

Stratification Economics: Context Versus Culture and the Reparations Controversy

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I. INTRODUCTION

The general intent of any program of reparations for a grievous injustice should be threefold: acknowledgment, redress (restitution¹ or atonement²), and closure.³ Acknowledgment involves recognition and admission of the wrong by the perpetrators and/or beneficiaries of the wrong.⁴ In the case of blacks, this would mean the receipt of a formal apology and a commitment for redress on the part of the American community as a whole.⁵ Restitution means restoration of the victims to their condition prior to the injustice or to a condition they might have attained had the injustice not taken place.⁶ Again, in the case of blacks, this would mean the adoption of a national program that would eliminate racial disparities in wealth, income, education, health, political participation, and future opportunity to engage in American social life.⁷

Atonement, an alternative form of redress, involves perpetrators and/or beneficiaries meeting whatever conditions of forgiveness are acceptable to the victims.⁸ Substantively these conditions will be the product of good faith negotiations between those wronged and the wrongdoers. These conditions could be identical with the requirements for restitution or could meet a weaker standard of compensation.

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1. See William Darity, Jr., *Forty Acres and a Mule in the 21st Century*, 89 SOC. SCI. Q. 656, 656-64 (2008).

2. See generally ROY L. BROOKS, *ATONEMENT AND FORGIVENESS: A NEW MODEL FOR BLACK REPARATIONS* (2004).

3. Darity, *supra* note 1, at 656.

4. *Id.*

5. See *id.*

6. See *id.* at 657.

7. See *id.*

8. See BROOKS, *supra* note 2, at 142-43.

Finally, closure means that, subject to an efficacious policy of redress—whether the agreed upon norm is restitution or atonement—the book is shut on further compensation for the particular injustice in question.⁹ The victim population will not seek further redress for that injustice. Once more, in the specific case of black Americans, closure would mean no further compensation would be sought for slavery, Jim Crow, or ongoing discrimination after an effective program of reparations has been implemented.¹⁰

Indeed, typically the grievous injustice that is identified with a black reparations claim is the practice of slavery in the United States. It is reasonable to argue that Jim Crow—or legal American segregation—and persistent discrimination are at least equally compelling bases for a reparations claim, but virtually all of the debate and controversy over reparations has focused on the claim associated with black enslavement in America. Of course, neither those persons directly subjected to slavery nor their enslavers are living today, and opponents of reparations are prompt to charge that there is no evidence that the deprivations that confront today's black population bear any significant connection to slavery.

For example, David Horowitz has asserted that “[n]o scientific attempt has been made to prove that living individuals have been adversely affected by a slave system that was ended nearly 150 years ago.”¹¹ Similarly, journalist Juan Williams has observed:

The devastation that slavery visited on black people is beyond debate, and so is the history of exploitation of former slaves once they were set free without compensation for their labor.

But that sound argument is now being contorted into claims that black America is still feeling the impact of slavery. That stretch is necessary for the lawyers behind the reparations movement to support the idea that there are victims of slavery alive to serve as plaintiffs in a lawsuit.¹²

Indeed, Horowitz and Williams seem to echo each other's anti-reparations two-step in tandem. Horowitz says plainly that the ex-slaves should have been compensated for their enslavement, but, sad to say, they were not. And the failure to compensate them is no justification for

9. Darity, *supra* note 1, at 657.

10. *Id.*

11. DAVID HOROWITZ, *UNCIVIL WARS: THE CONTROVERSY OVER REPARATIONS FOR SLAVERY* 13 (2002).

12. Juan Williams, *Slavery Isn't the Issue*, WALL ST. J., Apr. 4, 2002, at A26.

the provision of compensation for their longer term descendants. In a remarkable passage, Horowitz declares that the grandchildren, great-grandchildren, and beyond are simply out of luck for reparations because they were born too late to have been enslaved themselves:

I fully support reparations for former slaves and their children. Unfortunately they are no longer with us. Even though no payment can make up for the injury of slavery, American slaves should have been compensated when they were freed. Instead, they were even denied the forty acres and a mule they had been promised. This was a betrayal, as were the years of segregation and discrimination that followed.

But the injury of slavery is far in the past. The reparations claim has to be assessed as a political proposal, in terms of its practical impact now. . . . Anyone should be able to see that the reparations claim is really a prescription for racial division and ethnic strife.¹³

Underlying this position that the past does not go far in explaining present racial disparities is a perspective that can be called post-racial optimism—a perspective that says that America has transcended or is making rapid progress toward transcending race consciousness and racism. As a result, observed gaps between blacks and non-blacks are best explained by the retention of self-defeating behavioral practices on the part of blacks. Ironically, to the extent that those practices are treated as a cultural holdover from slavery transmitted across generations—an argument especially popular among some black social workers—it is possible to make precisely the case that Horowitz and Williams both say is missing: that black America is still haunted and crippled by slavery.¹⁴

While the post traumatic slavery syndrome/disorder (PTSS/D) hypothesis does constitute an answer to Horowitz and Williams's contention that no scientific attempt has been made to connect slavery to contemporary racial ills in America, it is not necessarily a hypothesis that points toward reparations, certainly not reparations that must involve a dramatic racial redistribution of wealth or material resources. If blacks collectively are beset by PTSS/D, then what is needed is a massive program of psychotherapy to overcome the lingering cultural specter of slavery. This might even be conducted via black self-help initiatives led by blacks who are role models for success or black community institutions like the church.

13. HOROWITZ, *supra* note 11, at 39.

14. See generally JOY DEGRUY LEARY, POST TRAUMATIC SLAVE SYNDROME: AMERICA'S LEGACY OF ENDURING INJURY AND HEALING (2005); OMAR G. REID ET AL., POST TRAUMATIC SLAVERY DISORDER: DEFINITIONS, DIAGNOSIS, AND TREATMENT (2005).

Essentially PTSS/D is an argument predicated on cultural determinism and rife with all the weaknesses intrinsic to such an approach. A superior approach to understanding persistent racial disparities will be outlined below; an approach that also provides a response to Horowitz's charge that there has been no scientific attempt to establish that there is an enduring legacy of slavery that restricts the quality of black life in America.

II. BACKGROUND

The popularity of cultural determinism in analyzing differences in economic outcomes is pervasive. In the 1920s, economists sought an explanation for the evidence indicating that American industry was substantially more productive than British industry. One popular answer was the presence of a fundamental difference in the cultural orientation of American and British industrialists, leading the former to be superior managers who "study . . . [American industrial] problems more intelligently and plan more courageously and more wisely."¹⁵ Allyn Young was skeptical, though, pointing out that "[t]hose who hold that . . . can cite no facts in support of their opinion save the differences in the results achieved," and further, "I know of no facts which prove or even indicate that British industry, seen against the background of its own problems and its own possibilities, is less efficiently organized or less ably directed than American industry or the industry of any other country."¹⁶ Thus, Young rejected the view that the performance of British industrialists could be ranked as superior or inferior independent of the context of the conditions that confronted them during that period of time.¹⁷

In the mid-1970s, in examining the problem of slow economic growth and economic backwardness across the African continent, the economist Peter Bauer argued vehemently that the source of the lag was African culture.¹⁸ Observing that Sub-Saharan Africa never invented the wheel, he proposed that African cultural norms were predisposed toward the creation of institutions that are inimical to growth.¹⁹ Bauer, in a manner similar to the proponents of the cultural deficits of British

15. Allyn A. Young, *Increasing Returns and Economic Progress*, 38 *ECON. J.* 527, 532 (1928).

16. *Id.*

17. *See id.*

18. P.T. BAUER, *REALITY AND RHETORIC: STUDIES IN THE ECONOMICS OF DEVELOPMENT passim* (1984); P.T. Bauer, *Western Guilt and Third World Poverty*, 61 *COMMENT.* 31, 31 (1976).

19. Bauer, *supra* note 18, at 32.

industrialists, provided no systematic evidence “in support of [his] opinion [than] the differences in the results achieved.”²⁰ Subsequently, Gregory Price undertook a wide-ranging investigation of the phenomenon of slow African growth and found that it could be understood without any reference to cultural gaps.²¹ Instead, historical factors linked to exposure to colonialism in conjunction with the geography of the disease environment emerged as critical in the Price investigation.²²

Recently, a Centers for Disease Control study indicated that risk-taking behavior among teenagers is on the decline, although it remains significantly higher among Latino youths. *USA Today* reports:

Hispanics drank alcohol at school at more than twice the rate of black or white students. They also more often skipped school because they felt unsafe; they were more likely to use cocaine, Ecstasy, or heroin; and they were more likely to have been offered or sold an illegal drug on school property.²³

One can only wait for the moment when the slower decline in such risk-taking behavior among Latino teens is attributed to some deficient aspect of Latino culture.

Similarly, it is customary for the relatively high incidence of poverty, unemployment, incarceration, and lower economic and social well-being among blacks to be viewed as culturally driven. Black Americans frequently are characterized as disproportionately engaging in a set of collectively dysfunctional behaviors. These arguments enter the public discourse in multiple guises. They include comedian Bill Cosby’s focus on “internal problems” in the black community, the perspectives advanced by such mavens of the Manhattan Institute as John McWhorter and June O’Neill, in former President Bill Clinton’s 1993 speech to a group of black ministers, and in then-presidential candidate Barack Obama’s numerous perorations on black Americans’ need to overcome the “psychology of victimization,” to take “personal responsibility,” and to transcend an obsession with racial particularism. Economists as wide-ranging ideologically as George Akerlof and Rachel Kranton, Glenn Loury, David Austen-Smith and Roland Fryer, Tom Sowell, Walter

20. *Id.*

21. Gregory N. Price, *Economic Growth in a Cross-Section of Nonindustrial Countries*, 7 REV. DEV. ECON. 478, 479 (2003).

22. *Id.*

23. Sharon Jayson, *Report on Teen Risk Finds Hispanics Lagging*, USA TODAY, June 5, 2008, at D6.

Williams, and Barry Chiswick also have embraced variants of cultural determinism to explain racial inequality in the United States.²⁴ In short, black-white disparities are due to human capital disparities, and black cultural practices are the source of the human capital gap.

In this image of the world in which we live, culture appears as something relatively fixed and portable. Once cultural norms are established, groups carry predilections for particular behaviors with them from place to place. Group A's behaviors may be conducive to success in some settings while group B's behaviors may be maladjusted. However the behaviors initially developed in association with a specific ethnic/racial group, their compatibility or incompatibility with group level efficacy is demonstrated by the relative outcomes achieved by members of the group.

Intrinsically, this vision carries with it the spirit of post-racial optimism. Although group-based behaviors may have a certain rigidity, they are not seen as poured in concrete. Dysfunctional practices may be altered subject to group level recognition of the problem and the development of group-based remedies. A group with a low profile of achievement does not have to persuade members of the dominant group to embrace policies to repair the out-group that may impose costs on the dominant group. Everything ultimately can be solved internally with the right amount of spit and polish. In short, if young black men just could be persuaded to pull their pants up they would be all right.

Indeed, the post-racial optimists typically argue that so much progress has been made since the passage of the Civil Rights Act of 1964 that virtually all racial disparity in the United States is a residual caused by internal deficiencies among black Americans.²⁵ A surprising fellow traveler camping with the post-racial optimists lately is *Washington Post* columnist Eugene Robinson. In an April 2008 article, Robinson can be found complaining about the pessimists:

[W]e sometimes talk about race in America as if nothing had changed. The truth is that everything has changed—mostly for the better—and that if we're ever going to see [Martin Luther King Jr's] dream fulfilled, first we have to acknowledge that this is not an America he would have recognized.²⁶

24. William Darity, Jr., *Stratification Economics: The Role of Intergroup Inequality*, 29 J. ECON. & FIN. 144, 144 (2005).

25. STEPHAN THERNSTROM & ABIGAIL THERNSTROM, *AMERICA IN BLACK AND WHITE: ONE NATION, INDIVISIBLE* 183–312 (1997).

26. Eugene Robinson, *We Have Overcome, Somewhat*, BURLINGTON FREE PRESS, Apr. 6, 2008,

Of course, many things have changed; inevitably the world of 2008 cannot be the same as the world of 1968 when King was assassinated. But have things changed dramatically for the better?

Robinson offers the following data as evidence for his racial optimism: (1) the black poverty rate has declined from 40% in 1968 to 25% in 2008, (2) blacks possess \$800 billion in purchasing power and would be the 15th or 16th richest country in the world as a sovereign nation, and (3) in 1968, 2% of black households earned \$100,000 or more in current dollars; today, 10% have crossed that earnings threshold.²⁷

A major difficulty with Robinson's argument is that his analysis is predicated on absolute rather than relative status. Poverty rates have fallen for all groups in the United States, but the black poverty rate was three times as high as the white poverty rate in 1968—and still is today.²⁸ In addition, black Americans are not a sovereign state, nor are blacks able to independently generate \$800 billion in income and form a separate country. There is, after all, negligible black controlled productive capacity. The major black-owned businesses are primarily retailers and service providers.²⁹ In 2007, the top 200 black-owned firms identified by *Black Enterprise* (100 leading autodealers and 100 leading industrial service dealers collectively) grossed \$27 billion.³⁰ Firms ranking in the fifties and sixties on the Fortune 500 list—like Delphi, Prudential, Merrill Lynch, Du Pont, Walt Disney, Motorola, and Pepsi—each grossed at least as much in 2004.³¹ The top firm, Wal-Mart stores, grossed \$258 billion, almost ten times the amount of all of the top 200 black-owned firms combined, and more than one-fourth of black America's entire purchasing power.³² Similarly, Exxon Mobil grossed \$213 billion, and General Motors grossed \$195 billion.³³

Furthermore, in 1968, when 2% of black households earned at least \$100,000 in 2008 dollars,³⁴ more than twice the share of white

at C8.

27. *Id.*

28. *Id.*

29. Black Enterprise Announces the Top-Grossing Black-Owned Companies, May 29, 2007, <http://legacy.blackenterprise.com/aboutusopen.asp?id=3090>.

30. *Id.*

31. Fortune 500: 2004 Archive Full List 1–100, http://money.cnn.com/magazines/fortune/fortune500_archive/full/2004 (last visited Apr. 15, 2009).

32. *Id.*

33. *Id.*

34. Robinson, *supra* note 26.

households did so (5%).³⁵ By 2008, when 10% of black households earned \$100,000 or more,³⁶ 22% of white households did so³⁷—again more than twice the share. Black median household income remains at about 60% of the white median, just as it was in 1968, and black per capita income as a proportion of white per capita income remains largely unchanged from 1880.³⁸ Clearly a different perspective is needed from the culture-as-destiny view of the sources of inequality.

III. STRATIFICATION ECONOMICS IN THE REPARATIONS DEBATE

An alternative perspective that is context driven rather than culturally driven—the perspective of stratification economics—will be advanced here. It will be applied to five topics to make plain the difference in implications between a context driven and a culturally driven analysis. The five topics are: (1) Latino versus U.S. treatment of race; (2) the American immigrant narrative; (3) racial wealth inequality (here is where we will find a “scientific” basis for the roots of contemporary black inequality in slavery); (4) racial/ethnic disparities in self-employment rates; and (5) the burden of “acting white.”

Stratification economics is a new subfield in economics that integrates the emphasis on the salience of the group position and status from sociology and the drive for action motivated primarily out of material self-interest from economics.³⁹ Thus, the stratification economist sees a world of self-interested “tribes” engaged in a persistent dance of negotiation and conflict, where conflict often includes acts of dehumanization and repression by the dominant group.⁴⁰

Group-based cultural patterns are understood instead primarily as responses to context and do not change gradually, but are expected to change sharply with major alterations in the conditions facing large numbers of members of the group in question.⁴¹ Rather than maladaptive

35. U.S. Census Bureau, The 2009 Statistical Abstract: Income, Expenditures, Poverty, and Wealth, http://www.census.gov/compendia/statab/cats/income_expenditures_poverty_wealth.html (last visited Apr. 15, 2009).

36. *Id.*

37. *Id.*

38. US Census Bureau, Historical Income Tables—People, <http://www.censusbureau.biz/hhes/www/income/histinc/incpertoc.html> (last visited Apr. 15, 2009).

39. Darity, *supra* note 24, at 144.

40. *See id.* (noting that “discriminatory practices to preserve privilege are likely to persist rather than fade out . . . in the absence of conscious policy intervention”).

41. *See generally* James B. Stewart, *Economics, Stratification*, in 2 INTERNATIONAL ENCYCLOPEDIA OF THE SOCIAL SCIENCES 530, 530–31 (William A. Darity, Jr. ed., 2d ed. 2008) (describing the field of stratification economics).

behaviors signaling group level dysfunctionality, such behaviors signal defects and injustices in the social structure.⁴² Even group level identification is an interdependent product of social context. As James Stewart observes:

Within stratification economics, special attention is directed to the role of racial and caste distinctions and similar group affiliations in producing and perpetuating income and wealth inequality. Group identities are treated as produced forms of individual and collective property with both income and wealth-generating characteristics and whose supply and demand are responsive to changes in production costs and budget constraints. Cooperative economic and noneconomic behaviors are treated as normal outcomes of individuals' propensity to engage in own-group altruism and other-group antagonism. Stratification economists argue, for example, that intergroup conflict in both economic and noneconomic settings is an endogenous characteristic of the social space rather than an exogenous contaminant of market allocation processes and individual decision making. These models predict that reductions in intergroup income and wealth differentials will not automatically lead to the erosion of traditional patterns of collective identification as long as investment in group identity generate unequal returns for different identities and also that movement toward more egalitarian intergroup distributions of wealth must be a major element in any earnest attempt to reduce intergroup conflict because inequities are institutionalized through processes that enable the transfer of material resources across generations.⁴³

Thus, stratification economics constitutes a mode of analysis closely aligned with the Blumer side of the Allport-Blumer debate over prejudice.⁴⁴ While Allport treated prejudice as largely a problem of the individual, akin to a mental illness or a psychosis, and potentially curable via appropriately structured contacts with the "other,"⁴⁵ Blumer rejected the notion that race prejudice "exists fundamentally as a feeling or set of feelings lodged in the individual."⁴⁶ Instead, he proposed that understanding prejudice necessitates "concern with the relationship of racial groups . . . [and] the collective process by which a racial group

42. See *id.* (describing claims of group defectiveness as "an ideological mask that absolves the social system and privileged groups from criticism for their role in perpetrating" inequality).

43. James B. Stewart, *Africana Studies and Economics: In Search of a New Progressive Partnership*, 38 J. BLACK STUD. 795, 802–03 (2008) (citations omitted).

44. See also H.D. FORBES, ETHNIC CONFLICT: COMMERCE, CULTURE, AND THE CONTACT HYPOTHESIS 201 (1997) (noting Blumer rejects Allport's individualism basis for prejudice).

45. GORDON ALLPORT, THE NATURE OF PREJUDICE 510–14 (25th Anniversary ed., 1979).

46. Herbert Blumer, *Race Prejudice As a Sense of Group Position*, 1 PAC. SOC. REV. 3, 3 (1958).

comes to define and redefine another racial group.”⁴⁷ While Blumer’s rhetoric was specific to race prejudice, it is also applicable to the foundations of caste, phenotypical, ethnic, or gender distinction; it is applicable to any condition where relative position and group membership matter.⁴⁸

For Blumer, racial feelings were best understood as a matter of the “positional arrangements of the racial groups.”⁴⁹ Thus, he shifted the terrain from individual attitudes and beliefs to group ideology. Further, he argued that “four basic types of feeling . . . seem to be always present in race prejudice in the dominant group.”⁵⁰ They include “(1) a feeling of superiority, (2) a feeling that the subordinate race is intrinsically different and alien, (3) a feeling of proprietary claim to certain areas of privilege and advantage, and (4) a fear and suspicion that the subordinate race harbors designs on the prerogatives of the dominant race.”⁵¹

The feeling of superiority encompassed “self-assured” beliefs that the subordinate racial group is lazy, dishonest, greedy, unreliable, stupid, deceitful, or immoral.⁵² Perhaps one could say the subordinate group is culturally (or even genetically) dysfunctional; thus, the entire perspective of the cultural determinists is one of the four aspects of Blumer’s construction of race prejudice. The feeling of intrinsic difference constructed the subordinate group as “an alien and fundamentally different stock.”⁵³ Again, a biogenetic or cultural boundary separates “us” from “them.” The feeling of proprietary claim is perhaps the most important from the viewpoint of stratification economics. Here, Blumer included:

[P]roperty such as choice lands and sites; the right to certain jobs, occupations or professions; the claim to certain kinds of industry or lines of business; the claim to certain positions of control and decision-making as in government and law; the right to exclusive membership in [some institutions]; the claim to certain positions of social prestige and

47. *Id.*

48. *See generally* Rae Lesser Blumberg, *A General Theory of Gender Stratification*, 2 SOC. THEORY 23 (1984); Stephanie Seguino, *All Types of Inequality Are Not Created Equal: Divergent Impacts of Inequality on Economic Growth* (Levy Econ. Inst. of Bard Coll., Working Paper No. 433, 2005).

49. Blumer, *supra* note 46, at 4.

50. *Id.*

51. *Id.*

52. *Id.*

53. *Id.*

to the display of the symbols and accoutrements of these positions; and the claim to certain areas of intimacy and privacy.⁵⁴

Finally, for Blumer, race prejudice crystallized with the fourth type of group feeling.⁵⁵ Here he emphasized the fear held by the dominant group that the subordinate group threatens their position of privilege. The dominant group will resist the subordinate group “getting out of [their] place.”⁵⁶

Race prejudice or racism is functional. It is not a mere deadweight loss for all members of a community. It promotes a set of structured, cumulative advantages for certain socially marked groups and structured, cumulative disadvantages for others. It is a cornerstone of group-based inequality—not “biology,” not “culture,” and not “nature.” It is this perspective—the perspective of stratification economics—that informs the five topics analyzed below.

First, there is a long-standing inclination to claim that there are profound cultural differences between Latin American and U.S. American notions of race. This is perhaps somewhat odd, since the racial demographic history of both regions were shaped powerfully by the Atlantic slave trade and slavery. One might expect that, under those circumstances, the very idea of race should bear some strong similarities. But the standard claim is that in Latin America—and among Latinos throughout the Americas—race is understood primarily as a matter of phenotype or appearance, while in the United States race is understood primarily as a matter of genotype or lineage (hence, the so-called “one drop rule”). In concert, racial difference presumably is viewed as much less of a matter of stigmatization and, instead, as mere amusement in Latin America.

The difficulty with this formulation is the evidence that genotype matters in Latin America and phenotype matters in the United States in the construction of racial distinctions. Ethnographic research demonstrates that white-looking Latinos will hide evidence that they have dark-skinned relatives.⁵⁷ If only their own appearance mattered, then they would feel no need to do so. Moreover, the extent of white identification among Latinos who are darker-skinned is startling. Even

54. *Id.*

55. *Id.*

56. *Id.*

57. See, e.g., FRANCE WINDDANCE TWINE, RACISM IN A RACIAL DEMOCRACY: THE MAINTENANCE OF WHITE SUPREMACY IN BRAZIL 87–109 (1998).

on surveys where responses can be given to an open-ended race question, a significant portion of darker-skinned Latinos will report their race as white, often forgoing black or a host of intermediate categories between black and white.⁵⁸ Genotype matters, and blackness is penalized in Latin America.

Phenotype has powerful effects in the United States. There is strong evidence of employment discrimination both in terms of job access and wages for darker-skinned black men,⁵⁹ and compelling evidence is emerging of marital discrimination against darker-skinned black women. Joni Hersch's study using the New Immigrant Survey finds that shorter and darker-skinned immigrants are subjected to greater levels of discrimination in the labor market.⁶⁰ Catherine Eckel's laboratory experiments demonstrate that darker-skinned individuals generally are perceived as less trustworthy when judged independently of any additional information other than how they look.⁶¹ And Jennifer Eberhardt and her research team have demonstrated that blacker-looking men convicted of a capital crime are more likely to receive the death penalty than less-black-looking men convicted of the same type of crime.⁶² Phenotype matters, and blackness is penalized in the United States.

Thus, two regions with similar histories of the process of racial formation are not as culturally distinct in terms of their conceptions of race as the conventional wisdom would have it.

Next consider the classic immigrant narrative of upward mobility: new immigrants arrive in the United States and climb the urban escalator from poverty to middle-class status. Ostensibly this happens over and over again, even if the immigrants are black West Indians or recent black immigrants from the African continent. Why, then, do some groups not display the same degree of economic success, e.g., native black Americans? Don't the differences in outcomes have to be explained by different cultural orientations toward work, education, and achievement?

58. See, e.g., William A. Darity Jr. et al., *Bleach in the Rainbow: Latin Ethnicity and Preference for Whiteness*, 13 *TRANSFORMING ANTHROPOLOGY* 103, 104–05 (2005).

59. Arthur H. Goldsmith et al., *From Dark to Light: Skin Color and Wages Among African-Americans*, 42 *J. HUM. RESOURCES* 701, 710–12 (2007).

60. Joni Hersch, *Profiling the New Immigrant Worker: The Effects of Skin Color and Height*, 26 *J. LAB. ECON.* 345, 375 (2008).

61. Catherine C. Eckel, *People Playing Games: The Human Face of Experimental Economics*, 73 *So. ECON. J.* 841, 854 (2007).

62. Jennifer L. Eberhardt et al., *Seeing Black: Race, Crime and Visual Processing*, 87 *J. PERS. & SOC. PSYCH.* 876, 889–91 (2004) (demonstrating a strong correlation between perceptions of black people and thoughts about crime).

The stratification economist would look to the effects of selectivity and recognize from the outset that immigrant populations, particularly voluntary immigrant populations, are intrinsically different from populations of non-movers. The example of the successful Japanese American population is highly instructive; this is the community given the seemingly laudatory, but actually pejorative, label of “model minority.”

Masao Suzuki’s research reveals that three tiers of selectivity contributed to Japanese American economic ascension.⁶³ First, the initial immigrants were selected upon entry into the United States in part by Japanese government screening. This was a highly literate population at a time when the Japanese population generally was not. It was also a population with a high level of experience in farm ownership and management. Second, there was selectivity in return migration that heavily favored a return to Japan of those who had been the least successful in the United States. Finally, there was selectivity in family formation. Those men who had been the most successful in the United States were the most likely to import wives from Japan and form families. Thus, the first generation of Japanese children born in the United States was likely to come disproportionately from middle class families.

Suzanne Model’s new book on West Indian immigrants to the United States tells roughly the same story of immigrant selectivity coupled with some evidence of white favoritism toward West Indian over native black Americans.⁶⁴ For males in particular, labor market outcomes are increasingly similar between West Indian and non-West Indian black males.⁶⁵ And, in fact, the best available evidence indicates that, overall, immigrants from sub-Saharan Africa do not have superior labor-market outcomes to those of native black Americans, but they do not enter the United States with markedly superior resources than black Americans.⁶⁶

The net conclusion provides support for a lateral mobility proposition—the reproduction of their relative status in their country of origin by immigrants in the United States—rather than upward mobility.⁶⁷

63. Masao Suzuki, *Selective Immigration and Ethnic Economic Achievement: Japanese Americans Before World War II*, 39 *EXPLORATIONS ECON. HIST.* 254, 273–76 (2002).

64. See generally SUZANNE MODEL, *WEST INDIAN IMMIGRANTS: A BLACK SUCCESS STORY?* (2008).

65. See *id.*

66. *Id.* at 110–14.

67. Darty, *supra* note 58, at 109.

The third topic is wealth inequality. The black-white wealth gap is staggering. Black households possessed seven percent of the net worth of white households at the median in 2002.⁶⁸ The standard explanation from a culture driven perspective is to attribute this condition to a low rate of time preference on the part of blacks leading to lower savings rates and/or black ignorance about portfolio management. The problem with the black profligacy and black stupidity claims is their inconsistency with the evidence that, after controlling for income, there are neither significant differences in black and white savings rates nor significant differences in rates of return earned on portfolios.⁶⁹

The stratification economist would turn instead to patterns of intergenerational transmission of wealth to understand the disparities in net worth. The combination of inheritances and in vivo transfers would be the critical objects of attention for the stratification economist, not the savings and portfolio management practices of the group that is wealth-poor. The key question would become the historical reasons why one group has such great material resources to pass on to the next generation and why another has so little, rather than current savings behavior.

The fundamental source of the gap is differential access to inheritances and in vivo transfers. Racial differences in intergenerational transfers of assets are key to understanding gross inequality between blacks and whites in net worth. Most wealth acquisition today takes place via shifts in assets from the older generation to the younger generation. Indeed, the intergenerational transfer of wealth is perhaps the most blatant example of the transfer of resources on a non-merit basis.⁷⁰

Groups that have less wealth to bestow upon their offspring yield a next generation with less wealth. Why have blacks collectively had less wealth to transfer to subsequent generations? Gordon Nembhard and Chiteji observe:

For African Americans, enslavement restricted owning one's self and any other property; racial land reform never took place as promised after the Civil War; during Jim Crow, Black-owned land was seized

68. RAKESH KOCHHAR, PEW HISPANIC CENTER, *THE WEALTH OF HISPANIC HOUSEHOLDS: 1996 TO 2002*, at 5 (2004).

69. Maury Gittleman & Edward N. Wolff, *Racial Differences in Patterns of Wealth Accumulation*, 39 J. HUM. RESOURCES 193, 211–14 (2004); see also N.S. Chiteji & Darrick Hamilton, *Family Connections and the Black-White Wealth Gap Among Middle Class Families*, 30 REV. BLACK POL. ECON. 9, 12 (2002).

70. William Darity, Jr. & Melba J. Nicholson, *Racial Wealth Inequality and the Black Family*, in *AFRICAN AMERICAN FAMILY LIFE: ECOLOGICAL AND CULTURAL DIVERSITY* 78, 81–82 (Vonnice C. McLoyd et al. eds., 2005).

violently and records destroyed; and up through the twentieth century Black land loss continued with urbanization, discriminatory public policy and credit policies, and the intestate status of many parcels.⁷¹

Here is the critical intergenerational transmission mechanism that plays the powerful role in the sustenance of American racial disparity—the intergenerational transmission of property and assets. This is not the transmission of psychic trauma, but the transmission (or non-transmission) of material resources. Racial differences in the capacity to shift these resources from old to young are directly—scientifically—linked to the history of slavery and the failure to provide ex-slaves with forty acres and a mule. Indeed, it is the latter failure that Horowitz himself describes as a “betrayal.”

In 1972, Ivan Light argued that the presence of entrepreneurship and self-employment was depressed among black Americans because black communities were too individualistic, lacking in the ethnic networks and solidarity that led to business success in other communities.⁷² Writing with Gold in 2000, Light had moderated his position somewhat, but the underlying theme of black cultural deficiency was still present:

Groups experience *resource disadvantage* when, as a result of some historical experience, such as centuries of slavery or peonage, their members enter the labor market with fewer resources than other groups. African Americans are in this position, as are Mexican immigrants. Resources include all attributes that improve the productivity of employees, including human capital, a positive work ethic, good diets, reliable health, contact networks, self-confidence, education, and so forth.⁷³

Thus, in this variant of cultural determinism, black businesses are underrepresented because blacks lack the behavioral attributes that would promote entrepreneurial success.

Bogan and Darity undertook an analysis of patterns of self-employment across an array of ethnic/racial groups across a century in the United States using IPUMS data.⁷⁴ Their project demonstrates that after controlling for resources like income and education, ethnic/racial

71. Jessica Gordon Nembhard & Ngina Chiteji, *Introduction to WEALTH ACCUMULATION & COMMUNITIES OF COLOR IN THE UNITED STATES* 17 n.2 (Jessica Gordon Nembhard & Ngina Chiteji eds., 2006).

72. IVAN H. LIGHT, *ETHNIC ENTERPRISE IN AMERICA: BUSINESS AND WELFARE AMONG CHINESE, JAPANESE AND BLACKS* 4–6 (1972).

73. IVAN LIGHT & STEVEN J. GOLD, *ETHNIC ECONOMICS* 199 (2000).

74. Vicki Bogan & William Darity, Jr., *Culture and Entrepreneurship? African American and Immigrant Self-Employment in the United States*, 37 J. SOC.-ECON. 1999 (2008).

groups with high levels of self-employment typically have high proportions of recent immigrants. Immigrants are far more likely to be self-employed than non-immigrants. Moreover, comparisons between non-immigrant blacks and Asians reveal similar “low” levels of self-employment, and comparisons between immigrant blacks and Asians reveal similar “high” levels of self-employment. Again, context appears to trump culture.

The final topic to be treated here is the burden of acting white, where context will prove decisive once again. A wildly popular explanation for the racial achievement gap—it made its way routinely into Barack Obama’s stump speeches—is the idea that black students engage in academic self-sabotage because they fear that school success will lead their black peers to charge them with “acting white.” High academic achievement will be met with being labeled a race traitor. Hence, culturally based opposition toward doing well in school lies at the root of black students’ comparatively poor school performance.⁷⁵

When Tyson, Darity, and Castellino undertook a comparative ethnographic study of the phenomenon in North Carolina schools, they found little evidence of this form of racialized harassment by black students toward other black students.⁷⁶ They did find forms of harassment of “good” students, regardless of race, that were commonplace, particularly if the “good” students displayed an air of superiority toward their fellows.⁷⁷ These types of harassment in part took the form of labeling the “good” students “geeks,” “nerds,” or “braniacs.”⁷⁸

On the few occasions where high achieving black students were called “Oreos,” it was most likely to take place in schools where black students were grossly underrepresented in the most challenging classes.⁷⁹ This might be a high school that was forty to sixty percent black where only one or two black students could be found taking the Advanced Placement (AP) or Honors level classes. Resentment from black peers would be magnified if those one or two black students signaled that they felt they were “special,” or “better” than the others.⁸⁰ In fact, in this setting, the AP or Honors classes literally look like the propertied domain

75. Signithia Fordham & John U. Ogbu, *Black Students' School Success: Coping with the Burden of 'Acting White,'* 18 URB. REV. 176, 177 (1986).

76. Karolyn Tyson et al., *It's Not "a Black Thing": Understanding the Burden of Acting White and Other Dilemmas of High Achievement*, 70 AM. SOC. REV. 582, 582 (2005).

77. *Id.*

78. *Id.*

79. *Id.* at 594.

80. *Id.* at 595.

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of white students.⁸¹ Thus, it is the school context produced by policies of racialized tracking that creates the burden of acting white rather than the burden arising as a cultural import from a generally held opposition to academic achievement across the black community or even among black youth alone.

The stratification economist would not have bothered to explain a racial achievement gap on the basis of cultural dysfunctionality. He or she would start instead with the most basic question: Are the two groups of students receiving the same curricular content? Are both groups of students being tested on material they have been taught? Even if assessment is equal, was educational quality equal? The context based explanation for the occurrence of a burden of acting white clearly indicates that the answer to these questions is “no.”

81. *See id.* at 594 (noting one counselor’s story of her daughter often being the “only black in the core courses”).