We need not deny or erase the differences of working-class cultures but can embrace their richness, their variety, their moral and intellectual heritage. We're not at the point yet where we can celebrate differences—not having money for a prescription for your child is nothing to celebrate. It's not time yet to party with the white middle class, because we'd be the entertainment ("Aren't they quaint? Just love their workboots and uniforms and the way they cuss!"). We need to overcome divisions among working people, not by ignoring the multiple oppressions many of us encounter, or by oppressing each other, but by becoming committed allies on all issues which affect working people: racism, sexism, classism, etc. An injury to one is an injury to all. Don't play by ruling-class rules, hoping that maybe you can live on Connecticut Avenue instead of Baltic, or that you as an individual can make it to Park Place and Boardwalk. Tired of Monopoly? Always ending up on Mediterranean Avenue? How about changing the game?

14

THE HIDDEN COST OF BEING AFRICAN AMERICAN

Thomas M. Shapiro

I met Frank and Suzanne Conway during the late-afternoon rush hour at a restaurant in Los Angeles. Recently laid off from a communications marketing firm and now taking courses to become certified to teach elementary school, Frank arrived after picking up their daughter, Logan, from day care. Suzanne arrived from her job as an operations supervisor for a money management company. The Conways loved their home in the diverse urban neighborhood of Jefferson Park, near the University of Southern California, but were gravely concerned about sending Logan to weak public schools. They talked to me at length over coffee about this community-school dilemma, their high educational hopes, and their future plans. The Conways' story and their solution to their dilemma turned out to be more common than anticipated. Because they receive generous help from their families, they are considering moving to a suburban community with highly regarded schools. Home prices there start at four times those where they live now, and Logan would grow up and go to

---

From Thomas M. Shapiro. 2004. *The Hidden Cost of Being African American: How Wealth Perpetuates Inequality* (New York, Oxford University Press).

school in a far more homogenous community—family wealth makes these decisions logical and desirable for some families.

Of course, as with the nearly one in three American families without financial assets, many of the family interviews did not brim over with optimistic choices and options but rather turned on how lack of family wealth severely restricts community, housing, and schooling opportunities. Like the Conways, Alice and Bob Bryant work at professional jobs and earn a middle-class income, but they do not have access to family wealth—they are asset-poor. Living in the working-class Dorchester section of Boston, they are frustrated about their inability to afford to move to a neighborhood with better schools. Doing the best they can, they are highly aware that their son, Mathew, attends only "halfway decent schools" and is not getting the "best education." The Bryants' hopes for Mathew are no different from the Conways' for Logan. What is different is their capacity to follow through on their hopes and deliver opportunities. The Conways are white and the Bryants are black. Because their incomes, professional status, and educations are nearly identical, conventional wisdom suggests that race should be at most a minor factor in opportunities available to these two families, but we will see tangible connections between family assets and race. Differing family asset capacity, which has more to do with race than with merits or accomplishments, most likely will translate into different worlds for Mathew and Logan.

Demonstrating the unique and diverse social circumstances that blacks and whites face is the best way to understand racial differences in wealth holding. The ideas I develop . . . also push the sociology of wealth in another important direction, namely, an exploration of how the uses of wealth perpetuate inequality. Together, wealth accumulation and utilization highlight the ways in which the opportunity structure contributes to massive racial wealth inequality that worsens racial inequality.

My argument is grounded in three big ideas. First, I argue that family inheritance and continuing racial discrimination in crucial areas like homeownership are reversing gains earned in schools and on jobs and making racial inequality worse. Family inheritance is more encompassing than money passed at death, because for young adults it often includes paying for college, substantial down-payment assistance in buying a first home, and other continuing parental financial assistance. Consequently, it is virtually impossible for people of color to earn their way to equal wealth through wages. No matter how much blacks earn, they cannot preserve their occupational status for their children; they cannot outearn the wealth gap. Many believe that African Americans do not do as well as whites, other minorities, or immigrants because they spend too much money rather than save and invest in the future. They are unable to defer gratification, do not sacrifice for the future, and consume excessively. We will see how the facts speak otherwise. Second, these inheritances frequently amount to what I call transformative assets. This involves the capacity of unearned, inherited wealth to lift a family economically and socially beyond where their own achievements, jobs, and earnings would place them. These head-start assets set up different starting lines, establish different rules for success, fix different rewards for accomplishments, and ultimately perpetuate inequality. Third, the way families use head-start assets to transform their own lives—within current structures that reward them for doing so—has racial and class consequences for the homes they buy, the communities they live in, and the quality of schools their children attend. The same set of processes typically advantages whites while disadvantaging African Americans. My family interviews point to critical mechanisms of denial that insulate whites from privilege.

Homeownership is one of the bedrocks of the American Dream, and I explore homeownership as a prime way of delving into these big ideas. We are a nation of homeowners. In 2002 the homeownership rate was 68 percent, a historic high. Homeownership is by far the single most important way families accumulate wealth. Homeownership also is the way families gain access to the nicest communities, the best public services, and, most important for my argument, quality education. Homeownership is the most critical pathway for transformative assets; hence examining homeownership also keeps our eyes on contemporary discrimination in mortgage markets, the cost of home loans, residential segregation, and the way families accumulate wealth through home appreciation, all of which systematically disadvantage blacks. Homeownership appears critical to success in other areas of life as well, from how well a child does in school to better marital stability to positive civic participation to decreased domestic violence.[1] How young families acquire homes is one of the most tangible ways that the historical legacy of race plays out in the present generation and projects well into future. Understanding how young families can afford to buy homes and how this contributes greatly to the racial wealth gap brings us back full circle to the importance of family legacies.

These big ideas help us understand one of the most important issues facing America as we start the twenty-first century. African Americans were frozen out of the mainstream of American life over the first half of the last century, but since 1954 the civil rights movement has won many battles against racial injustice, and America has reached a broad national consensus in favor of a more tolerant, more inclusive society. Yet we live with a great paradox: Why is racial inequality increasing in this new era?

To fully appreciate the decisions American families like the Conways and Bryants face, we need to understand the extent, causes, and consequences of the vast increase in inequality that has taken place since the early 1970s. Inequality has increased during both Democratic and Republican administrations. Those at the top of the income distribution have increased their share the most. In fact, the slice of the income pie received by the top 1 percent of families is nearly twice as large as it was 30 years ago, and their share now is about as large as the share of the bottom 40 percent. This is not news. In *Nickel and Dimed*, liberal critic Barbara Ehrenreich tells her story of working at low-skill jobs in

America's booming service sector, jobs like waitressing, cleaning houses, and retail sales. These are the fastest-growing jobs in America, and they highlight our current work-to-welfare reform strategy. Ehrenreich's experiences illustrate how hard it is to get by in America on poverty wages. More than anything else, perhaps, Ehrenreich's personal experiences demonstrate that in today's America more than hard work is necessary for economic success. I talked to many families who live these lives for real, and we will see how rising inequality makes assets even more critical for success.

In *Wealth and Democracy*, conservative strategist Kevin Phillips argues that current laissez-faire policies are pretenses to further enrich wealthy and powerful families. Rather than philosophical principles, conservative policies of tax cuts for the wealthy, gutting the inheritance tax, and less business regulation favor wealth and property at the expense of middle-class success. The Bush administration's gradual phase-out of the estate tax privileges unearned, inherited wealth over opportunity, hard work, and accomplishment. President Bush's 2003 tax stimulus package carved 39 percent of the benefits for the wealthiest 1 percent. I will broaden the discussion of rising inequality by bringing family wealth back into the picture. Phillips concludes his book with a dire warning: "Either democracy must be renewed, with politics brought back to life, or wealth is likely to cement a new and less democratic regime—plutocracy by some other name."

An ideology that equated personal gain with benefits to society accompanied the great economic boom of the last part of the twentieth century. Even though inequality increased in the past 20 years, despite loud words and little action, policies such as affordable housing and equitable school funding that challenged that mindset simply had no chance of getting off the ground. Ironically, historically low unemployment rates went hand-in-hand with rising inequality in an America where hard work no longer means economic success. Success includes harder work, less family time, and probably more stress. The average middle-income, two-parent family now works the equivalent of 16 more weeks than it did in 1979 due to longer hours, second jobs, and working spouses.[2] The years of economic stagnation subsequent to the boom produced a dramatic increase in the number of working poor, and working homeless families are a growing concern.[3] Since late 2001, in a period marked by a declining stock market and rising unemployment, an abundance of data has provided strong evidence that lower-income households are under severe economic stress: Personal bankruptcies, automobile repossessions, mortgage foreclosures, and other indicators of bad debt all reached records in 2002.[4]

What is the role of wealth and inheritance in rising inequality? The baby boom generation, which grew up during a long period of economic prosperity right after World War II, is in the midst of benefiting from the greatest inheritance of wealth in history. One reliable source estimates that parents will bequeath $9 trillion to their adult children between 1990 and 2030.[5] Given this fact, it is no wonder that an already ineffective estate tax (due to tax planning, family trusts, and loopholes), which takes 50 percent of estates worth more than $1 million, came under such ferocious political attack during the second Clinton administration and has been effectively repealed by the Bush administration.

This wealth inheritance will exacerbate already rising inequality. Economists Robert Avery and Michael Rendall presented a benchmark statistical study in 1993 showing that most inherited wealth will be pocketed by only a few.[6] According to the study, one-third of the money will go to 1 percent of the baby boomers, who will receive about $1.6 million apiece. Another third, representing an average bequest of $336,000, will go to the next 9 percent. The final slice, divided by the remaining 90 percent of the generation, will run about $40,000 apiece. We will see how this baby boomer inheritance not only fuels inequality but also intensifies racial inequality. Few people now talk about the profound effects—economic, social, and political—of that widening gap. We can argue for the privilege of passing along more unearned inequality, or we can take a stand for fairness and equality.

THE CONTEXT OF RACIAL INEQUALITY

Writing at the beginning of the twentieth century, historian W.E.B. Du Bois emphatically declared that the problem of the century was the problem of the color line. Writing again at midcentury, Du Bois reviewed what African Americans had accomplished in education, civil rights, voting rights, occupation, income, housing, literature and arts, and science. African Americans had made progress, he noted, although it was unequal, incomplete, and accompanied by wide gaps and temporary retreats. At about the same time that Du Bois was penning his assessment in a black newspaper, the *Pittsburgh Courier*, the Nobel economist Gunnar Myrdal published the widely read *An American Dilemma*. This influential and lengthy study documented the living conditions for African Americans during the first half of the century, revealing to many for the first time the impact of systematic discrimination in the United States. These two giants helped to define racial inequality in terms of equal opportunity and discrimination and to place these issues at the heart of a nation's concern. The twisted, politically narrow, and bureaucratically unfortunate notion of "affirmative action" substituted for equal opportunity by century's end, and affirmative action continues to frame our hopes and distrust regarding race. Even though the struggle for equal opportunity is far from completed, the single-minded and narrow focus on affirmative action forces compromises with our past, obscures our present understanding of racial inequality, and restricts policy in the future.

Du Bois and Myrdal correctly identified a color line of opportunity and discrimination at the core of the twentieth-century racial equality agenda in the United States. The agenda in the twenty-first century must go further to include the challenge of closing the wealth gap, which currently is 10 cents on the dollar, if we are to make real progress toward racial equality and democracy. Understanding the racial wealth gap is the key to understanding how racial inequality is passed along from generation to generation.

The enigma of racial inequality is still a festering public and private conversation in American society. After the country's dismantling of the most oppressive racist policies and practices of its past, many have come to believe that the United States has moved beyond race and that our most pressing racial concerns should center now on race-neutrality and color-blindness. Proclaiming the success of the civil rights agenda and the dawning of a postracial age in America, books by Shelby Steele, Abigail and Stephan Thernstrom, and others influenced not only the academic debates but elite and popular opinion as well.[7] Indeed, a review of the record shows impressive gains, most particularly in the areas of law, education, jobs, and earnings. Even though progress is real, this new political sensibility about racial progress and equality incorporates illusions that mask an enduring and robust racial hierarchy and continue to hinder efforts to achieve our ideals of democracy and justice.

In fact, we can consider seriously the declining economic significance of race because the measures we have traditionally used to gauge racial inequality focus almost exclusively on salaries. The black-white earnings gap narrowed considerably throughout the 1960s and 1970s. The earnings gap has remained relatively stable since then, with inequality rising again in the 1980s and closing once more during tight labor markets in the 1990s.[8] The average black family earned 55 cents for every dollar earned by the average white family in 1989; by 2000 it reached an all-time high of 64 cents on the dollar.[9] For black men working full-time, the gains are more impressive, as their wages reached 67 percent of those of fully employed white men, up from 62 percent in 1980 and only 50 percent in 1960.[10] How much the racial wage gap has closed, why it has closed, and what it means are the subjects of academic and political debate. One study, for example, argues that the racial wage gap is really 23 percent higher than the official figures because incarceration rates hide low wages and joblessness among blacks.[11] At comparable incomes, more African American family members work to earn the same money as white families. Working longer hours and more weeks per year means that middle-income black families worked the equivalent of 12 more weeks than white families to earn the same money in 2000.[12]

The tremendous growth of the black middle class often is cited as a triumphant sign of progress toward racial equality. Indeed, the raw numbers appear to justify celebration: In 1960 a little more than three-quarters of a million black men and women were employed in middle-class occupations; by 1980 the number increased to nearly three and a third million; and nearly seven million African Americans worked in middle-class jobs in 1995.[13] This impressive growth in achieving upward mobility, however, does not tell the whole story, as some argue that stagnating economic conditions and blacks'

lower-middle-class occup
dle class since the mid-19

The real story of the
include a serious conside
disadvantage to the next
While ending the old w
custom, discrimination, r
reproduce racial inequali
real and formidable for t

In law, in public polic
in achievements, one coul
time in our past. Analyst
government statistics on i
Traditional measures of e
education, and jobs, sho
equality from the mid-19
This is not to suggest by
dawning of the age of rac
racial gaps and discrimina
crimination, educational
discriminatory immigrati
cies continue.[16] Despite t
and blacks continue to liv
fectly integrated commun
dents would have to move
too that progress toward
wealth differences and he
tween equally achieving
made since the early 196
and Myrdal is the dilemn
areas, new generations of
of options and opportunit
of the American dilemm
do not yield comparable

NOTES

1. Joint Center for Housin
(2002); Boshara (2001). Dat
Bureau, Department of Cor

2. Data from Mishel, Bern
primarily comes from wives
figure is 660 more hours wo

lower-middle-class occupational profile have stalled the march into the middle class since the mid-1970s.[14]

The real story of the meaning of race in modern America, however, must include a serious consideration of how one generation passes advantage and disadvantage to the next—how individuals' starting points are determined. While ending the old ways of outright exclusion, subjugation, segregation, custom, discrimination, racist ideology, and violence, our nation continues to reproduce racial inequality, racial hierarchy, and social injustice that is very real and formidable for those who experience it.

In law, in public policy, in custom, in education, in jobs, in health, indeed, in achievements, one could argue that America is more equal today than at any time in our past. Analysts and advocates scour the annual release of official government statistics on income to detect the latest trends in racial inequality. Traditional measures of economic well-being and inequality, such as income, education, and jobs, show authentic and impressive progress toward racial equality from the mid-1960s through the early 1980s and stagnation since.[15] This is not to suggest by any stretch of the imagination that we have seen the dawning of the age of racial parity in the United States, because, indeed, wide racial gaps and discrimination persist in all of these domains. Employment discrimination, educational discrimination, environmental discrimination, and discriminatory immigration, taxation, health, welfare, and transportation policies continue.[16] Despite the passage of major civil rights reforms, most whites and blacks continue to live in highly segregated communities. To achieve perfectly integrated communities, two-thirds of either all black or all white residents would have to move across racial boundaries. The same indicators show too that progress toward racial equality has halted since the early 1980s. Vast wealth differences and hence enormous disparities in opportunities remain between equally achieving and meritorious white and black families. Progress made since the early 1960s has stalled short of equality. Familiar for Du Bois and Myrdal is the dilemma that, despite narrowed gaps in so many important areas, new generations of whites and blacks still start with vastly different sets of options and opportunities. An asset perspective examines a modern element of the American dilemma: Similar achievements by people of similar abilities do not yield comparable results.

NOTES

1. Joint Center for Housing Studies of Harvard University (2002); Ross and Yinger (2002); Boshara (2001). Data for 2002 from the third-quarter report from the Census Bureau, Department of Commerce.

2. Data from Mishel, Bernstein, and Boushey (2003). The increase in work hours primarily comes from wives working more hours and more weeks per year. The actual figure is 660 more hours worked.