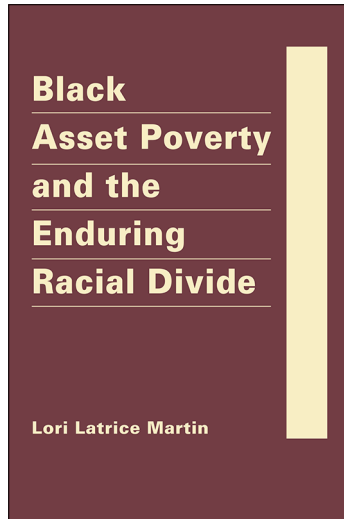


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# Black Asset Poverty and the Enduring Racial Divide

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# 1

## Exploring Asset Poverty

Black asset poverty highlights America's enduring racial divide. Asset poverty occurs when an individual or household lacks access to assets that could be easily converted to help sustain a person or family for a specified time (usually at least three months) in response to an unexpected event, such as an economic or health crisis (Attanasio and Williamson 2000, Wheary et al. 2008). Blacks, as a group, are consistently less likely than whites to own assets (Oliver and Shapiro 2006). Blacks that are asset owners tend to own assets at significantly lower levels than their white counterparts (Keister 2000, Martin 2009a, Martin 2009b). Additionally, blacks are more likely than whites to have a zero or negative net worth. Unfortunately, the issues of racial wealth inequality and black asset poverty have gotten worse, not better, over time (Kochhar et al. 2011).

*Black Asset Poverty and the Enduring Racial Divide* was written in an effort to more fully understand black asset poverty, especially in light of the recent economic crisis's disparate impact on the black population relative to whites, as well as the 2008 election. The election of President Barack Obama was a historic event for the nation for many reasons (Kennedy 2011). Some believe that the election of President Obama provided the clearest and most convincing evidence to date that America had entered a new, postracial era (Parks and Hughey 2011). Not everyone agreed with this assessment (Wise 2010). There is mounting evidence of the continuing racial divide in this country and this book shows that black asset poverty is especially illustrative of the problem.

If we were truly living in postracial times, as some have claimed, then black asset poverty should have declined over the past few years

and the impact of the Great Recession and other economic crises would have impacted Americans equally across racial, ethnic, and class lines. But there is a great deal of evidence to the contrary (Kochhar et al. 2011). These studies are not without limitations. Often, studies about racial differences in overall economic well-being tend to focus only on income and ignore assets, or they focus on one particular asset and not on the many assets that make up the average American's portfolio. Also, studies about disparities in overall economic well-being tend to be descriptive in nature. Such studies fail to place research findings in a historical context and they fail to empirically explore the key social and demographic variables that help explain racial differences in the types and levels of assets owned. Moreover, much of the research on racial disparities in overall economic well-being tends to focus on the black-white dichotomy, ignoring variations within the black populations. The effects of ethnicity and gender on black asset poverty are rarely considered (Martin 2010b).

*Black Asset Poverty and the Enduring Racial Divide* addresses the limitations identified in previous studies, and makes a number of important contributions to the public discourse on racial wealth inequality. More specifically, this book will invigorate a public discourse around asset poverty in general and black asset poverty in particular. For one, racial wealth inequality and black asset poverty are presented in the historical context of significant periods in American history, including antebellum America and the era of Jim Crow, and within the context of historical institutional practices that privileged some groups at the expense of other groups. Reports in the popular press and in some academic disciplines are often missing these key components.

The book not only provides a historical context for understanding the racial wealth inequality and the overrepresentations of blacks among the asset poor, but it also ties in the key contemporary issues that help facilitate the perpetuation of racial wealth inequality and black asset poverty, including gentrification and its effects on the black community (Minnis 2011). Furthermore, the book is one of the few to empirically explore the effects of the Great Recession on racial wealth inequality and black asset poverty, particularly in a way that takes into consideration a variety of asset holdings. This is accomplished by not only comparing blacks and whites, but by looking at variations in the types and levels of assets owned for blacks by ethnicity. The book looks at asset poverty for blacks from the Caribbean and Africa.

*Black Asset Poverty and the Enduring Racial Divide* should not only add to the body of knowledge related to racial inequality in

America, but the recommendations and innovative ways of thinking about black asset poverty set forth should assist individuals, families, scholars, and public policy makers with efforts to narrow the racial wealth gap and alleviate black asset poverty. To adequately deal with black asset poverty we must first thoroughly understand the breadth and depth of the issue.

To more fully understand the extent to which asset poverty exists and why addressing asset poverty is so critical, this book includes analyses of individuals and households in New York City neighborhoods with substantial and diverse black populations. Few places provide the backdrop for examining racial wealth inequality and black asset poverty like New York City. The State of New York, based upon data collected during the most recent decennial census, has the largest black population in the nation. In fact, New York City is home to some of the largest historically black neighborhoods in the country. A number of New York City neighborhoods have larger black populations than some states. We know that New York City has been the voluntary and involuntary destination for millions, including blacks migrating from the south to north and for millions from the Caribbean and from the continent of Africa for centuries (Harris 2004). The city has served as a haven and incubator to some of the nation's greatest thinkers, including black intellectuals and revolutionaries (Boyd 2003).

Neighborhoods in Manhattan, The Bronx, Queens, and Brooklyn have been home to generations of blacks from a variety of economic and ethnic backgrounds (Green and Wilson 1991, Rogers 2004, Waters 1994). The village of Harlem, although undergoing great changes, has long been considered the black capital of the world (Maxwell 2010). The Bronx has historically been home to a significant African American population and has seen a resurgence of African immigrants. The Bronx is also home to many blacks with recent ancestry in the Caribbean (Edward 2011). Sections of the Brooklyn are also very diverse economically and ethnically, as are sections of Queens (Shelby 1998). In fact, an article published in the *New York Times* found that blacks in Queens had relatively higher incomes than their white counterparts, due in part to the demographic profile of recent black immigrants (Roberts 2006).

New York City has served as the proverbial city on a hill. It has stood a model for cities around the world to admire. Moreover, New York City is the ideal place to examine racial wealth inequality and black asset poverty because it is at once one of the most racially and ethnically diverse cities in America (Frey 2011). Long considered a melting pot, New York City is also one of the most segregated large

cities in the nation (Massey and Denton 1993, Tiku 2010). New York City is home to some of the nation's wealthiest citizens and some of the nation's most destitute citizens (Fiscal Policy Institute 2012). New York City, therefore, serves in many ways as a global symbol of racial economic inequality and is emblematic of the opportunities and challenges associated with living in a capitalist meritocracy built upon the foundation of a racialized social system. Much like the U.S. as a whole, New York City highlights the enduring racial divide that is in many ways even more salient than in the past, particularly with respect to wealth inequality and asset poverty.

To empirically examine racial wealth inequality and black asset poverty in the U.S. and in New York City a variety of data sources and a number of methodological approaches were used. Census data collected before and after the Great Recession and the 2008 presidential election were analyzed. Reports issued by various governmental sources, including reports published by local community boards, were also reviewed. Reports from nonpartisan organizations and research institutions housed at some of the nation's premier institutions were also reviewed. Relevant local, regional, and national newspapers and legitimate internet sources were used, as were peer-reviewed academic journal articles and scholarly books. Analyzing and synthesizing these various documents, among other things, allowed for the creation of brief histories about the development of The Bronx, Brooklyn, Manhattan, and Queens neighborhoods and discussions about the historic migration patterns of blacks from places like the American South, the Caribbean, and Sub-Saharan Africa. Not surprisingly, barriers to asset ownership for blacks were a recurring theme across time and place.

The historical perspectives in chapter three begin with the existence of free and enslaved blacks in antebellum America and include migration from places like Harlem in the early 1900s to other parts of the city in the decades that followed. Violence against blacks, efforts to keep blacks from moving into certain neighborhoods, and the extortion of higher rents and mortgage payments from blacks occur throughout much of the history of blacks in New York City.

The transfer of the black population from one borough to the next was facilitated by technological advances in transportation, some of which permanently displaced housing and many city residents. The impact of the modern transportation revolution, private discriminatory practices, and racist institutional policies prior to and after the Second World War also contributed to the situation. Social and demographic profiles highlighting racial wealth inequality and black asset poverty will be presented throughout the chapters. Descriptive statistics were

included in the profiles. More sophisticated multivariate analyses were included in selected chapters to show the social and demographic factors that significantly helped explain racial wealth inequality and black asset poverty overtime.

The inquiry into black asset poverty and the enduring racial divide begins in chapter four as the idea that America is a postracial society is called into question as is the notion of the splintering of Black America. The chapter also looks at the sociological perspective of racial formation, popularized by Omi and Winant (1994), to show how race is a politically contested social construct and how racism has changed its form, but not its function. The review helps readers understand the continuing significance of race as evidenced in the ever-increasing racial wealth divide.

Chapter three includes a review of the literature on asset poverty and wealth inequality in general, and the literature on asset poverty and wealth inequality for blacks in New York City, in particular. Chapter four examines traditional indicators of overall economic well-being (e.g. income, education, and occupational prestige) and indicators of asset ownership for blacks as a group and for black ethnic groups over the past few decades. Next, in chapter five, we take a closer look at the disproportionate impact that the Great Recession and other economic crises have had on the black population, especially on the asset poor. The chapter also explores how and why blacks have historically suffered more than members of the dominant group during harsh economic times.

In chapters six through nine, I show how the recession and institutionalized racism have created a perfect economic storm, whereby millions of Americans with African ancestry have suffered and are still suffering. I discuss the impact of the Great Recession and gentrification on New York City and I address how the asset poor have been particularly impacted, even those that would be considered part of the black elite.

Chapter seven explores how previously difficult economic times pushed blacks out from one neighborhood to another, especially those in the middle-class. This is due in large part to their very tenuous status as middle-class.

In chapter eight I go into greater detail about the myth of the black immigrant advantage and how this group was also impacted by recent economic downturns. Black migrants in some parts of New York City have average incomes that are higher than the average incomes for whites. Thus, black migrants are thought to serve as a model to native-born blacks and others. However, this may only be true when income,

education, and occupational prestige are concerned, but not in the case of asset ownership.

Chapter nine looks at the growing number of blacks in New York City that lack both the income and assets required to weather an economic storm, such as the one the U.S. is currently trying to recover from. Evidence of these themes in the five boroughs will be provided in each of the chapters.

The book concludes with a discussion of the methodological, policy, and theoretical implications and suggestions for further research. Specifically, the case is made that based upon the discussions set forth in each chapter, we are not living in a postracial America. The argument is also made that racial economic inequality is as great—if not greater—today than it was decades ago. Measuring racial and ethnic differences in the levels and types of asset ownership makes it clear that blacks share the experience of being asset poor in America and the notion that there is a splintering of black America is based upon a fallacy and lacks validity. Recommendations about how to increase asset ownership for blacks and other racial and ethnic minority groups are offered.