarding financial matters that are passed down among middle class African American families that may be different from mainstream messages about money. The findings show there is evidence of these values which can be attributed to Ethnic Money Knowledge. Sarkisian and Gerstel (2004) give an exceptional overview of two conflicting theoretical explanations for EMK. The first is cultural deficiency which claims that due to slavery and other systems of oppression Black families are dysfunctional and demonstrate socially deficient cultural values that they transmit to the next generation and perpetuate a cycle of pathology. Due to the compelling literature that has examined the strength of Black families (Aschenbrenner, 1975; Billingsley, 1992; Hill, 1971; Logan, 2001; McAdoo, 2007), this theory does not bode well in explaining EMK because it takes a position of inferiority. The opposing theoretical approach views the African American family as culturally resilient and emphasizes the positive aspects of the Black family and their adaptations to an unjust social structure. It challenges the theory which asserts that because of the historical experiences the African American population has had to endure, the African American family has been left down-trodden, broken and impaired. Cultural resiliency allows social scientist to see the African American family and the proverbial glass as “half-full” and not “half-empty” or even bone dry.

This brings this discussion to how resiliency and sustainability resonate among some African American families and how this information is transferred. This study uncovered the fact that much of the communication around money matters was done implicitly. Participants tended

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40 See Sarkisian and Gerstel (2004). Authors present four theoretical approaches but only two are used here.
to look to their mothers and other females in their families for clues on how to approach money and they also learned from their mothers, in many cases, the importance of family ties. Although certain demographics within the study expressed that their explicit financial communication was problem driven or focused around “pay day talk,” while others experienced more forthright information, it was the implicit financial messages that weighed heavily when participants began to engage in the financial market, while simultaneously being sensitive and open to the needs and the well-being of family members.

**The Larger Scope**

These findings contribute to the literature of wealth studies and to a practical understanding of financial literacy media and programming. Since the groundbreaking study of Oliver and Shapiro (1995) published over 15 years ago, exposed how structural inequalities have shaped wealth disparities, social scientist have desperately tried to further understand the dynamics of the wealth inequalities. Likewise, as many who work with financial literacy data have discovered there are inequality in scores, Ethnic Money Knowledge may fill some of this gaps.

**What this Means for Wealth Studies**

Similar to the gap in financial literacy, the wealth gap has yet to be fully explained. African Americans have yet to reach equality in asset and wealth accumulation and there have been a number of factors that contribute to the grim statistics. The African American middle class population has used homeownership as the primary means for acquiring wealth. However, after the subprime lending fiasco which disproportionately affected the Black middle class, and
to a great extent, middle class Black women, the result is a further widening of the wealth gap. To be clear, not only are the wealth disparities bleak for African Americans, they are even more dismal for the African American woman, which I will discuss shortly. Further, the foreclosure rate is has hit record highs during the recession and the subprime lending debacle has the potential to sour the pursuit of homeownership among Blacks because of the risk of being taken advantage of at a higher rate in the housing market. Here, we may see the effects of Ethnic Money Knowledge because the generations who follow those who lost their homes will be effected by the social and cultural capital that emanates from this experience in having, in many cases, the single most prevalent opportunity that secures their middle class, status ripped away. Growing suspicion of the housing market may sway potential homeowners from investing in homes. Policy makers, program developers, sociologists examining wealth accumulation may see a more timid approach to wealth accumulation through homeownership than in previous decades; particularly by women of color who are disproportionately affected by a shady housing market and particularly because women seem to be more responsible for disseminating and modeling financial behavior for their families.

In a recent study published by the Center for Community Economic Development (Chang, 2010) titled, “Lifting as We Climb: Women of Color, Wealth, and America’s Future” the authors took a focused view of the wealth of women of color. Studies such as this have only recently focused on women of color which includes African Americans, Asians, Native Americans and Latinos. It is known that women generally have less wealth than men, but this study reported that the median wealth for single White women was $41,500 compared to only $100 for Black women (Chang, 2010). Even with these facts, it is not a stretch of the imagination
to expect to see a distancing from wealth through homeownership. One emerging theme of this study involved the dissenting voices of single, middle class African American women in this study around the issue of homeownership (i.e. wealth accumulation). Within this population there was a subset of respondents who did not see homeownership as a financial positive but as a financial negative. Financial assets are pivotal in securing middle class status and acquiring a home is the most widely used route to attaining assets and wealth accumulation, as previously stated. There are a number of financial benefits that are inherently related to acquiring a home. The National Association of Realtors describes the benefits of home ownership in terms of financial advantages and social benefits. The financial advantages come in the form of tax credits which allow homeowners to deduct mortgage interest and property taxes as an expense against income (“Homeownership,” n.d.). Also, owning a home positively affects a family’s ability to ensure that their children and grandchildren will secure middle class status or better in the future (Wheary, Shapiro and Draut, 2007). The social benefits of homeownership are that it fosters community life, provides social and economic benefits, and stability. The long term benefits of homeownership outweigh any disadvantages that it may bring, provided that the home purchased was deemed affordable based on income, debt, budget, credit history and overall ability to secure a monthly mortgage.

Most participants in this study understood the value of homeownership and have succeeded in or have taken steps toward purchasing a home as an asset. But of particular interest were three, single female participants, a 57 year old administrative assistant, a 46 year old hospital administrator and a 28 year old researcher, who brought a different perspective to the financial advice that suggests homeownership as a route to wealth. For two of these women,
originally from the South, homeownership presented them with what seemed like a choice between asset accumulation and individual freedom.

The first was Jasmine Jones who came from working class origins and Southern roots. She indicated that no one in her family had thought homeownership was important enough to try to purchase a home. For reasons that were somewhat unclear, Jasmine does not want to own a home due to what she considers to be restrictions on her individual personal freedom. She comments,

I personally don’t want to own a home. I think that you never really own it, and this is my own opinion. The home always owns you. You’re paying it for 30 years that is if you even live in it for 30 years. You could pay for it for 10 years and then have to start over by moving or something. And anything that breaks in the house is your responsibility.

Very similarly, Gladys Burrows, the administrative assist with Southern roots, added,

Well, first of all I don’t believe in buying houses because I think they own you rather than you owning them. Especially in the culture and society that we live in today. People buy houses with 30 year mortgages and most of them don’t live to pay it off. You buy a house and the next thing you know your whole pay check is going into fixing this and fixing that. You know, there’s more freedom without owning a home…Because I can rent and have somebody else do all of that and then go travel and do whatever I want to do because I’m not sucking up all my money in a house that’s killing me.

In some ways, asset accumulation was seen as a “burden”, “expensive” and “restrictive.” Living in Boston as a single woman of color has its difficulties that become more apparent when considering a huge financial investment such as property ownership. Then, coupled with the threat that they may not see the full purchase of the house because of having to “start over and move” or having your “whole paycheck” contributing to the house itself, the “freedom” that these two women promote sounds less about freedom and more about fear. Their responses demonstrate that they believe the system is not on their side when it comes to wealth. Fear of foreclosure or inability to keep a mortgage and/or the possibility of being cash poor because they
decided to buy a house, reflects how some women, particular single ones, understand their financial situations and how they understand the inequalities that they face in the financial market. For women in this class bracket with a single income, their freedom is hindered by the financial responsibly that comes with homeownership but also their fears (or more so their realities) may play a role in shying away from wealth attainment.

Patricia Walthour, a 46 year old, hospital administrator also single and from Northern, working class origins, had similar feelings about owning a home although her perspective contained an element of resistance there was an overriding general value of personal lifestyle choices:

I was searching for a home a few years ago…but I decided that I didn’t need to buy a home. I have a very busy lifestyle and I like to travel and do different things with my time. Owning a home doesn’t really fit with my life goals and what I feel is going to make me fulfilled.

Patricia was more satisfied spending her time planning trips abroad with her a travel club she put together and using her extra income to have family come and stay with her at her rented apartment. Patricia did not elaborate on her life goals but she did mention that she has been working at the same hospital for over 20 years and has just decided that she wanted to incorporate seeing the world into her life experiences.

These three African American women have made the decision to resist society’s expectation that they will acquire wealth in exchange for personal freedoms which indicates that they were aware of the uneven playing field for women acquiring wealth. Their shared experiences contain elements of precaution and acknowledgement of their inequality in the financial world. The aforementioned study outlines past and current institutional contributions to the struggle that women of color have had attaining wealth. These contributions include
women’s’ historical realities that limited women’s rights to own property and acquire wealth, wage disparities, again, the predatory lending practices that unfairly targeted women of color (Chang, 2010). Chang reports that “Black women [are] more than twice as likely to receive high-cost loans than white women” (Chang, 2010:20). The structural barriers which hinder wealth of women of color provide some understanding on the disparities. The understanding the concerns that women have about their position in the financial world, and recognizing how grim their financial outlooks may be, allows explanations such as Ethnic Money Knowledge to flourish. For example, the current study found that the women interviewed, regardless of class, learned from their mothers to secure money for themselves. It is possible that this behavior derives from a lack of expectation and fair access from the economic system. I did not explore if this money saving behavior occurs among White women across class lines but it does allow room for future exploration. Currently, EMK does not provide all of the answers but the concept does give another layer of understanding when examining gender and wealth. The policy related to concerned with wealth issues in America would be well served by exploring how cultural understandings and values pay a role in the importance of homeownership and wealth accumulation among African American populations, particularly women.

*What this Means for Financial Literacy Programs*

Financial literacy programs will need to be addressed differently and tailored with the components of EMK in mind. The obligation to help family financially, the value of human and family relationships over institutions, appreciation of the present and the devaluation of money all effect how personal money management is taught and understood. Financial educators and
advisors who understand the cultural elements of money management will be better suited to
deal with diverse populations who engage the financial market.

The findings in this study challenge existing programs and policy initiatives that take a
quantitative approach to measuring financial literacy in diverse communities, to also incorporate
a qualitative component into their financial literacy programs. This study strongly suggests that
there are alternative understandings of the financial market and the more data that can be
gathered the better the financial education that can be provided. To make cultural elements of
financial management relevant to the mainstream financial market would require a complete
paradigm shift in order for diversity to be recognized and appreciated in the financial market.

In addition, financial literacy programs would be wise to observe the modes of
transmission identified here in relaying financial understanding among some African American
families. This study implicates the African American female is the primary source for financial
understanding among family members. This finding is pivotal for financial literacy programs
targeting the youth and promoting conversations about money in the household and gives
programs some direction from which to focus their efforts. Programs should also employ creative
ways to increase the positive influence of fathers in the transmission of financial understanding.
The influence of the mother to serve as the model and teacher of financial responsibility has the
power to emanate throughout entire communities.

**Long and Short Term Implications**

The fight for equality for people of color has had a long and varied history with many
battles won along the way. Unfortunately, these victories do not indicate that we have managed
complete equality by any stretch of the imagination. The very presence of Ethnic Money
Knowledge indicates that many people of color, in this case African Americans, have very
different and unequal experiences with the financial market than their Whites counterparts. This is not to say that there are not class based differences in financial market experiences that parallel to race, but either case brings us back to the issue of equality. The long term implications of this study suggest that America needs to take better care of Black families to lighten their need to take care of themselves.

President Barack Obama has recently succeeded in reforming health care for millions of Americas which will greatly improve health care, not just for African Americans and their families, but for all families living in the U.S. who have struggled with access to care. This is one step toward equality that will benefit the Black family. However, last year in the National Urban Leagues’ annual publication, The State of Black America, put forth critical issues concerning African Americans that they felt the Obama administration must address. These points included education equity, economic stimulus and job creation, healthcare disparities, housing counseling, the subprime meltdown, wealth building, and infrastructure improvements. These topics are critical to the very survival, success, and progress of this ethnic group and each has a substantial financial component. Inequalities in all of the areas listed promote alternative methods for approaching the market when the past leadership has neglected addressing these kinds of issues, one presidential administration after another. To be clear, the goal would not be to influence African Americans to change their cultural value systems that make it necessary for them to financially contribute to the well being of family members, but instead, make life more sustainable so these families do not overstretch themselves to fill in the gaps that the governmental administration and democratic “equality” leaves wide open. In addition, in terms of the near future, the field of sociology would be greatly enhanced by taking on the task of
empirically examining culture and financial literacy as well as continuing the qualitative work which explores the concept of EMK.

**Limitations**

As with most qualitative studies, the findings outlined in this project cannot be extended to the wider population without further investigation. The generalizability of qualitative work is limited because of the absence of testing findings for their statistical significance. It is possible that the results of qualitative studies might be unique to the very few participants who were involved with the study. Furthermore, researcher bias has been known to influence the findings of qualitative work, unintentionally in most cases. However, the limitations of this study, or any qualitative research, do not outweigh the usefulness of the overall findings.

**Future Research in the Area**

As results pointed out, there are within group differences that are at play in Ethnic Money Knowledge. Chapter V demonstrated that for each of the five themes presented, geographic origins and social class origins had some effect on the prevalence of such themes among the participants. The concept term of Ethnic Money Knowledge may evolve with further research. Future studies may find that gender and women’s historical experience with inequality and sexism has helped shape their perspectives in financial matters, thereby producing a Gendered Money Knowledge. The same is true for those of deep religious faith, producing Faith-Based Money Knowledge. I briefly explore some tenets of these in this study but future research would be well served by a deeper analysis of these concepts. To gain a deeper understanding of why these differences exist would greatly expand the literature on EMK.
Conclusions and Final Remarks

The cultural aspects of financial management that ethnic groups understand through families and how it is transferred to them are a critical piece of Ethnic Money Knowledge. The term EMK must be used very carefully in the social sciences and humanities. The term is a tool used to try to understand how and why individuals make the financial decisions that they do. It is used to help the researchers, program organizers and/or the policy analysts deepen their understanding of the group that they study or serve. EMK refutes the notation that ethnic groups “just don’t know” how to manage their money. EMK is not to be confused with financial ignorance because in many cases these middle class participants in this study were aware of the financially sound decisions to be made but chose to put family before finances.

A cultural understanding and perspective around approaching the financial market is critical to fully understanding the financial plight of African Americans and the values that they uphold in their communities and families. How these values affect their abilities to succeed or the filters in which they operate is absent from the literature. This study has taken the first step toward filling the void in cultural considerations evident in financial literacy training. This study contributes to the very limited, existing academic literature on financial literacy by uncovering and discussing the influence that aspects of culture can play in making financial decisions. It also contributes by investigating the ways in which the cultural and social capital found in families is transferred among family members regarding financial matters. As policies and programs geared toward financial literacy education become more prevalent during these difficult economic times, a step must be taken back to absorb the cultural aspects of financial management.
Appendix A

Northeastern University
Project title: Financial Literacy Versus Money Knowledge in the African-American Community: An Exploratory Study

Principal Investigator: Dr. Gordana Rabrenovic
Project Director: Jaronda J. Miller, M.S.

Informed Consent to Participate in a Research Study

We are inviting you to take part in a research study. This form will tell you about the study, but the researcher will explain it to you first. You may ask this person any questions that you have. When you are ready to make a decision, you may tell the researcher if you want to participate or not. You do not have to participate if you do not want to. If you decide to participate, the researcher will ask you to sign this statement and will give you a copy to keep.

Why are you doing this research study?
This study is designed to explore the dynamics of financial literacy in the African American community. It will involve administration of a demographic survey, and an in-depth interview. You must be at least 18 years old to participate in this study.

What will I be asked to do?
If you agree to participate, you will complete the brief demographic survey which should take approximately 5-7 minutes and will participate in a voice-recorded interview with the researcher, Jaronda Miller, which should take approximately 1 hour or less.

Will there be any risk or discomfort to me?
There are minimal risks associated with participation in and completing the interview. Talking about finances can be difficult for some depending on their personal experience in managing money.

Who will see the information about me?
To ensure confidentiality, all subjects will be given a pseudonym (made-up name). All interviews and demographic questionnaires will be destroyed within seven years.
Will I benefit by being in this research?
By participating in this project, participants will have an opportunity to assess and explore their family and community communication about financial matters and may be able to better decide how those experiences and lessons affect their financial success. Additionally, the results of this project may contribute to professional knowledge in the area of financial literacy and wealth attainment that will aid professionals and policy makers in developing programs to increase the potential for financial achievement of African American population.

Can I stop my participation in this study?
All participation is voluntary and participants may withdraw their consent to participate at any time.

Who can I contact if I have questions or problems?
Questions regarding the research itself will be answered by calling Jaronda Miller at (857) 891-5918 or Dr. Gordana Rabrenovic at (617) 373-4998.

Who can I contact about my rights as a participant?
Questions regarding your rights as a participant in this project can be answered by calling Nan Clark Regina at (617) 373-4588. You may call anonymously if you wish.

Is there anything else I need to know?
Any new information that develops during the project will be provided to you if the information might affect your willingness to continue participation in the project.

I agree to take part in this research.

_________________________________________ ________________
Signature of person agreeing to take part Date

_________________________________________
Printed name of person above

_________________________________________
Signature of person who explained the study to the participant above and obtained consent Date
Appendix B

Socio-demographic Questionnaire. Please circle one.

1. Gender
   a. Male
   b. Female
   c. No response

2. Age
   a. 18-21
   b. 22-29
   c. 30-39
   d. 40-49
   e. 50-59
   f. 60-69
   g. 70-79
   h. 80-89
   i. 90+

3. Marital Status?
   a. Single
   b. Married
   c. Divorced
   d. Separated
   e. Engaged
   f. Widowed

4. How do you describe yourself?
   a. American Indian or Alaska Native
   b. Black or African American
   c. Asian American or Other Pacific Islander
   d. White (not Hispanic)
   e. Hispanic or Latino
   f. Other ___________________

5. If you are of African descent, how do you prefer to be identified by yourself and others?
   a. Black/African-American
   b. West Indian/Caribbean
   c. African
   d. Not applicable
   e. Other ___________________
6. On the line provided, please indicate your family’s country of origin. (Examples: Jamaica, Trinidad, St. Thomas, etc.). If you do not know, please indicate that in your response.

______________________________________________

7. Circle the response that best describes you.

a. I was born in the Caribbean and came to the United States as a child.
b. I was born in the United States and both of my parents were born in the Caribbean.
c. I was born in the United States and one of my parents was born in the Caribbean.
d. I was born in the United States and both of my parents were born in the United States.
e. My parents and I were both born in the U.S. but my grandparents and older generations were born in the Caribbean.
f. Neither

   i. If you were born in the Caribbean, at what age did you come to the United States?

   ____________________________

8. What is the best estimate of your mother’s total income last year? Consider annual income from all sources before taxes.

a. Less than $20,000
b. $20,001 to $39,999
c. $40,000 to $79,999
d. $80,000 or more
e. I don’t know
f. Mother deceased

9. What is the best estimate of your father’s total income last year? Consider annual income from all sources before taxes.

a. Less than $20,000
b. $20,001 to $39,999
c. $40,000 to $79,999
d. $80,000 or more
e. I don’t know
f. Father deceased
10. What is the best estimate of your total income last year? Consider annual income from all sources before taxes. This estimate should exclude federal student loans.
   a. Less than $20,000
   b. $20,001 to $39,999
   c. $40,000 to $79,999
   d. $80,000 or more
   e. I don’t know

11. What is the highest level of schooling your father completed?
   a. Did not completed high school
   b. Completed high school
   c. Some college
   d. College graduate or more than college
   e. I don’t know

12. What is the highest level of schooling your mother completed?
   a. Did not completed high school
   b. Completed high school
   c. Some college
   d. College graduate or more than college
   e. I don’t know

13. What is the highest level of schooling you have completed?
   a. Did not completed high school
   b. Completed high school
   c. Some college
   d. College graduate or more than college

14. Do you rent or own the home you live in now?
   a. Rent
   b. Own
   c. Other ________________

15. Are you the recipient of an inheritance?
   a. Yes
   b. No
   c. I don’t know.
   
   If yes, please describe
16. What is your occupation? Please list______________________________

17. Who do you currently live with? _________________________________
   ______________________________________________________________

18. How many siblings did you have in your household when growing up?
    ______________________
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