

# THE *Current*

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## **Wealth Gap Between Blacks and Whites Has Grown Larger, Scholars Find**

Disparities in wealth -- or net worth -- have shaped the financial inequality existing between blacks and whites for generations even as racial income differences have somewhat narrowed. That was the authoritative view of a pair of prominent scholars 10 years ago when they published a groundbreaking book on the subject. Now those experts -- Melvin L. Oliver, professor of sociology and dean of social sciences at the University of California, Santa Barbara, and Thomas Shapiro, professor of law and social policy at Brandeis University -- have collaborated on an updated edition, in which they take a second, even closer look at the problem.

In a 10th anniversary edition of "Black Wealth/White Wealth: A New Perspective on Racial Inequality" (Routledge), which includes two new chapters, the authors address the increase in racial wealth inequality in the past decade and some of the state and federal policies that have been launched to address it. The authors have concluded that the gap continues to be large and that recent financial sector actions and national policy have had a negative impact on the ability of blacks to accumulate wealth. Once again, their major finding is that despite a narrowing income gap, blacks continue to have significantly less wealth than whites.

"In many ways, wealth is more powerful than income," Oliver said. "Income comes in and goes out every month. But wealth is what you use to strategize about social

mobility. You can talk all you want about poverty and helping people move out of poverty, but that doesn't mean those same people will achieve social mobility."

Considered a classic in the field of sociology, the first edition of "Black Wealth/White Wealth" received the C. Wright Mills Award and the American Sociological Association's Distinguished Scholarly Publication Award. Michael Sherraden, director of the Center for Social Development at Washington University in St. Louis, said the book "changed the way social scientists and policy makers think about racial inequality. This Tenth Anniversary edition brings the discussion up to date, especially with the addition of two new chapters, one on inequality trends, and another on the emergence of asset-based policy."

The wealth gap, Oliver and Shapiro contend, is at the core of many of the socioeconomic differences that have persisted during the post-civil rights era. According to Oliver, wealth creates opportunity, and whether or not parents can achieve the American dream of home ownership, a car, and a mutual fund is one of the best predictors of whether their children will do the same.

"Right now, almost 80 percent of black kids begin their adult lives with no assets whatsoever," said Oliver. "That's not the case for white kids. If they don't have financial resources in hand, they have access to them through their families. Most black kids don't have that available to them."

According to some researchers, as much as 80 percent of the wealth people accumulate over the course of their lifetimes actually begins as a gift from a relative, he added. That gift can come in the form of a down payment on a first home, a college education, or an inheritance from a parent or grandparent.

"If you look at lack of wealth, you find it among all sectors of the population," Oliver continued, "but even disadvantaged whites can generate more wealth and pass it on from generation to generation than disadvantaged African Americans."

"The overriding idea people bring away from this book is that the prism of wealth allows one to understand the historical accumulation of inequality and how it continues to structure the lives of African Americans differently from that of whites," Oliver said.

Oliver came to UCSB from the Ford Foundation, where he was vice president charged with making grants designed to reduce poverty and injustice. While at Ford,

he focused the institution's poverty-related work on asset building as a strategy to reduce poverty, and supported a wide array of innovative grants that have had a significant impact on alleviating poverty, both in the United States and around the world. The new edition of "Black Wealth/White Wealth" reviews some of these initiatives, including individual savings accounts, affordable home ownership, and children's savings accounts.

Continuing his involvement in policy development, Oliver recently hosted a national gathering of experts of color that brought to UCSB some 100 researchers, policy analysts, practitioners, and academicians who work in asset-building or related fields. The conference, sponsored by the Ford Foundation and presented in collaboration with the National Economic Development and Law Center, focused on the topic "Closing the Racial Wealth Gap."

Notes Oliver, "Closing the racial wealth gap may well be the next major challenge facing the full inclusion of people of color in United States society."

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