

# Inclusion in Asset Building: Research and Policy Symposium

## Discussant Comments

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## **Introduction**

Let me preface my comments by stating that these papers as a collective were impressive and address a wide array of economic concerns that at the same time provide much food for thought. I have elected to make comment on each separately, but in the order of their presentation.

### **Assets in Theoretical Context: A Developmental Interpretation, James Midgley**

The issues presented by the Developmental Interpretation are beneficial to our understanding of the contemporary and historical role of social policy of providing social welfare. Foremost, this paper places the arguments for Asset development in some political perspective.

It notes that proponents of Asset interventions are fortunate to receive the blessing of both right and left political thinkers. They are so to speak straddling the individualistic-collectivist divide. However, the picture was, for me, a bit too rosy with respect to the political harmony surrounding these ideas. For example, it would seem to me that a potential bump in the road would come over how the poor will be allowed to spend accumulated assets. Even now we know that some on the left have already critiqued the idea of IDA's as being too individualistic.

It will also be very interesting to see how the Development Policy Perspective, as it pertains to Asset development, will accommodate issues of the very poor or what some refer to as the unworthy poor, specifically those individuals who are not now employable?

### **The Impact of Parental Wealth on Living Standards in Israel, Seymour Spilerman**

Essentially the study by Dr. Spilerman reaffirms the belief that "It pays to have well to-do relatives". Indeed it is true that "God blesses the child that's got his own" but it also seems that God is also inclined to bless the child whose parents have their own". In some respects many of us are not surprised by these findings. Still they have the potential to be very useful in our efforts to support social and economic equality by making note that the playing field is far from level. One of our main tasks in this effort is to point out to many who have accrued wealth that they rarely have done so solely by themselves. Indeed many among the asset holders were born to parents who were already on third base, and hence the run to home plate was made significantly easier.

Perhaps some of the most interesting information from a study of this nature, however, may come from taking a closer look at the influence of ethnic and cultural identities on asset accumulation. Similarly it might also be interesting to look at gender effects—for example, are assets which are passed on, influenced by the gender of the benefactor and/or the recipient?

### **Family Matters: Kin Networks and Asset Accumulation, Drs. Ngina Chiteji and Darrick Hamilton**

The author's address what was for many years a "sacred cow" in the study of minority families and kin networks. Over the years strong kinship networks were lauded as being the sacrosanct

savior of minority families. Few had the courage to even suggest that there might be a possible downside to some strong kin networks.

To their credit Drs. Chiteji and Hamilton asked what was through out the 60' and 70's the unthinkable - "Is it possible that being in an extended family network could be a liability in some instances?" Specifically, can being in a poor kin network inhibit a non-poor family member's ability to accrue wealth?

Their finding have important implications for African Americans as they have comparatively more kin, family, friends and neighbors that are poor than their white counterparts.

This line of thinking might also be applied to certain immigrant groups. The question that might be asked is whether high concentrations of the poor among certain immigrant groups have severed to effect that group's trajectory of upward mobility?

The discussion fostered by this study serves a valuable function also in that it suggests that at least part of the economic difficulty which some low income families experience may be less a function of character flaws on their part, and have more to do with factors external to themselves-such as poor relatives and friends. Indeed it shifts the focus of our attentions to factors other than solely personal deficits to the consideration of more structural and environmental considerations.

I also felt that their policy implications were both timely and important. As they noted a reduction of public support for the poor might have significant implications for their non-poor relatives who might be expected to make up for cuts in social and economic support. And, I most certainly would agree that the non-poor whose relatives are poor, have benefited from anti-poverty efforts of government. That is, they have not had to be the first line of defense against their relative's immersion into poverty.

### **Assets, Race and Educational Choices, Shapiro and Johnson**

Foremost, these authors address the issue of intergenerational transmission of advantage.

For sure, they pose for us a difficult conundrum. How do parents reduce racial inequality and segregation while at the same time trying to provide the best education for their children? For as they put it, "Deciding where to live and buy a home is a prime way in which inequality is passed along from one generation to the next."

Made blatant is the fact that because of the racial inequality of assets between blacks and whites, whites often engage in a form of what we might call "Asset segregation". In their attempts to surround themselves not so much with like "minded" others as like "asseted" others, which often means surrounding themselves with other whites.

Shapiro and Johnson rightly conclude that stratified educational opportunities occur because of the parent's ability, or inability, to buy into an affluent school. They recognize this problem but, like everyone else, struggle as to how best to minimize it. Moreover, this is not solely a problem

for black-white interactions but one for the increasing economic and asset gaps in our society generally.

### **The Effects of Homeownership on Youth Well-Being: An Empirical Test of A Moderating Hypothesis, Drs. Edward Scanlon & Page-Adams**

I found this to be an interesting study. I am somewhat surprised that their findings were not more robust-I think that they are on to something, and that this line of study will increasingly find support for their notions of moderating influences of homeownership. The study would, however, probably benefit from better dependent measures. Still, my major concern for this work has to do with questions of internal validity. I am not sure that the authors as yet have a sufficient conceptual grasp as to what actually produces their hypothesized outcomes.

They suggest that the urban ecology of the poor, ethnic, and racial minority children will reduce the positive effects of home ownership. The authors are somewhat vague as to how the urban ecology actually works. Essentially, it is suggested that home ownership may be less of an asset to the non-whites than to whites due to less economic appreciation and greater financial strain. In short, they suggest that the asset has less of an upside in terms of financial benefits and greater potential liabilities. But other less tangible factors may also be at work.

Clearly our current understanding of psychology of assets and asset accumulation is not well developed especially when demographic factors are taken into consideration. For example, it is possible that what social psychologists refer to as symbolic interaction may be at work here. That is, the same asset may have differential meanings for different groups, depending on what is deemed valuable by particular sub-populations. There is at least some anecdotal evidence to suggest that some sub-cultures may be more interested in assets, which are mobile, than are others.

It is also possible that the dependent variable in their study e.g. pro social behaviors are significantly influenced by the social environment and less under the complete control of the possessor of the asset. Specifically, some of the behavior, which the possession of assets is thought to modify, may be strongly influenced by the behavior of others who do not have these assets and or reject their value. The desired pro-social behaviors of those who have new assets may be truncated so as to conform to that of their neighbors and friends. We know, for example, that poor African Americans have more neighbors who are also poor than do poor whites. Hence some of the differences in the behaviors of poor African Americans and poor whites is believed to be caused by their differential concentration rates of poverty.

Future comparisons of racial and ethnic groups would be wise to take into account the potential influence of the variability in the numbers of asset and non-asset holders in the populations under study.

### **The Homestead Act-Our Earliest National Asset Policy, Trina Williams**

Few among us know much about the size or scope of the Homestead Act. Ms. Williams efforts to put not only the history of this asset transfer into some historical perspective, but to also

inform us as to how many Americans (black and white) were actually recipients is commendable.

I found myself wondering if any of my relatives were among the estimated less than five thousand blacks to receive land. I have concluded that they probably did not otherwise, I would be in better financial condition today.

One question, which I continued to ask myself, was, "could there be something garnered from this study particularly in the methodology which Ms. Williams employed which might be useful to those struggling with the issue of Reparations for African Americans?"

Still as I thought more about the Homestead Act and its connotations of "freeland" something kept haunting me and I kept asking myself "what is missing in this discussion"? It soon came to me --- American Indians. Probably never should Homesteading and assets be discussed in the absence of some mention of those who loss the land which others were given. Clearly such a discussion was beyond the scope and charge of Ms. Williams paper, but some greater mention of the negative effects on American Indians seems warranted in our thinking about "Homesteading and asset accumulation".

Curiously this topic shares some common conceptual ground with that of Dr. Feagin's. In sum, it is safe to say that with respect to the Homestead Act that for Whites it was Assets gained, for Blacks it was largely Assets denied, and for American Indians it was Assets Stolen.

I felt that this was an important discussion and that perhaps by bringing in American Indians, and possibly Mexicans, greater understanding and complexity could be brought to this important topic.

### **Documenting the Costs of Slavery, Segregation and Contemporary Discrimination: Are Compensation and Reparations in Order for African Americans, Dr. Joe Feagin**

It has been said that greater than the tread of a mighty army is that idea whose time has arrived: is this the case for African-American Reparations?

Dr. Feagin's discussion connects the importance of assets to the American indeed to the International discussion, of the long-term impact of the African Slave Trade. It serves a valuable function in providing an historical perspective on this one hundred and thirty-year-old discussion. This paper is important in that it addresses what promises to be both a moral an economic quagmire for America.

It is noteworthy that some individuals a hundred years ago recognized that African Americans should possess the benefit of assets-this was most clearly captured in the promise of forty acres and a mule to slaves following the civil war. Yet the discussion of Assets for descendants of the African Slave Trade, as pointed out, has laid all but dormant for more than a century.

Should Oprah get a mule? I was perhaps most pleased by his answering the question of who might receive reparations. I agree with the position that justice rather than need is the key factor

which should determine who is eligible for reparations. The point being that rich individuals who are hanned are no less entitled to damages from being injured than those who are less affluent.

However, like others who argue for Reparations Dr. Feagin struggles with how best such a major effort might best be undertaken--as the expression goes the devil is in the details. It would seem that something like a Marshall plan would serve as a model for any efforts, which might be undertaken. Most certainly collective rather than individual retributions seem called for. Foremost, it would seem that bulk of any such program should focus on the establishment and maintenance of asset enhancing institutions such as Black Financial Institution, and Historically black Colleges and Universities.