

Black Wealth/White Wealth 2006 edition

Comments by David Eagle (November 1, 2009)

In this book, Oliver and Shapiro turn the exploration of black and white economic disparities away from a focus on income to an examination of wealth and the process of asset accumulation over the life course.

Theoretically, this book struggles to combine very different theoretical ideas about the source of wealth inequalities. On the one hand they affirm Wilson's notion that present disparities in differential black and white wealth is due to the historical legacy of racism – thus their sedimentation theory. Yet in other ways, they push the boundaries of Wilson's thesis by identifying the racialization of state policy and the limited access of black entrepreneurs to larger markets as significant drivers of racial inequality, which gives stronger credence to institutional theories of racism. At times they hint at a “cultural deficiency” argument, for instance when they say, “as the community declines, it becomes the center for antisocial activities...[such as] hanging out...” (43). In other places, they strongly criticize this view and state unequivocally that racial stereotyping produces cultural deficiency arguments (224). A stronger and more consistent theoretical foundation would have improved this book.

Methodologically, this book is scattered. They make abrupt jumps between historical periods (e.g. p. 13-14) and they transition awkwardly between qualitative and quantitative research (especially in chapter 5), which detracts from the overall strength of their argument.

This book raises some issues of fundamental importance, particularly the measurement of racial disparities by wealth instead of income. When the book was first published, the study of wealth generation by different sub-groups was only emerging (cf. Keister 2000a,b) and thus it represents a major contribution to the understanding of racial disparities. I especially appreciated the authors's account of

how the historical benefits granted to whites through homesteading acts and FHA loans gave them a head start with regards to other minorities by bureaucratizing white racial privilege. In an article about Asian Americans, Campbell and Kaufman (2006) show that racial privileges granted to whites have also affected other groups. They show that even though Asian Americans make, on average, more than whites, their Asian identification creates significant differences in wealth accumulation. The long term impacts of racial privilege in homesteading and mortgage access is not something I have considered; this insight has major importance for exploring racial differences cross-nationally.

Policy-wise, the authors argue that “massive re-distributional policies” are necessary to reset the links between achievement and reward and help the poor build equity. One major omission from their policy suggestions is expanding access to healthcare to all Americans, which given the high rate of foreclosures due to health expenses seems a vital part of this puzzle. Also, in their discussion of improving education, they do not enter into the complex, yet vital issue of school choice. School choice programs – magnet, private, year round, and home schooling – all have the demonstrated effect of increasing racial segregation and concentrating the best teachers and the students with the most resources in non-neighborhood schools (Bifulco et al. 2009; Saporito 2009). Unless greater pressures are placed upon white and affluent parents to send their children to neighborhood public schools, major gains in educational outcomes will be difficult to achieve. Finally, in terms of residential segregation, the authors only explore urban planning with respect to public transportation. As Squires and Kubrin (2005) point out, there are other strategies that can be employed, particularly the use of urban containment boundaries, inclusionary zoning ordinances, strengthening of and enforcing fair housing laws, and regional revenue sharing across smaller municipal units.

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