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Durham: Capital of the Black Middle Class

E' Franklin Frazier

Durham offers none of the color and creative life we find among Negroes in New York City. It is a city of fine homes, exquisite churches, and middle class respectability. It is not the place where men write and dream; but a place where black men calculate and work. No longer can men say that the Negro is lazy and shiftless and a consumer. He has gone to work. He is a producer. He is respectable. He has a middle class.

Many who have been interested in the Negro's progress, and especially his critics, have bemoaned the fact that the Negro has had no middle class. Negro society has been divided chiefly into the professional and the working classes. The working class has not consisted of skilled artisans but unskilled laborers and domestic servants. While the professional class has imitated many of the traits of the white middle class, they have regarded themselves as essentially an aristocracy. The working classes have been execrated by both white and colored for their love of pleasure. So in neither of these classes have the Negroes developed a middle class economic outlook. We can discount the fanciful schemes for getting rich and the activities of the swindler. Even small retail stores operated by Negroes are conspicuously absent from Negro communities. But the Negro is at last developing a middle class, and its main center is in Durham. As we read the lives of the men in Durham who have established the enterprises there, we find stories paralleling the most amazing accounts of the building of American fortunes. We find them beginning their careers without much formal education and practising the old-fashioned virtues of the old middle class. Their lives are as free from the Negro's native love of leisure and enjoyment of life--334--as Franklin's life. Hard work was their rule. We see them assuming the rôle of promoter and organizer. And finally we find them in the rôle of the modern business man. Consequently, we have in Durham to-day the outstanding group of colored capitalists who have entered the second generation of business enterprise. This is significant, as few Negro enterprises have survived the personal direction and energy of the founders. Moreover, these men have mastered the technique of modern business and acquired the spirit of modern enterprise.

When we trace the history of this development we must begin with the late John Merrick. He was born a slave in 1859 in Sampson County, North Carolina. His early years were spent at work in a brickyard in Chapel Hill. He learned to read and write from the Bible. As he was compelled to support his mother and younger brother, he could not attend school. Although he could not share in the educational advantages which Northern missionaries were offering Negroes during the Reconstruction, he helped as a brickmason to build one of their leading schools, Shaw University in Raleigh. Next we find Mr' Merrick a bootblack and later a barber in the same shop. Full of energy and enterprise, he set out with his wife to work in a new barber shop in Durham, where he was to make his distinguished career. It is a significant fact that Mr' Merrick came to Durham at the time when white men were beginning to devote themselves to the exploitation of the wealth of the South. Of more fundamental influence upon them was the contact with the leading business men such as the Dukes, who were his customers. His biographer, T' McCants Andrews, remarks: "Mr' Merrick's contact with the leading business men of Durham had as much to do with his success as his own personal gifts." We soon find Mr' Merrick the sole proprietor of the barber shop in which he worked and the owner of his home. The story of the organization and the development of the Royal Knights of King David shows that Mr' Merrick possessed the organizing ability and the spirit of the promoter. When an itinerant Baptist preacher from Georgia offered to sell the ritualistic rights to a group of Durham Negroes, Mr' Merrick was--335--chief among those to buy the entire order. Nor was he satisfied with the usual fraternal features, for

he soon made it known that he would not have anything to do with it if it were not a business proposition. Merrick declared: "Well, I ain't no society man." By shrewd advertisement of the payment of death dues the order grew. A few years later, Mr. William Pearson, one of the leading men in the present Durham group, became the guiding spirit in the order. When he took charge, the collections amounted to fourteen dollars a month. Under his skill and management, the order, which is essentially an insurance company, has grown until it numbers 21,000 members in eight states.

We come now to the greatest achievement of the Durham group and no doubt the greatest monument to Negroes' business enterprise in America -- the North Carolina Mutual Life Insurance Company. The first organization of this company in 1898 consisted of seven men who paid in fifty dollars each to meet immediate expenses. At first the enterprise did not flourish and some became discouraged. It was then that Mr. Merrick and Dr. Moore bought in the interests of the others and, with the present president, Mr. Spaulding, brought the company to its present development. Space in Dr. Moore's office was rented for the work of the company, which was then known as the North Carolina Mutual and Provident Association. Mr. Merrick took charge of the financial direction; Dr. Moore became medical examiner; and Mr. Spaulding, promoter. The payment of the first death claim of forty dollars caused such a crisis that the promoters had to call a meeting and pay part of the sum from their own pockets. This was heralded abroad. By 1905 it was able to pay salaries after erecting an \$8,000 office building in 1904. At this time another man, Mr. John Avery, became associated with the company. He is another example of those Americans who have begun their careers as poor farm boys and in a generation found themselves in managerial chairs of million dollar enterprises. Mr. Avery is now the secretary of this company, having an annual income of over two million dollars.

The growth of the company has been continuous and well--founded. It has grown from a collection of \$840 in 1899 to over \$5,000 a day. It is now operating in eleven states and the District of Columbia, and has over 1,500 employees. In 1914 the company began issuing ordinary policies based upon the American Experience Table of Mortality. In 1919 it became mutualized. To-day it has \$42,000,000 of insurance in force and assets amounting to over \$2,000,000. The company's office building is one of the ornaments of Durham's business district. In this building there is another enterprise of this group -- the Mechanics and Farmers Bank, established in 1908. It handles the bulk of the business of the insurance company and has deposits amounting to \$612,700. Its resources amount to \$800,000. In 1920 this institution saved more than 500 homes and farms being bought by Negroes by lending the purchasers over \$200,000. A branch has been established in Raleigh.

True to the spirit and habits of modern business men, these men have undertaken other forms of enterprises wherever an opportunity to promote some form of productive enterprise appeared. We can count among their projects two drug stores and a real estate firm. A venture into industrial exploitation was the only unsuccessful enterprise of these men. The textile mill which they organized in 1914 was discontinued a year later, fortunately, without loss, because of the lack of technical assistance and the European war. One of the more recent undertakings of this group is the Bankers Fire Insurance Company, which was organized in 1920. This company is now operating in five states and the District of Columbia. After the merger with another concern, this company had over \$200,000 in paid in capital. Its strength was demonstrated in 1922 when it paid out \$38,000 in the fire in New Bern. The assets of this company amount to \$350,000.

The latest project to locate in this prolific center of Negro enterprise is the National Negro Finance Corporation with Dr. Moton as president and Mr. C. C. Spaulding as vice-president. Its purpose is to furnish working capital for individuals, firms and corporations. This corporation hopes by this means to foster the financial and commercial development of Negroes.--337--It is co-operating with the National Negro Business League. As this enterprise was only begun in 1924, it is too soon to estimate its contribution to the development of the middle class economic outlook among Negroes, but it promises a new era in the development of Negro business enterprise.

In interpreting the advent of the new middle class in Negro life, it will be interesting to cast a glance at the educational influences responsible. The men responsible for this phenomenal development in Negro business did not in the majority of instances come up from the uneducated ranks. In the case of Mr. Merrick, we have, it is true, the same story of most Americans who without education have built fortunes in the last century. But Mr. Spaulding was more fortunate. He had a high school education. Probably a more important part of his education for business was his experience as manager of a grocery store. Many have brought the charge against the so-called higher education that it was impractical and did not prepare Negroes for life, for practical success. Yet the promoters of these concerns were for the most part men who had received education in the schools of higher education. Avery, Pearson, and Moore were all from such schools. A factor that must not be overlooked in considering the preparation of the Negro for economic activities, is that Negroes scarcely ever have an opportunity for apprenticeship in business concerns, which is the most valuable form of business education. Consequently it was necessary for men with a larger education who understood the mechanism of credit to establish such businesses as we are considering. They had acquired the true spirit of the modern promoter and a knowledge of his methods. Young Negroes leaving colleges today who would ordinarily enter some business institution and work their way up, go to schools to acquire business technique. When a young Negro says he is going into business, he is usually one who has acquired a college education and intends after a business course to get a managerial position. He has little faith in the acquisition of wealth by thrift and the sweat of his brow. Thus we see the colored middle class growing not out of shopkeepers, but from men who have a larger outlook.--338-

With the establishment of a number of Negro enterprises, however, it will be possible for some to find education by apprenticeship. Even here most of them are men of broad education such as will give them an appreciation and understanding of the business. The Durham businesses have begun their second generation. Mr. Edward Merrick, the son of the most distinguished member of the pioneer group, is the treasurer of the insurance company. He came to the work with a good education and learned the business from the bottom. He entered the business just as the second generation in white businesses enter their fathers' business. This younger generation is building upon the firm foundation of the work of the first generation. They are not dreamers attempting to create Negro business out of nothing. It is well to mention here the recent failure in Atlanta. The attempt to establish big business there began in an enterprise -- the Standard Life -- that was sound in principle. The failure came when the promoters resorted to the practices of the magician and the schemes of speculators. Although the Atlanta group, especially the young men, did not have the business experience of the Durham group, the failure was not due to the young men with technical training but to the older men.

These younger men are truly modern business men. They have adopted the technique of modern business and are saturated with the psychology of the capitalist class. They work hard, not because of necessity, but to expand their businesses and invade new fields. They have the same outlook on life as the middle class everywhere. They support the same theories of government and morality. They have little sympathy with waste of time. Their pleasures are the pleasures of the tired business man who does not know how to enjoy life. They are distinguished laymen in the churches. They endow charities and schools. Middle class respectability is their ideal. Above all they want progress. Like modern business men who have one economy for business and one for private consumption, they maintain fine homes and expensive cars. They spend their vacations in the same manner as the whites at Newport.

In this account of the rise of the black middle class, we have--339--said nothing of its relation to the white world. The founders of these enterprises grew up with the exploitation of the New South. Had it not been for the bar of color some of them would have been counted among the most conspicuous of the new industrial and commercial classes in the South. They were restricted in the field of their activities. Yet they are as typical of the New South as any white business man. Their outlook is the same. John Merrick in a letter commenting on the Wilmington riots enunciated views on government held by the middle class everywhere. Have the men of the white South recognized these brothers under the skin? Yes. They show respect for their achievements. They have been friendly to their

enterprises. This is perhaps due to two causes: namely, the lack to a large extent of the savage race prejudice of the lower South and the absence of serious competition. White men have recognized these men as the supporters of property rights. They know these men would no more vote for Debs than they. Yet, there are still Jim Crow cars in North Carolina, and the Negro is denied civil and political rights.

Durham is promise of a transformed Negro. The Negro has been a strange mixture of the peasant and the gentleman in his outlook on life. Because of the Negro's love of leisure and sensuous enjoyment, men have called him lazy and immoral. Because he lacks calculation, white folk have called him shiftless. But two hundred and fifty years of enforced labor, with no incentive in its just rewards, more than any inherent traits, explain why the Negro has for so long been concerned chiefly with consumption rather than production. Peasant virtues are middle-class faults. And so are the gentleman's; and the Negro has come by these in curious but inevitable ways. Some he has absorbed from the master-class of the South that he served and knew so intimately; the rest has come from his artistic nature. The drab way of life that seeks ever to work and pile up wealth and finds its enjoyment in spasmodic intoxications of pleasure has not been the way of the Negro. His desire for color and form has been the cause of mockery. His desire to work for only enough to supply his wants is only the ideal that has motivated economic activities in former ages.--340--Moreover, love of leisure and interest in consumption are aristocratic virtues. But to-day, the Negro has his middle class, and with it his middle-class psychology. More and more certain elements of the race are absorbing the typical spirit and push of modern industrialism in America; in the composite portrait of the New Negro must be put the sharp and forceful features of the Negro man of business. Through his effort and success, the Negro is becoming an integral part of the business life of America, and is sharing particularly in the economic development of the New South, which is perhaps the outstanding economic consequence of the World War on America.