Spring 2023

The Power of Knowledge: The Relationship Between the Racial Wealth Disparity and Generational Transmission

CeDaniel R. Sumpter
Bard College

The Power of Knowledge: The Relationship Between the Racial Wealth Disparity and Generational Transmission

Senior Project Submitted to

The Division of Social Studies

of Bard College

by

CeDaniel Sumpter

Annandale-on-Hudson, New York

May 2023

Dedication

I would like to dedicate my Senior Project to my Mother, Gloria Addie.

Acknowledgements

I would like to acknowledge the contribution of all my advisors: Sanjaya DeSilva, Lucas Guimaraes Pinheiro, Michael Martell. I would like to thank Bard faculty members: Jeremy Hall, Jane Smith, Andrew Fillhart, Yuval Elmelech, and Greg Moynahan. I would also like to extend my gratitude to my band members Leo Belsky and Ivan Tamayo. Lastly, I would like give the most special thank you to Coach Billy Poole-Harris and the Bard Track & Field team for the support and kindness provided throughout the entire year.

Table of Contents

Abstract

My hypothesis is that generational knowledge plays a pivotal role in the accumulation of wealth. African Americans have a historical lack of engagement in financial markets, which can be attributed to a combination of historical discriminatory practices and institutional racism, and familial instability. These factors each contribute to the wealth gap between white and black americans. The discussion lacks the multidimensional landscape that is required to understand it. Even within an economic context, the wealth gap cannot be explained nor understood without the context of American social structure, political influence, healthcare availability and more. I will begin to expand the conversation by raising notice of the importance of financial markets before diving into the historical context. Mapping the road that has brought us to such an enormous wealth gap. Following historical context, we will define generational wealth and then redefine generational knowledge. The idea of generational knowledge follows a very eurocentric model by which there is a mother, father, and children. It leaves behind the possibilities of alternative familial dynamics. We will use sociology terms to expand the definition and later further elaborate using financial socialization in the context of engagement with financial markets. Following the generational analysis, we illustrate the importance of homeownership and location. Connected to this concept, financial literacy and socialization add by contextualizing the influence that the community has on the family. Individual potential can be supported or dampened by early instability. Lastly, we will connect it all together, making clear the importance of intersectionality within the conversation of wealth accumulation for African Americans in the U.S.

Preface

As an African American in the U.S, the relationship between family and socioeconomic mobility intrigues me. Growing up in Atlanta, Ga, without my father being around influenced me in many different ways. Fatherhood and instability has been a theme within my life that has impacted me in various ways. Upon joining the economics division at Bard College, I was unsatisfied with the various theories and ideas to explain the wealth and income gap. Much of the conversation tends to be focused heavily on the physical realm of asset appreciation. Rarely does the conversation bleed into the realm of knowledge accumulation with expanded ideas on the impact that family plays. The household acts as something more than just an appreciating asset, but also a pillar of stability and aspiration for the family. There is something intangible that a house provides which cannot be reproduced through renting an apartment. I seek to expand upon the idea that knowledge plays a significant role in the ability to accumulate wealth. Money is not the simple remedy that will fix all of the problems. There must be investment into the communities towards the goal of familial stability.

My background includes a common background for many black children, a single parent household headed by the mother. After gaining experience about financial literacy through occupational experience at a hedge fund, I was able to understand how important financial engagement is. As my social capital increased, I was exposed to more information about what it takes to be successful, accumulate wealth, and create a comfortable life. I was able to reflect on what I had learned during that time period versus what I had learned growing up. The disparity was clear and had I never gained that experience through my own effort and hard work, I would have lacked that perspective as well. I have been able to improve my social capital through my mother's moving into a new neighborhood. From here, as my immediate circle grew, I came to have frequent conversations with coaches and students from a nearby private school. From there, I made a presentation for my mother as to why I wanted to transfer schools, and she ultimately agreed and I transferred. Having the benefit of a smaller class, I was able to have more one-on-one time with my advisor, who introduced me to the Posse Scholarship. This catapulted me into a liberal arts college on tuition scholarship and allowed me to attain a higher education. My continuous life improvement, despite coming from a disadvantaged position of a single parent household, has stemmed from residential relocation, social capital, and educational opportunities. Now, I understand that much more is both possible and achievable, which I hope to pass forward to others in my community. My life path has been what I feel to be an anomaly, in comparison to friends and family. It is my goal that through research on wealth inequality, I will be able to improve the lives of many.

Introduction

Using data collected between 1985 to 2020, stocks yield the highest average annual return with 8.70% from the U.S. Large-Cap stocks and Emerging Market Stocks. Then next, U.S. small cap stocks yield 8.20%. Right after is Real estate, yielding a 7.3% average annual return. Stock market engagement is a viable aid in accumulating wealth over time yet is underutilized by the black community. Observing middle-income households ($100,000 to $199,999) we are able to compare financial engagement without income constraints. In 2018, roughly 81% of middle-income African American households were not engaged with financial markets. This is in comparison to 63.9% of White households not engaged with financial markets. The disparity between the two grows as income increases, but it should also be noted that as income increases, much more of household wealth is concentrated in the stock market. This percentage in returns was selected from the 2018 SIPP and author's stock market participation by race and income. These figures poke at wealth inequality and paint the picture of a financial engagement gap. While the stock market is not the only way to accumulate wealth, it has played an important role. At $200,000 to $499,999 annual income, the difference between white and black households is 25%. White households increase to 53.9% engagement, over half, while black households rest at 28.9%, less than 30%. This leads me to believe that, although an important factor, income is not the most important component in engagement with financial markets. This thesis seeks to provide possible answers as to what influences engagement and trust with financial markets.

Besides engaging with housing markets, the best an African American household can do is bonds, which have a 4% average annual return. Therefore, if there are two households that make $100,000 annually and invest 15% of their income, the disparity becomes clear. For 81%

of Black households, the highest average annual return asset would be 4%, bonds, versus 8.7% average annual return from Stocks. With no money added, in 25 years the family that is invested in bonds would have accumulated $39,987.54. For the family engaged with the stock market, after 25 years they would have accumulated $120,734.08. Now, if you take this and expand over years, decades, generations, the gap begins to become increasingly larger. After 51 years, 8.7% average annual return would yield you over a Million dollars. As for 4% average annual return, you would only receive $110k. It should also be noted that as income increases for a family, the amount invested into financial markets also increases. Therefore if a family continues to invest and make more money, they may put more into financial markets, meaning that it would continue to accumulate. Now, moving outside of the hypothetical example into real statistics, there is a major gap in racial household wealth in current times. On average, in Q3 of 2022, white households' average asset holdings in financial markets was $334,146 versus black households averaging $19,225. Due to the major disparity in engagement with financial markets between White and Black households, we seek to investigate possible reasons through analyzing the gaps and socioeconomic influences in an American context. Wealth inequality has been a subject of much debate, in part due to how extensive the racial gap is, and an important part of that conversation has been about generational wealth and access to financial capital. Increasing income is an important step to the accumulation of wealth, however what the picture that these figures paint is that even with access to financial capital, there is still a lack of engagement with the stock market for African-Americans. The transfer of financial assets and knowledge from one generation to the next, an undoubtedly pivotal part of the gap. However, money on its own is not sustainable, rather the knowledge to put it to use to yield positive returns is the connection between generation to generation. Once the lack of access to financial resources and capital falls, this does not guarantee wealth. There have been many options as to breaking down the wealth inequality gap, in hopes of uplifting the African-American community to match its white counterparts in the ability to live comfortably.

Using wealth as a measure expands the discussion of inequality, utilizing the economic concept of stratification. To study the wealth disparity across social markers such as race incorporates the social hierarchies and structures which may shape economic outcomes. Assumptions held through stratification include: Disparities in the ability of groups capacity for intergenerational transfer of resources are key drivers for inequality, Effective and robust public policy is required in order to discourage discrimination and improve outcomes, Improved human capital does not guarantee minorities and disenfranchised groups of people will not experience discrimination that will impact them economically, individual dysfunctional behavior does not reflect the tendencies and attitudes of the larger group, and those in power have material interest in maintaining their privileged positions.[1] Stratification allows for the discussion to include other aspects of daily life, bringing the discussion to a more intersectionality based approach.

Furthermore, the conversation of generational wealth must incorporate a broader range of divisions in order to be understood. The factors that influence the wealth gap are ones that spillover between sociology, politics, psychology, history, and health. Therefore the wealth gap can only be explained and determined through the intersectionality of such factors. The wealth gap is not simply each problem added together, but rather a unique phenomenon that stems from the various crossovers. To interpret the wealth gap, we will discuss the ability to accumulate wealth through the transmission of generational knowledge. Important to intergenerational transmission, it must be understood why wealth and investments are important to the socioeconomic well being of African Americans. This will be followed by historical context

[1] Kate Bahn and Carmen Sanchez Cumming, “What It Is and How It Advances Our Understanding of Inequality,” n.d., 2.

that we can interpret as a pivotal key to the current gap. With historical context related to the transmission of wealth and knowledge defined, we may redefine the concept of generational knowledge to encapsulate the nuances of alternative family dynamics. Specifically looking into the black family, it is here that we can see the roots of the wealth gap through a transmission of ideals, behaviors, and attitudes that are passed vertically through the house as well as horizontally through the community. This now opens the definition to the impact of housing not only as an appreciating asset, but also as a place that facilitates the transmission of knowledge and socioeconomic potential. It also brings in the possibility of financial socialization, which broadens the channels that financial literacy may come from. It is then that the generational wealth gap can be investigated in a unique way that allows for human interaction beyond the eurocentric family model of a mother, father, and children.

Why Wealth?

Wealth can be looked at in two different ways, one would be through a portfolio and the other being net worth. Wealth can be made up of various assets, which may be spread amongst multiple industries. Assets can be compartmentalized into two categories, liquid or tangible.[2] Liquid assets represent financial assets which have no intrinsic value such as stocks, bonds, checking accounts, and more. Tangible assets encompass assets that have consumption value, such as real estate, vehicles, miscellaneous non-financial assets (jewelry, art, etc.), and more[3]. Wealth extends beyond money into power and influential positions that lead to cementing the position a family is in. The power that wealth provides is one that allows for political, social, and economical mobility that surpasses many of the restrictions set in place for the lower classes.

[2] Yuval Elmelech, *Wealth*, Economy and Society (Cambridge ; Medford, MA: Polity, 2020), 18.
[3] Elmelech, 18.

Wealth empowers individuals in ways that may generate more wealth within generations and/or across generations.

Income has been argued to be the defining factor into the accumulation of wealth. “Access to income“ has become a defining feature of the wealth gap remedy discussion taking forth the mantle with the faulty assumption that if someone is provided with better income, they will then accumulate wealth. While income is a factor that may improve or worsen one's ability to accumulate wealth, becoming wealthy is a much more difficult feat to achieve even for those with higher income. Factoring in the added adversities, it can feel almost impossible for a black family to acquire wealth. Equalizing income for two families, the ability to accumulate wealth would still be easier for the white household. This is not to say that color is the only reason that there is a wealth disparity, but to note that it is a far more complex phenomenon than plugging in a single unit and yielding generational-changing outcomes.To generate, use & hold, then transmit wealth requires a combination of institutional, political, and economic context combined with individual and family based characteristics.

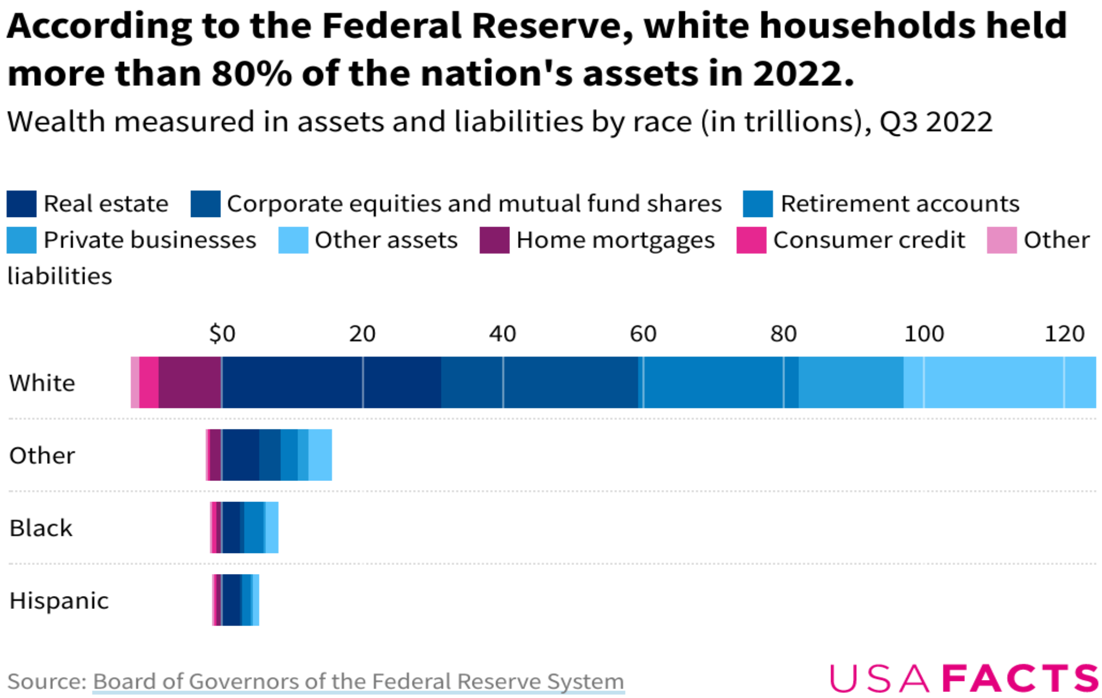

Fig. 1. Wealth Measured By Assets and Liabilities By Race [Source: Usafacts.org].

The distribution of income within the United States is skewed. 20% of the top earners make up for 43% of all income. Even deeper for wealth, in quarter 1 of 2020, the top 10% hold 69.2% of total net worth[4]. When broken down by race, white Americans have held a majority of the wealth within the United States. In Figure 1, we see that white households held over 80% of total assets in America.[5] The difference in figures is alarming. Between white and black households, the disparity between various assets held is over $10 trillion dollars in difference per asset. This difference in wealth means a difference in opportunities, economic security, political influence, and more. White households are more likely to receive inheritance from their family, as well as larger amounts of, than black households. In recent times, having low wealth

[4] Board of Governors of the Federal Reserve System (US), "Share of Total Net Worth Held by the Top 1% (99th to 100th Wealth Percentiles) [WFRBST01134] & Share of Total Net Worth Held by the 90th to 99th Wealth Percentiles [WFRBSN09161]," FRED, Federal Reserve Bank of St. Louis, n.d., https://fred.stlouisfed.org/series/WFRBSN09161, March 20, 2023.

[5] "Wealth Inequality Across Races: What Does the Data Show?," USAFacts, accessed April 26, 2023, https://usafacts.org/articles/wealth-inequality-across-races-what-does-the-data-show/.

has made black Americans susceptible to crises such as the COVID-19 outbreak. Black workers worked jobs with greater exposure to the virus, as well as living in communities that had weaker infrastructures. From August 2020 to December 2020, 68.1% of black households, whose income ranged between $35,000 and $100,000, who had lost their job over the pandemic could not afford living costs anymore.In the same income bracket, only 49.3% of white households had the same issue.[6] Wealth is an important measure because it represents security and stability, which facilitates higher attainment in things such as occupations education while providing safety and support during stressful times.

It is true that the wealth gap between white and black households is substantial. However, while we seek to investigate the disparity through race, it should be noted that race is not the sole decider of wealth creation. Historically, there has been aid in the accumulation of wealth for whites, however if the capacity to generate wealth solely depended on the color of skin, then every white family would be wealthy which is not the truth. Race does play a role in the ability to accumulate wealth, as labor market discrimination, housing market discrimination, treatment in education, healthcare, and within the criminal justice system all impede one's ability to do so. However, it is not the sole factor that determines whether an individual will attain wealth.

Why do Investments Matter?

During the 1990's, household net worth increased by nearly $15 trillion (over 50%). Over 60% of that wealth creation was due to household stock holding's increasing. The stock market accounts for about 25% of household net worth, which implies that it holds significant weight in

[6] "Eliminating the Black-White Wealth Gap Is a Generational Challenge," *Center for American Progress* (blog), March 19, 2021, https://www.americanprogress.org/article/eliminating-black-white-wealth-gap-generational-challenge/.

the accumulation of wealth.[7] Financial literacy and capacity are needed in order to engage with financial markets and yield positive returns. Investing in financial markets is not the only way to accumulate wealth, but it is helpful. It has yielded the highest annual return over the last 36 years. Next to the stock market, real estate yields a 7.3% return. Housing is important because it has allowed for the wealth gap to grow as African Americans have been excluded from housing markets while white Americans have been able to utilize it to advance their future. Also, as explained later on, housing brings other added benefits that improve one's chance at accumulating wealth. In more contemporary times, financial market discrimination takes hold differently than housing discrimination. Due to technological advancements, many people can become individual investors. This is another reason that investments can play a pivotal role in wealth accumulation. Many barriers to entry come from such as social capital and financial socialization, where a person may come to use the stock market through interactions with others. Having a network of people who are engaged with the stock market, or atleast have more trust in the stock market may influence you to invest as well. Since discrimination towards individual investors is less likely than housing discrimination because it is done through computers, phones, etc. In addition to technology, housing is also connected to location, which has social and political implications such as segregation. Therefore, since the terrain of investment is different from that of housing and real estate markets, it may be a valuable way to aid in minority communities accumulating wealth.

---

[7] James M Poterba, “Stock Market Wealth and Consumption,” *Journal of Economic Perspectives* 14, no. 2 (May 1, 2000): 99, https://doi.org/10.1257/jep.14.2.99.

Fig 2. Average Annual Return By Asset Class [Source: TheCollegeInvestor.com].

It is true that Investments are not the only route to accumulating wealth, however it is a useful key that when used correctly, can accelerate the process. Data compiled from The Measure of a Plan and SSA.gov in Figure 2 show that Market stocks account for the highest average annual return by asset class (8.7%) while U.S. Large Cap and Small Cap stocks held a 8.7% and 8.2% average annual return respectively. Outside of housing markets, bonds provide a low-risk alternative (4%).[8] This data has been compiled from 1985 to 2020, showing that in relatively recent years, investments have provided consistent returns higher than other asset classes.[9] As seen in the introduction, there is a major disparity between the returns that are

[8] Robert Farrington, “Average Investment Return By Asset Class,” The College Investor, July 11, 2022, https://thecollegeinvestor.com/40246/average-return-by-asset-class/.
[9] Farrington.

received from the stock market and bonds. This will only compound over time and through generations. As white Americans have a prior advantage in the housing market and are more engaged with financial markets, the non-housing safe investments can not close the gap alone. While the stock market provides a useful way to grow wealth, if left unutilized by the black community, it will aid in the racial wealth gap disparity. Saving helps in withstanding external pressure on the household, however because of inflation, money will lose its value over time the longer it does nothing. Therefore in order to generate more income and eventually wealth, Investing provides an interesting way to help change the current circumstances.

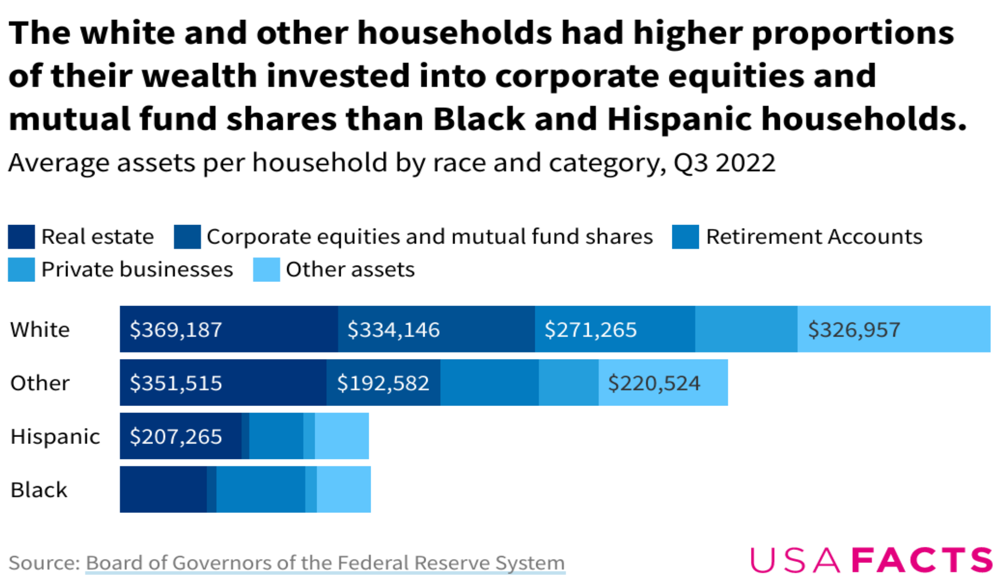

Fig 3. Corporate Equity & Mutual Fund Household Portfolio By Race [Source: Usafacts.org].

What we seek to emphasize in this paper, is the ability to produce wealth utilizing liquid and financial assets, stocks, through engagement with financial markets. Acquiring liquid assets requires a different set of skills and knowledge than acquiring tangible assets. The discussion within this paper includes the accumulation of tangible assets, home ownership & land ownership, because it provides insight into the disparity of engagement with liquid assets, which is correlated with the wealth disparity. However, we seek to understand why black portfolios include less liquid assets than white portfolios. In Q3 2022, African American households held $0.36 (trillion) in corporate equities and mutual fund shares. This is compared white households, who held $28.17 (trillion).[10] In figure 3, the average asset of corporate bonds held by white households is $334,146 versus $19,225 for black households. The largest gap of difference in average assets held between white and black households is corporate equities and mutual fund shares. As mentioned in the introduction, outside of stocks and real estate related investments, bonds yield the highest average annual return with 4%. If black households continue to not engage with financial markets, the disparity will only grow as time goes on.

In order to invest and yield a positive return, financial literacy is required. Financial literacy is gained through experience and financial socialization. This means that both trial & error and those you socialize with influence your behaviors and attitudes towards investment. If your family and/or community has experience with the stock market, then they have gained knowledge and have the ability to model healthy financial behavior. This knowledge accumulates from generation to the next, providing the tools to reach higher socioeconomic potential. However, we can see a disparity in financial literacy historically as well. Through the legacy left by slavery, reconstruction, and suburbanization, we can observe the creation of the wealth gap. Furthermore, contemporary racism such as political action and inaction, incarceration, and discrimination through credit and housing markets has created a generational transmission of poverty and wealth. These two transmissions have resulted in a difference in what knowledge, behaviors, and attitudes have been passed down, thus having an impact on black engagement with financial markets.

[10] “Wealth Inequality across Races.”

Historical Background

In order to understand where we are headed, it must be understood how we got to where we are. The vehicle that has moved African-Americans into this position relative to their white counterparts. It can be broken down into historical sections. Slavery worked to cement the black community at the bottom of the socioeconomic ladder. The culture that slavery introduced inhibited characteristics that created a group of people vulnerable to the exploits that would come after emancipation. The major periods that produced structural Inequality were Reconstruction, Suburbanization of America, and Contemporary Institutional Racism. Heavily tied into the housing market and the procurement of land as one of the most direct ways to acquire and accumulate wealth, the black family had to jump through hoops in order to secure a fraction of what the white family could receive regardless of their qualifications. The lack of access to the housing market creates a ripple effect, not only spilling over into the financial means to produce financial security, but also intergenerational economic mobility. Having access to the housing market means a family may be able to move into a better area with more infrastructure and potential. Neighborhoods determine access to better education, social networks, activities and more. Children who move from lower-poverty neighborhoods when they are under the age 13 are more likely to attend college, have higher incomes as adults, and hold a stable household. [11] That means the impact of having access to better housing is an intergenerational impact that may have implications for grandchildren and so forth.

[11] Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz, "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment," *American Economic Review* 106, no. 4 (April 1, 2016): 39, https://doi.org/10.1257/aer.20150572.

While the historical analysis of land ownership speaks to the wealth inequality, the historical input of financial institutions provide further barriers to black entry. Looking at the rise of banks, wall street, and their inherent behavior, we see purposeful exclusion which is an added reason to the historical barrier set between African Americans and investment. The actions of these private financial institutions were shaped and structured by domestic patterns of racial thinking. The City Bank Minstrel show used black-faced waiters at social events. Within bank publications racist stories, jokes, and anecdotes were written about minority communities including African Americans. The humor held by the city bank depicted black people as economically and financially illiterate. The expansion, aided by the American government, is important to note in this case because since slavery no longer upheld democratic principles within the U.S, they needed to move abroad to exploit others. Institutions such as City Bank and Chase Bank established Caribbean agencies while reproducing white racism within imperial banking policies. These agencies lent money to sugar planters, funded debt and took over the central banking functions, reproducing American racial ideologies.[12] This is not to say why the black community has low engagement today, but rather provides insight to the historical difficulty of financial engagement for the black community.

Slavery

Slavery, within the context of wealth inequality and financial engagement, is important to note because of its function in creating a class ripe for exploitation. The introduction of Africans to America was intentional not out of race but because of its economic potential. Racist sentiments

---

[12] Peter James Hudson, *Bankers and Empire: How Wall Street Colonized the Caribbean* (Chicago: The University of Chicago Press, 2017), 13,16.

developed to support the concept of slavery within a country whose political basis was democracy and liberty. Slave labor differed in race throughout American history, other Europeans were the first slaves, then Native Americans, then Africans. Slavery moved past Europeans who had both the ability and knowledge of resistance to slavery. The Native community had already been enslaved and it proved rather difficult because both the familiarity with the land and natives were insufficient for the labor that was cast upon them. It fell to the Africans, who were brought and at numerous disadvantages. The racial ideology developed as time progressed, people are perceived as inferior when they are already seen as oppressed. Africans were in a society that denied their rights while others held a guaranteed freedom by natural law.[13] Slavery produced a social hierarchical structure which began to materialize as racism and reproduced inequalities even after slavery was abolished through emancipation. The legacy that slavery left behind as America transitioned into a capitalistic society from a slave society was the tailor-made position at the bottom of the socioeconomic ladder for blacks.

Reconstruction

There was a chance in emancipation to aid in equalizing the impact of slavery, which was during the reconstruction period. The black man became liberated legally, but was then subjected to existence in poverty. 90% of black Americans were enslaved, and through slavery they were property of the white americans. This meant that they could not acquire land and build upon themselves a comfortable life from the fruits of their labor. Therefore, coming out of slavery, there were hopes of being able to acquire land in order to live a respectable life. Even during this time, there were discussions on whether or not abolition would be beneficial based upon the

---

[13] Karen E. Fields and Barbara Jeanne Fields, *Racecraft: The Soul of Inequality in American Life* (London ; New York: Verso, 2012), chap. Slavery, Race, and Ideology in the United States of America.

grounds that landless blacks would not be better off.[14] During the period, "40 acres and a mule" became the promise for the newly freed slaves in order to begin their life. This comes from originally General Sherman issuing orders for such, and then again the Freedman's Bureau Act of March 3, 1865 included a racial land redistribution provision with similar guidelines of 40 acres. It had noted that the land should be provided to newly freed slaves at three years, with rent not exceeding 6 percent of the value of the land based upon appraisal of state tax authorities in 1860. Then, at the conclusion of the three years, these newly freed slaves were given the opportunity to purchase that land and receive a title for it. In the Southern Homestead Act of 1866, again freedmen were set to receive land in southern states at $5 for 80 acres. Neither act was able to be implemented at the opposition of President Andrew Johnson, who had ordered the removal of former slaves from the land that was given through Sherman's special field orders[15]. This is used also in the argument for reparations, making note that during that time period, with a conservative estimate of the total slaves and price of land, that in today's time the land would have equated to $1.3 trillion.[16] Such racial land reform would have aided in decreasing the wealth inequality. Even though such barriers were faced by the newly freed slaves at the time, blacks were still able to make positive strides and acquire land.

Suburbanization

---

[14] W. E. B. Du Bois, Eric Foner, and Henry Louis Gates, *Black Reconstruction: An Essay toward a History of the Part Which Black Folk Played in the Attempt to Reconstruct Democracy in America, 1860-1880, & Other Writings*, Library of America 350 (New York, NY: The Library of America, 2021), 21.
[15] William Darity Jr., "Forty Acres and a Mule in the 21st Century*," *Social Science Quarterly* 89, no. 3 (2008): 660–61, https://doi.org/10.1111/j.1540-6237.2008.00555.x.
[16] Darity Jr., 662.

The suburbanization of America segregated the social order between whites and blacks even further. Blacks were excluded from suburban locations by institutional discrimination through real estate and banking industries by racial government policies. The American government endorsed the evolution of suburban areas through taxation and transportation policies, which encouraged business to build in suburban areas for greater tax savings while encouraging freeway construction and aiding the automobile industry. From 1933 to 1978, governmental policies enabled over 35 million families to join in the homeownership equity accumulation, while many African Americans were constrained to inner-city living.[17] The Home-Owners Loan Corporation (HOLC), enabled by the government through a bill intended to aid in mitigating the growing number of foreclosures, introduced standardized appraisals of the health of the communities for both individual and group loans. Such behavior promoted racially discriminatory practices through deeming homes and communities as desirable and undesirable. Categories were created by which African-American communities were undesirable while homogeneous white communities were desirable. This information was then used by the Federal Housing Authority (FHA) loan officers who made decisions based upon these categories and districts, unfairly excluding many African Americans who sought to move into suburban neighborhoods.[18] The FHA followed discriminatory practices that confined African Americans into the city, restricting their mobility and ability to accumulate wealth while creating the opportunity for many white families to create and accumulate wealth. Furthermore these middle class communities that were erected often have improved infrastructure through taxes and their nearby social engagement. These communities sometimes create independent school systems and

[17] Melvin L. Oliver and Thomas M. Shapiro, *Black Wealth/White Wealth: A New Perspective on Racial Inequality* (New York: Routledge, 1997), 16.
[18] Oliver and Shapiro, 17.

municipalities which aid in discrimination against other residents.[19] In *White Wealth/Black Wealth*, suburbanization is noted as one of the most prominent periods that aided in the wealth disparity. To add on top of what is noted, we will include the concentration of poverty that this same period created, which has played an important role in the transfer of knowledge as well. The segregation created through suburbanization created two different realities, an aid in the accumulation of wealth for some and the accumulation of poverty for others. Within these neighborhoods of poverty, the social health of the area declines, there becomes a lack of access to public services as well as underfunded infrastructure (which can take place as poor local institutions). Suburbanization decreases impoverished communities' educational attainment and employment opportunities.[20] Disinvestment in central cities aided in the decay of minority communities.

Contemporary Institutional Racism

The government plays a pivotal role in both the acquisition and longevity of wealth. The government's action and inaction have both paved the way for white to capitalize and accumulate wealth. The same structure that has allowed for the procreation and preservation of wealth for white Americans has aided in the unequal access to tools for blacks to do the same. Racial segregation was intentionally created by Jim Crow Laws and while it has decreased over time, it still impacts intergenerational economic mobility for blacks. Higher local historical segregation from the late 1800s is positively correlated with decreased contemporary economic mobility for blacks.[21] Discriminatory public and private lending policies have created further

[19] Winston Riddick, "The Impact of Suburbanization on Poverty Concentration: Using Transportation Networks to Predict the Spatial Distribution of Poverty," n.d., 7.
[20] Riddick, 6.
[21] "Location Matters: Historical Racial Segregation and Intergenerational Mobility," n.d., 71.

barriers to entry for both homeownership and financial markets. The underlying theme through history shows the predation on the black community through unfulfilled promises on land, the building of equity and wealth through suburban communities and access to housing(owning rather than renting). The association of high value areas and low value areas being heavily associated with race, and the structural barriers faced by black families have been bolstered through policies that aid then perpetuate social constraints. The denial of black applicants is displayed even when economical situations are comparable, making it racially motivated. Credit worthiness was incorporated leaving few, if any, reasons for mortgage denial except for race. These barriers not only allowed for the reproduction of wealth in case of whites, whether poor or already wealthy as there was an access and culture of inclusion and acceptance from labor and financial institutions, but it reproduced inequality both psychologically and financially for black laborers.

Many name incarceration to be modern day slavery, due to the racial demographic of the prison system and the various policies of the past that have disproportionately affected the African-American community. Namely, the 13th amendment, which bans slavery and involuntary servitude, allows for slavery under punishment of crime. In more contemporary times, this has handicapped much of the black community, from the household to financially. Economic mobility is impacted significantly for those who have been incarcerated. Those who were incarcerated had only a 2% chance of climbing up the earnings ladder versus a 15 percent chance for those who had not served any time.[22] Incarceration also lowers absolute economic mobility, which determines whether a person is earning more or less money over time. When you factor in the difference in demographics, that is that 1 in 87 working age white men are in prison or jail versus 1 in 12 black men. Furthermore, there are more 20-34 year old African American men without a high school diploma or GED that are currently incarcerated(37%) than there are employed(26%). 1 in 9 African American children have an incarcerated parent versus 1 in 57

[22] "PEW_CollateralCosts.Pdf," 16, accessed March 26, 2023, https://repositories.lib.utexas.edu/bitstream/handle/2152/15161/PEW_CollateralCosts.pdf?sequence=2.

white children have an incarcerated parent.[23] This means that the family dynamics for black children more often look different than that of a white child. The implications of these statistics mean that many black families have less of an opportunity to attain better occupations and move up the socioeconomic ladder. The family income averaged while a father is incarcerated is 22% lower than the year before he became incarcerated.[24] It also means that it is harder to achieve higher education, to improve social capital, and to do all the necessary things that enable the accumulation of wealth. Children with Fathers are significantly more likely to be expelled or suspended than those without.[25] Naturally, it would also be more difficult to pass on financially beneficial knowledge through the household if it is missing parents and struggling in different ways. The childhood family dynamic plays an important role in the future mobility of that individual.

[23] "PEW_CollateralCosts.Pdf," 4.
[24] "PEW_CollateralCosts.Pdf," 5.
[25] "PEW_CollateralCosts.Pdf," 5.

Generational Transmission

Generational Wealth

Generational wealth has been defined as the financial assets passed down through families from generations to generation (children to grandchildren and so forth). Generational wealth provides a cushion to families, which can be understood as options. It is essential to achieve economic mobility. Generational wealth allows for families to escape debt, to reproduce that wealth in various ways, and most importantly withstand hardships when they come around. The accumulation of wealth is dependent on a number of factors. Financial markets have played a critical role in the accumulation of wealth amongst different communities. It has already been mentioned that In 2019 the median white household held $188,200 in wealth compared to the black household's $24,100.[26] We are transitioning into what has been named The Great Wealth Transfer, characterized by $30 to $80 trillion dollars being passed down over the next two decades. This will be the largest wealth transfer period in history, however what does this mean for African American families? Having the financial assets to pass down is one thing, however oftentimes it also includes having a will, which 77% of African Americans do not have.[27] The accumulation of wealth is a multifaceted task, it includes producing the income, becoming financially literate, and diligent work, however the most important part of generational wealth is passing it down.

[26] "Racial Differences in Economic Security: Housing," U.S. Department of the Treasury, March 22, 2023, https://home.treasury.gov/news/featured-stories/racial-differences-in-economic-security-housing.
[27] "Why People of Color Are Less Likely to Have a Will," Consumer Reports, August 10, 2022, https://www.consumerreports.org/money/estate-planning/why-people-of-color-are-less-likely-to-have-a-will-a6742820557/.

Another important aspect, which holds much of the debate, is access to financial capital. Employment discrimination and lack of opportunities play a major role in securing a higher income. The black unemployment rate has consistently been twice the white unemployment rate for over 40 years.[28] The racial disparity is consistent through age, gender, and educational level. There are many factors that contribute to this such as mass incarceration, which bodes its own intense inequalities while making it extremely difficult to reenter society. These must be taken into consideration when looking at the issue as a whole. However, one thing becomes clear when peeking into the data, that this wealth disparity is much deeper than access and would take more than that to solve it. 19.4% of black households make between $100,000 - $199,999 participate in the stock market compared to 36.1% of white households. The gap widens to a 25% difference at the annual income level of $200,000-$499,999. Even among middle-class households and beyond, there is a significant disparity between black households and white households of engagement with the stock market, a critical factor in accumulating wealth. It is true that in African-American communities, the lack of access to financial capital has been one important factor in development, however even with access, there is low engagement with the stock market. The accumulation of wealth has two genetically essential components: access to and knowledge.

Generational Knowledge

Definitions that seek to describe generational knowledge utilize the "Theories of Generations," a concept coined by Karl Mannheim, as their foundation. Generational knowledge is routinely

[28] U.S. Bureau of Labor Statistics, "Unemployment Rate - Black or African American," FRED, Federal Reserve Bank of St. Louis (FRED, Federal Reserve Bank of St. Louis, January 1, 1972), https://fred.stlouisfed.org/series/LNS14000006.

defined as the knowledge children acquire from their parents through explanations, observing, and modeling. This is not an academic definition, but provides a functional definition to use within the realm of generational transfer, where the concept of knowledge transfer as a highly valued concept is lacking. Therefore, we will utilize this socially agreed upon definition to describe this phenomenon as we redefine and apply it. This current definition of generational knowledge is understandable in its function and logic. It attempts to make a hard cut into the term generational, restricting itself to the dynamics of a nuclear family. It is what a child learns from the parents, a clean cut dry generational transfer. However, the generational aspect transcends the nuclear family dynamic and must account for both the differences in culture and the changing times. This current definition alludes to its European origins. It behaves under the assumption that the family is a specific way without any elaboration of the various ways in which knowledge is transmitted. The intentions behind this definition may be family oriented, however that is precisely why it must be stated. In the case of African Americans, the black family has differed in times from the white family in both its structure and behavior. This is not to say that it is completely different, but there are and have been differences that must be taken into account. In addition to the breakdown of the family, knowledge transferred generationally often includes what is learned from the community. The family exists within a community, which behaves according to both their environment and cultural traditions. Knowledge accumulated is importantly diverse in both where it comes from and how. This is an important distinction as time moves forward. As technology has advanced, it opens the consumption of information and knowledge through the media. This alters the way the children are learning and retaining knowledge. It impacts the parents and family as well. The existence of the family can not be constrained to a small bubble, but must account for the broader existence. For the African

American community, this plays a pivotal role in the acquisition of knowledge for many things, but importantly wealth accumulation. It includes the behaviors and modes of thinking that impact wealth accumulation both negatively and positively. The black community does not lack generational knowledge, however through an analysis of historical context paired with statistics related to financial engagement, this thesis seeks to examine if the knowledge that has been accumulated is detrimental to wealth accumulation. Generational Knowledge may be defined as knowledge children have acquired from family, community, or media through explicit explanation, observation, or modeling. Furthermore, breaking down why the eurocentric definition of generational knowledge can be detrimental to the African American experience of wealth accumulation will be investigated. The first important tweak to the definition shall be made in its understanding of family.

Family Structure and Generational Knowledge

The first assumption that must be made is that the white family, the standard for comparison to the black family, is not the only family structure that exists. Built upon this statement, the black familial structure differs in its makeup and history. This becomes important when seeking to understand the accumulation of wealth and its generational components. The knowledge that is transmitted is what creates longevity. Generational knowledge has been defined vertically, constrained to the knowledge that children receive from parents either via explicit explanations or through modeling/setting an example. This widely used definition fails to account for the various family structures and dynamics that exist within other cultures, such as the black family. Defining generational knowledge correctly means for the inclusion of other races and minorities.

The history of the black family has been under much discussion in which there has been debate on whether the family structure has been similar to the white family structure. The underlying theme of each discussion has been about the fragmentation of the black family and the various implications that it brings. There are theories that slavery is the main driver behind the breakdown of the black family. There has also been discussion that the cause of single-parent families comes from the disadvantaged position of black community. This idea pushes forth the idea that the extended family arrangement is a product of dealing with poverty and single-parenthood. However, The key takeaway that can be understood from debates is that the black family holds various dynamics and is under attack by poverty, historical disadvantages, and instability. The point being that the dynamics of families are altered and do not hold the shape that eurocentric ideas push forward. There has been recent research into the black family noting that ability for the slaves and ex-slaves ability to evolve has been continuously underestimated. In *Family In slavery and freedom* by Herbert G. Gutman pieces together a narrative of the black family using statistics and any recovered records to bridge the quantitative data with qualitative.[29] The stories often paint pictures of double-headed households, most often under the circumstances of which the mother and father of two different households used to be together, but were split through slavery and had to remarry. This paints two different stories, one of a married household and one of a split household. The division of families and continuous movement of slaves has caused the black family to take on various forms. In one form, it came to a head in a more communal based relationship. There were many instances in which the "family" was made up of slaves who were not related through blood. Oftentimes, many would look after each other. As the family structure progressed post-emancipation, through civil rights

[29] Herbert G. Gutman, *The Black Family in Slavery and Freedom, 1750-1925*, 1st ed (New York: Pantheon Books, 1976).

movements, there was a further adoption of the white patriarchal family structure from the black community. Even still, disparities were evident in the lives of families with many fragmented.

The breakdown of the family makes it more difficult for the intergenerational transmission of knowledge that promotes financial engagement. The childhood family structure is related to many outcomes which include cognitive ability, educational attainment, income, and behavior. It is often found that children who have lived with both biological parents tend to have higher cognitive and non-cognitive skills than those who did not.[30] These skills impact the ability to accumulate wealth directly through the ability to manage economic resources. In a study that used U.S. citizens born in the early 1960s to prove childhood family structure is an important factor related to wealth and the accumulation of, they found that the median wealth penalty was at minimum $61,000 at ages between 47-55 compared to those who lived with biological parents during their childhood. Family dynamics played a major role in the observed difference between childhood family structure and wealth. There was a wealth penalty in many different alternative family structures, such as parental deaths, temporary separations, and even within stable single parent families too.[31] Now, when taking a look at the various structures of black families, if childhood family dynamics play a role in wealth accumulation as suggested, then that means there has been a disadvantage. From 2005 to 2021, the percentage of children in single parent households for African Americans has only changed 67% to 65%. While non-hispanic white families have remained under 25%(children in single-parent households). This entails a big difference in the ability for a majority of black families to accumulate wealth in more contemporary times. A remedy to the disparity of wealth could be found within the household.

[30] Fabrizio Bernardi, Diederik Boertien, and Koen Geven, "Childhood Family Structure and the Accumulation of Wealth Across the Life Course: Childhood Family Structure and Wealth," *Journal of Marriage and Family* 81 (August 3, 2018): 7, https://doi.org/10.1111/jomf.12523.
[31] Bernardi, Boertien, and Geven, 20.

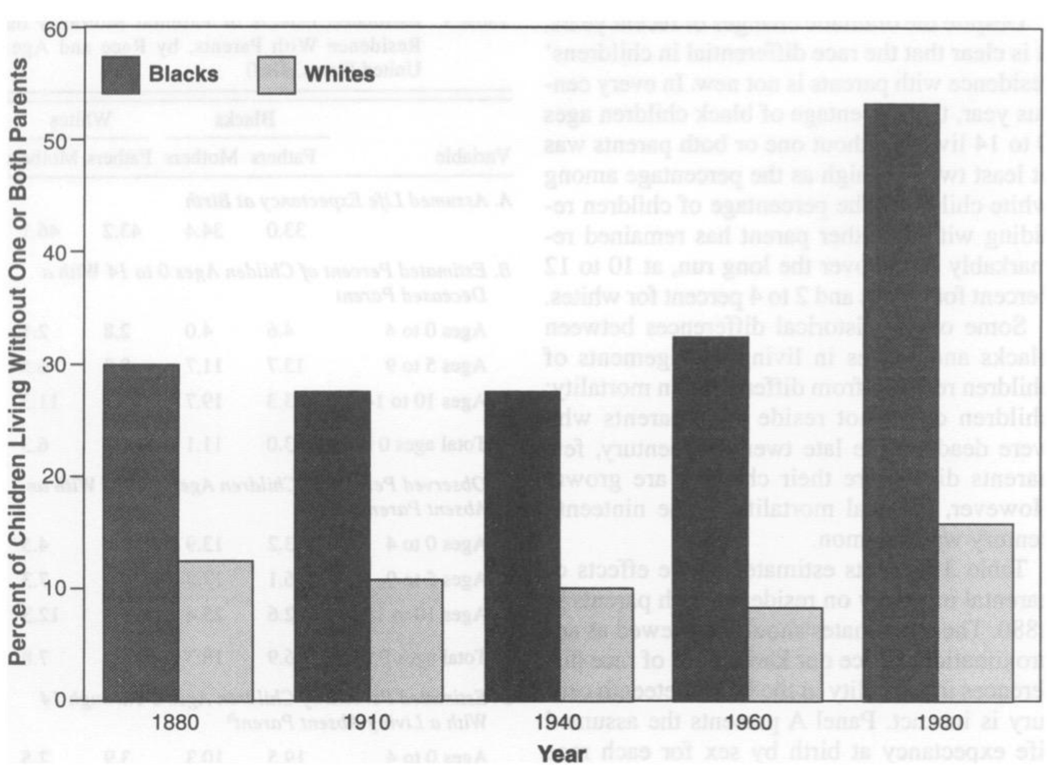

Figure 1. Percentages of Children Ages 0 to 14 With One or Both Parents Absent, by Race: United States, 1880–1980

Fig 4. Racial Comparison of Children Living without One or Both Parents [Source: The Origins Of African-American Family Structure].

The black family, in more recent times, has a significant population of extended family households in which there is a single or parentless child living there. As showcased in figure 4, from 1960 to 1980, the percentage of black children from ages 0 to 14 with either one or both parents missing increased from 32% to 53%.[32] In each census year, the percentage of black children living without one or both parents is twice as high than white children. Furthermore, much of the absent parent phenomenon for white children was attributed to the death of a parent. Only about 2% of white children were living separately from a mother or father that was alive.[33]

[32] Steve Ruggles, "The Origins of African-American Family Structure," *American Sociological Review* 59, no. 1 (1994): 141, https://doi.org/10.2307/2096137.
[33] Ruggles, 142.

However, despite a higher mortality rate of African Americans, less than half of black children with an absent parent could be attributed to parental death. With parental mortality controlled for, the parental absence was over five times frequent than white families.[34] However, even through such disparity, one thing common within both African Americans families and white families is that they both held extended families. In each census year, both households that contained an absent parent, regardless of the reason, were far more likely to be in extended. Even though Black families had a higher overall percentage of extended families, at Least 90% of families with parentless children were extended in each period.[35]This brings forth the point that even white families in the U.S. contain a population of extended families. However, the extended family dynamics changes intensely in white families, which partially explains the disparity between multigenerational living arrangements. Through analyzing data that focuses on the elderly rather than the children, the high difference in extended family arrangements between black and whites is relatively recent. After 1940, the percentage of elderly whites living with relatives declined by almost double that of elderly blacks. In 1980, 42% of elderly blacks lived with family versus 24% of whites.[36] The difference in families between white and black households are oriented towards the absence of parents rather than household dynamics. The absence of a parent is pivotal to extended family arrangements. The major gap in more contemporary times can be investigated through looking at factors that caused a stark decline in extended family households for white Americans rather than solely on the health of the black family. In 2015, only 29.6% of white mothers were single (rather than married) in comparison to 67.9% of black mothers being single.[37] There are major racial differences in household and

---

[34] Ruggles, 142,143.
[35] Ruggles, 145.
[36] Ruggles, 147.
[37] "African American Women Stand out as Working Moms Play a Larger Economic Role in Families," Economic Policy Institute, accessed April 24, 2023,

family statistics between the black and white community. This is towards the point that black family dynamics can, and more often than not, take form differently than the white family. The black family has held trends of absent parents and shown hints of instability for over a century. The conversation of the black family is not about whether or not there is instability within the community, but rather of how this came to be. For the purpose of this thesis, it need only be understood that there are racial familial differences that come about and thus, must be included into research of generational knowledge and wealth.

The generational aspect of the term "generational knowledge" implies that it is knowledge passed down through generations, which based upon terms alone, does not limit itself to the household. The fragmentation entails that the current definition of generational knowledge can only be applied to a unique and specific family archetype without flexibility. Similar to the conversation of the black family, the roots of comparison have always been contrary to the eurocentric archetype as if it is and should be the standard. However this is not the only hole found within the definition of generational knowledge, the next problem lies within the constraints of how knowledge is transferred. The knowledge obtained by a child is not limited to the household, but is a combination of household-external experiences. Things picked up through the community play a significant role in the development of what is learned, and in current times, the media as well. Knowledge transferred through generations is not constrained to the household, but gets maintained and passed through the community as well. This becomes particularly important when understanding the accumulation of wealth in relation to the black community as a whole in the U.S.

---

https://www.epi.org/blog/african-american-women-stand-out-as-working-moms-play-a-larger-economic-role-in-families/.

Communal Socialization and Generational Knowledge

The family can often be a product of the greater community that it exists within. The knowledge passed down from generation to generation is directly connected to the culture of that person's community. Traditions and customs have to be taken into account when acknowledging generational knowledge and its importance. The habits that are ingrained within a family are brewed from the environment that people have had to live in. Communal based knowledge transfer takes into account the socioeconomic conditions that the people are conditioned to. The children take in knowledge from the people they see everyday, which includes at school, at the store, from the neighborhood they live in. Children are taught to exist within the personal sphere of the community. Even within the realm of an academic setting, kids are taught a culturally biased curriculum, varied counseling methods that are often dependent on the socioeconomic background of students and of the school district. As mentioned in the historical analysis, black families have been excluded from housing markets that would provide access to better infrastructure, opportunities, and education. Within the literature, the highly accredited Moving to Opportunity Program was motivated by these outcomes. Individuals who live in high-poverty communities have worse economic, health, and educational outcomes than those in lower-poverty communities.[38]Adolescents who are in contact with many peers who are in stable and supportive families are likely to benefit from these relationships. Individuals in a community that is characterized with involved parental guidance will be more likely to also experience the same benefits as well as higher achievement in school.[39] Being in communities that uphold

[38] Chetty, Hendren, and Katz, "The Effects of Exposure to Better Neighborhoods on Children," 1.
[39] Jeanne Brooks-Gunn, Greg Duncan, and J. Lawrence Aber, *Neighborhood Poverty: Policy Implications in Studying Neighborhoods* (Russell Sage Foundation, 1997), 127.

stability influences the family, as well as provides greater opportunities through social capital. Through an addition of the community, the definition of Generational knowledge must include aspects of social and cultural capital, terms used by sociologists. These two terms encompass the added complexity of how race comes into play within the societal structure of the U.S.

Cultural Capital, coined by french sociologist Pierre Bourdieu, can be defined as the accumulation of knowledge, behaviors, and skills that is distinctive of one's culture and affects one's social status. However this can be taken two different ways. Through the historical analysis, you can seek to understand the behaviors of a group of people and how their accumulation of knowledge, behaviors, and skills. When asked what is passed down through the community, through the cultures, you examine cultural capital. The cultural capital of the African-American community and those with slave ancestors was effectively diminished as much as possible. This was accomplished through Natal Alienation, the disconnection from historical memory through severing an individual from their kinship traditions, cultural heritage, and economic inheritances through social death. It was through various forms of manipulation that perpetuated the system of slavery. In Orlando Patterson's *Slavery and Social Death* (1982), he quite clearly lays out the psychological components to slavery in a claim that solidifies an internal structure which lasts after slavery. It's noted "Alienated from all "rights" or claims of birth, he ceased to belong in his own right to any legitimate social order."[40] Slavery brings predation on the most vulnerable, it is also this fact by which it was able to sustain in the manner it did for how long it did. Thousands of miles away from home, in an uncharted land which was both foreign and hostile, where would the slave escape to. These are testaments to deprivation of cultural capital from the beginning of African-American history within the U.S. The most

[40] Orlando Patterson, *Slavery and Social Death: A Comparative Study* (Cambridge, Mass: Harvard University Press, 1982), 5.

important impact of cultural capital for the African American community is that they exist within a society run by white americans.

The cultural impact of African Americans existing within a eurocentric society can be made simple by an analogy of middle class and working class children in the education system. Middle class children are more likely to succeed in the education system because it is run by the middle class. This means that the interest of the middle class will be pushed and become superior, causing for the working class children and culture to become marginalized. In this analogy, we may hold the white community to be the middle class group and black community to be the working class. The black community has existed within a country that has pushed forth interest that includes the hindrance of their economic development. A class dynamics analogy brings in an aspirational aspect to it. The division into classes include the opportunity to move up the socioeconomic ladder. Within the structural hierarchy set in place, it is cemented that there is an opportunity to make a living. This could be argued as the American dream. Perhaps the ability to make a better living for yourself, family, and future generations. However, this still fits within a racial frame within America. For literature on wealth and income inequality is the bridge between these two powerful forces. What is the aspiration of African Americans within America? It has been apparent through history, to me, that the goal is to gain equal footing to white Americans. This means access to infrastructure, education, job attainment, freedom. The common rights and qualities that are held by white Americans within the U.S, and we observe this reality as the standard of comparison being the white family. A change in the definition of generational knowledge means a direct challenge to the idea that the standard is eurocentric ideals. The aspiration of race is equality, which if equal to the standard, means an aspiration for equality of opportunity. Equality of opportunity begins at the stability of a family and permeates every move forward.

Social capital is a concept centered around social relationships being resources, emphasizing its positive impacts. Social Capital plays a prominent role as a driver of racial disparity as well as economic uplift. It has implications that affect many areas, all of which have an impact on the accumulation of wealth. Social capital examples include both informal and formal networks: organizations and fraternities, volunteering at local charity, neighborhood watch programs. It provides access to information, influence, and social status that improves career opportunities. Social Capital is not only important because it means access, especially in regards to higher paying jobs and education but because it glues together the community. As social capital increases, the health of the community progresses. The social capital of African Americans has been viewed as low. The implications of low social capital go beyond the individual and reach the health of the black community as a whole. This connection includes the benefits like better schooling, solid family foundations, job and skill training, and more.

The increased level of social and cultural capital means an increase in the quality of life. Increased social and cultural capital means an increased ability to accumulate wealth. It must be included in the understanding of generational knowledge, as the ability to accumulate wealth is more than an economic process. It includes outside influences which may aid that accumulation process or make it much more difficult. The processes include a high level of intersectionality. Things are rarely one-dimensional and require other concepts to be brought into consideration. The horizontal and vertical transfer is also a bit vague after being opened up to larger influences. This vagueness however is necessary. The three-dimensional definition of generational knowledge allows for the vagueness of knowledge transfer to be included. The transfer of knowledge is an everyday phenomenon that comes in many forms, both conscious and subconscious. Knowledge transfer can be vague, to constrict it would be to lose that aspect of it, which can be important.

Generational knowledge's Influence on Behaviors and Attitudes

The point of family's generational knowledge often reflecting cultural knowledge in itself brings forth the question of what knowledge is being passed down. There are various behaviors and knowledge that is passed down through generations that is beneficial or detrimental to the accumulation of wealth. It is not that African-Americans have a lack of generational knowledge, rather different knowledge that has been passed down. While the knowledge passed forth is not negative knowledge, it could be detrimental to the accumulation of wealth in many cases. The knowledge that is being passed down is reflective of the conditions that have been lived through and are still being reproduced in current times. This includes behaviors and habits similar to present-bias, risk tolerance and risk averse, pursuit of status, and societal pressures of conformity. These different behaviors can be detrimental to the accumulation of wealth.

One reality that just be taken into consideration must be that difficulties faced historically by African-Americans may lead to a more present-oriented reality. People's behaviors, attitudes are structured by their life experiences. Time orientation plays a major role in how people make their decisions. It has been debated that temporal orientation is more influenced by class. Noting that the lower one is on the socioeconomic ladder, the more likely they are to be present oriented. Based upon this connection with annual poverty rates, African-Americans have had poverty rates over double white american poverty rates for over a century.[41] This would insinuate that there are

[41] Trudi Renwick, "Overview of Poverty Statistics for the United States," 2013, 4.

more present-oriented African Americans than there are white Americans purely based upon statistical differences. African Americans have been found to be more present oriented in other areas related to healthcare, such as regulating management of hypertension relative to white americans.[42] The concept of putting importance over the current moment for the black individual has been argued to be a class based phenomenon or a cultural based phenomenon. Either Way, it is a phenomenon that has continued to be within the discussion of African-Americans. It has also been defined as present bias. Present bias occurs when an individual places greater value on a smaller reward in the present moment, but changes their preference when both rewards are delayed equally.[43] The choice between a payoff today rather than tomorrow. The discussion between race and present bias is often done through the conversation about class. As mentioned before, the official Poverty Measures from 1990 to 2021 have noted black non-hispanic to have over double the poverty rate percentage than white non-hispanic households.[44] Socioeconomic disparities are the main driver behind the connection between class, race, and present bias.

[42] Carolyn M. Brown and Richard Segal, “Ethnic Differences in Temporal Orientation and Its Implications for Hypertension Management,” *Journal of Health and Social Behavior* 37, no. 4 (1996): 357, https://doi.org/10.2307/2137262.
[43] “Present Bias - Chakraborty - 2021 - Econometrica - Wiley Online Library,” accessed May 1, 2023, https://onlinelibrary.wiley.com/doi/abs/10.3982/ECTA16467.
[44] “The Latest Poverty, Income, and Food Insecurity Data Reveal Continuing Racial Disparities,” *Center for American Progress* (blog), December 21, 2022, https://www.americanprogress.org/article/the-latest-poverty-income-and-food-insecurity-data-reveal-continuing-racial-disparities/.

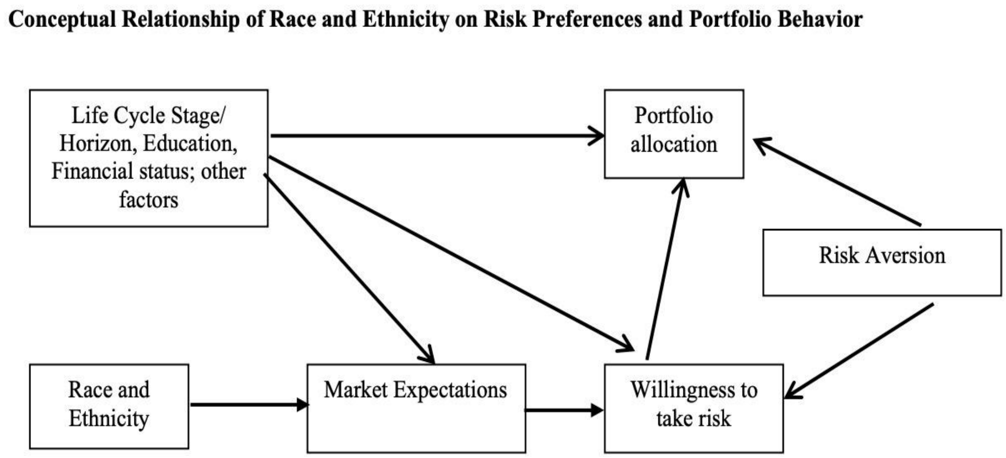

Fig 5. Conceptual Relationship Between Race & Ethnicity on Risk Preference and Portfolio Behavior [Source: Financial Risk Tolerance of Blacks and Hispanics].

The cultural history impacts financial decisions made and preferences when determining risks. Risk tolerance and risk averse plays an important role in the accumulation of wealth. Being more risk-averse means that a person avoids risk. On the other hand, a more risk-tolerant individual is more likely to accept risk and ability to withstand possible losses from risky behavior. Cultural history combined with more contemporary issues are important to the lack of engagement with financial markets. A history of lower interaction and exposure to financial markets and financial information combined with discrimination and lower levels of wealth mean Black households have lower financial risk tolerance.[45] In many different studies, it has been found that white households are more risk tolerant than non-white households of similar characteristics.[46] Black households hold a higher proportion of low-yield investments and a lower proportion of stocks and bonds. Black households are less likely to take on high risk investments and would rather prefer to take no financial risk than similar white households.

[45] Rui Yao, Michael S. Gutter, and Sherman D. Hanna, “The Financial Risk Tolerance of Blacks, Hispanics and Whites,” *Financial Counseling and Planning* 16 (2005): 54.
[46] Yao, Gutter, and Hanna, 52.

What I do find interesting is that in the same study, whites were found significantly less likely to take substantial risks rather than blacks. I interpret this information to mean that white families are more likely to take risk but not necessarily extreme risk. It is rather a more educated and trusted risk. This may come from experience with the stock market and a better understanding of how it operates. Greater experience from the trial & error process means greater engagement with financial markets. This translates into a formation of a risk profile that would align with beneficial stock market participation. Through trial & error with financial markets and historical engagement, diversified portfolios may mitigate the need to affinity to substantial risk but it is made clear that a level of risk is necessary to improve socioeconomically. In addition to financial markets marketing towards the white population rather than the black population, historical low engagement with financial markets implies a lack of both knowledge and experience. Knowledge and experience provide comfort with risk rather than aversion.

Financial Socialization & Generational Knowledge

Racial Gap in Financial Literacy

The key behind understanding the wealth gap between white and black Americans may not come until later on. It would take data collection on all fronts in order to gain a better understanding. However, it would also require a broader perspective in order to make ground on the discussion. “Even if society were successful in eliminating all the disadvantages of black in terms of their lower incomes and adverse locational and demographic characteristics, a large portion of wealth gap—78 percent—would remain.”[47] This is important to note, because while income plays a role in the wealth disparity, it is not the only factor, in fact based upon 78% of the wealth gap remaining, it is not the major factor either. What is missing from the conversation is the importance of knowledge and the role that it plays in wealth accumulation. As we’ve discussed the importance of race and knowledge in relation to financial market engagement, now we will dive into how financial knowledge can be accumulated and the channels it can come from.

A limit on generational knowledge in relation to financial engagement can in part be attributed to low historical engagement with financial markets. Some of this may be attributed to financial literacy, or the lack thereof. Hamilton and Darity have noted that much of African American financial behavior and financial literacy is limited due to the amount of finances they have to manage. African Americans have scored low when tested on financial literacy in the National Capability Study, National Longitudinal Survey of Youth, and the Health and Retirement study. The National Capability Study measures Americans’ financial capabilities. The National Longitudinal Survey of Youth collects data pertaining to

[47] Oliver and Shapiro, *Black Wealth/White Wealth*, 129.

labor market behavior and educational experiences. The Health and Retirement Study explores changes in labor market force participation and the health transition as their work lives come to an end. Financial literacy is linked with financial outcomes. Those with financial literacy are less likely to be unbanked, use alternative financial services, invest in stocks and plan for retirement. The determinants behind financial literacy do include individual & family characteristics, and neighborhood & institutional factors, education and availability of resources. The financial literacy score of blacks remains lower than that of whites at each income level. With individual and neighborhood characteristics accounted for, residual unexplained gap was highest for high-income blacks. Also, it was noted that the association between unfavorable childhood conditions and financial literacy was strongest for the middle class. This suggests those within the middle class are more likely to invest in financial literacy when availability of such resources are higher. We've already broadened the generational knowledge definition to include the community by which one is raised in. The level of education within an individual ZIP code has a significant impact on financial knowledge.[48]

The reason why community is important is because racial attitudes can vary with individual socioeconomic status and the concentration of a specific socioeconomic group may entail distinct racial norms. Individuals often absorb from and look to their environment for informational cues. Personal ideas and judgements are tested with their social interactions in their environment leading to taste and preference to sometimes mimic their neighbors. Communities with higher concentrations of higher status African Americans are better able to sustain social institutions and spaces where black life is encouraged and social interaction facilitates a stronger sense of racial consciousness.[49] Further, the resources available also adds to the potential of the black community to perceive themselves differently as well. The residential returns of middle-class status African-Americans are smaller than their white counterparts, which means that many upwardly mobile blacks have to reside in communities that have higher crime

---

[48] Claudine Gay, "Putting Race in Context: Identifying the Environmental Determinants of Black Racial Attitudes," *American Political Science Review* 98, no. 4 (November 2004): 262,263, https://doi.org/10.1017/S0003055404041346.
[49] Gay, 549.

rates, less services and infrastructure available, and poorer prospects for economic growth.[50] Race is a factor that limits residential mobility, which has economic mobility constraining implications.

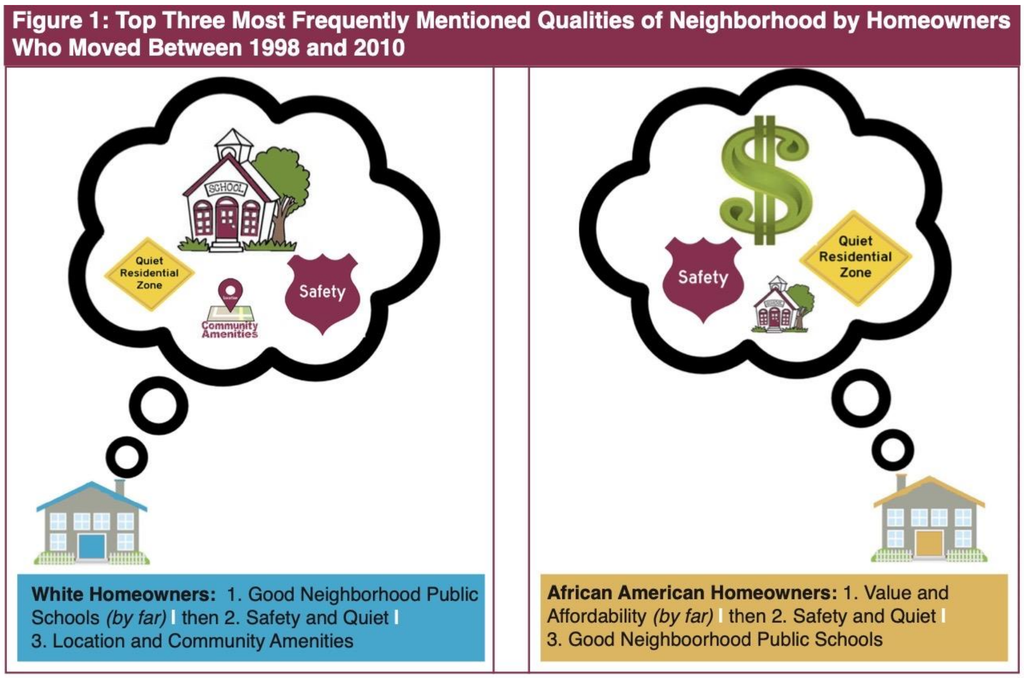

Fig 6. Average Annual Return By Asset Class [Source: TheCollegeInvestor.com].

There is a difference in what black and white households hold to be important. White homeowners prioritize education the most when considering neighborhoods to move into versus black homeowners prioritize value and affordability. Another important distinction between the two homeowner attitudes would be that white households also mention location and community amenities. Neighborhood contributes to the future potential outcomes for the family and children. Many African American households have to prioritize whether or not housing is affordable. This in part, due to income, financial constraints, and lack of access to financial resources.

One answer to the lack of financial literacy within the black community would be financial socialization. Even if the family is extended and has absent parents, financial socialization may act as a

[50] Gay, 549,550.

buffer to negative impacts that may come from alternative family dynamics. Furthermore, financial socialization also acts as one the major drivers behind the wealth gap. White Americans that may reside in areas associated with higher education levels, occupational attainment, lower crime, higher funded infrastructure will have a greater access to social capital. The household may learn from peers that reside in the near area, growing financial literacy and capabilities. There is value added to financial capacity through financial socialization, and this may aid in strengthening family dynamics that are disadvantaged.

Financial Socialization

Now that generational knowledge has been expanded upon, and generational wealth has been defined, we are able to dig deeper into the relationship between generational wealth, knowledge and engagement with financial markets. Stock portfolio provides an opportunity to accumulate wealth. However, as already found, African Americans have a lower engagement with the financial markets than White Americans.[51] This also is important when you factor in that personal financial experience has been mentioned as one of the most important sources of knowledge. Those that have a more solid understanding of finances were more likely to report their own experience as the reason.[52] Even Historically, white Americans have had much more diverse portfolios historically. In 1994, Stock was the second most important asset group within the white portfolio, which doubled and reached 21% of total wealth. The share of wealth also doubled for African Americans as well, however because of the lower starting amount, it had not reached 10% by 1994.[53]

---

[51] Maury Gittleman and Edward N. Wolff, “Racial Wealth Disparities: Is the Gap Closing?,” *SSRN Electronic Journal*, 2000, 16, https://doi.org/10.2139/ssrn.243769.
[52] Chiara Monticone, “How Much Does Wealth Matter in the Acquisition of Financial Literacy?,” *Journal of Consumer Affairs* 44, no. 2 (2010): 404, https://doi.org/10.1111/j.1745-6606.2010.01175.x.
[53] Gittleman and Wolff, “Racial Wealth Disparities,” 16.

Studies have found that African Americans are not active investors and are less likely to invest than white Americans. Those with lower risk tolerance are less likely to invest, and it's been found that African Americans were more risk averse than white Americans. African Americans are also less likely to own high risk and return assets such as stocks, which is true even for wealthy African Americans in comparison to white Americans, where income is no longer the issue. Two of the top reasons reported on why African Americans do not invest include the stock market being risky and having lost money in the stock market.[54]

It should be noted that financial knowledge does not always equal financial decisions. Literature suggests that financial knowledge is not a predictor of risky or healthy financial behavior, and that an increase in financial knowledge also increases financial attitudes, specifically at the college level.[55] The point being that financial knowledge is not the "end all, be all." However it does contribute to the capacity to make better decisions. Being informed about finances and having attained a higher financial literacy increases the potential to engage with financial markets.

---

[54] Crystal Hudson et al., "Investment Behavior: Factors That Limit African Americans' Investment Behavior," *Journal of Financial Therapy* 9, no. 1 (January 1, 2018): 24, https://doi.org/10.4148/1944-9771.1127.

[55] Veronica Deenanath, Sharon M. Danes, and Juyoung Jang, "Purposive and Unintentional Family Financial Socialization, Subjective Financial Knowledge, and Financial Behavior of High School Students," *Journal of Financial Counseling and Planning* 30, no. 1 (June 1, 2019): 85, https://doi.org/10.1891/1052-3073.30.1.83.

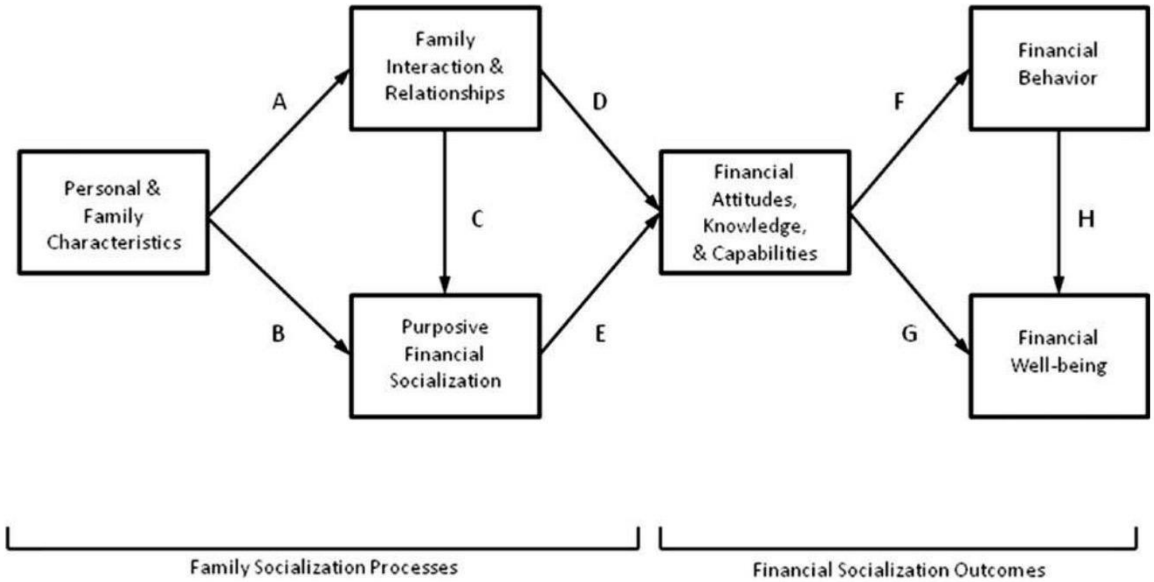

Fig 7. Conceptual Model of Family Financial Socialization process and outcomes [Source: Investment Behavior: Factors That Limit African Americans' Investment Behavior].

The dynamics of generational knowledge and financial engagement meet at financial socialization. Financial norms, knowledge and behaviors are developed through interactions with family, friends, and experiences. The family financial socialization process is made up of personal and family characteristics, interactions & relationships, and intentional financial socialization. These come together to shape the financial attitudes, knowledge, and capabilities of an individual.[56] The family plays a critical role in the development of financial capabilities of an individual. Children may learn directly from parents or unintentionally, which can still have a strong influence. Intentional financial teaching on the parents end may include encouraging financial literacy through job attainment, providing allowances at a young age, and creating an open environment for their children to learn. Unintentional financial learning within the household may take the form of hearing parents and/or family members discuss financial issues,

[56] Hudson et al., "Investment Behavior," 26.

and through watching financial behaviors exhibited within the household.[57] Both entail meaningful outcomes. In a study that included a sample size of 7.46% African Americans (within the entire sample), it was found that participants in each race identified their parents as their main influence on handling finances and savings. Furthermore, African Americans had felt that their family's financial situation was less secure while growing up in comparison to their white counterparts. This brings in both the topics of financial knowledge/engagement with markets, and the household. Those with more financial knowledge, those who participated in financial education, and those who were financially socialized by parents were more likely to invest. Financial education also had a larger impact on African Americans than White Americans.[58]

One of the most effective ways to learn how to invest is through trial and error. This is important to note due to the differences in attitudes and behaviors within the African-American Community. Since African Americans have had low historical engagement with the stock market, there is a low amount of trial and error to be able to pass forth gained experience. Due to differences in risk-averse and risk-tolerance, the likelihood that African Americans will be able to withstand the trial and error process is lower. It has already been reported that one of the biggest reasons that African Americans do not engage within the stock market is because they have tried before and lost money, which is in part a part of the trial and error process. LeBaron suggests that children learn more about finances from their parents than elsewhere. Financial Socialization is one major way kids learn about finances, the social learning theory illustrates why parents modeling is such a powerful way to teach financial learning and behaviors. Positive outcomes have been observed from overt teaching and modeling, in fact children with parents

[57] Deenanath, Danes, and Jang, "Purposive and Unintentional Family Financial Socialization, Subjective Financial Knowledge, and Financial Behavior of High School Students," 85.
[58] Hudson et al., "Investment Behavior," 21.

who model good financial behavior are likely to imitate the same behaviors into their adulthood and so on.[59] Therefore if parents have not accumulated financial knowledge then there will be nothing to forward. In addition, much of what is learned is confirmed through social interactions and testing. Experience is an important aspect of financial education and has significantly contributed to financial development of children.[60] The attributes and behaviors stem from the household. Parents and Grandparents teach their children things like working hard, learning financial skills, and financial values through providing those opportunities to do so. Encouraging kids to acquire traditional paying jobs outside of the school in order to understand how much things cost and how money works. Facilitating money management experiences in order to guide children into financially responsible individuals through allowances, setting up bank accounts, investments and other ways has also been proven valuable.[61] All in pursuit of making their children financially independent, financial skills and behaviors were successfully instilled at a young age. In order to facilitate the traits and attributes that encourage financial engagement with the stock market, it starts within the household and how the knowledge is being transferred.

Various individuals within the interviews conducted by the *Whats and Hows of Family Financial $ocialization* note how they gained their financial attitudes, behaviors, and knowledge.

> An Asian, male emerging adult:
>
> *I made [a bad] investment . . . and my dad was like, "Yeah, you made an investment in a company that's this, this, this, and therefore it's going downhill, . . . [that's] why you lost money in the end." So [my parents] teach after the mistake. They let us fall off the bike before putting us back on it.*

---

[59] Ashley B. LeBaron et al., "Practice Makes Perfect: Experiential Learning as a Method for Financial Socialization," *Journal of Family Issues* 40, no. 4 (March 1, 2019): 437, https://doi.org/10.1177/0192513X18812917.
[60] LeBaron et al., 438.
[61] LeBaron et al., 444,449.

White, female emerging adult (#16):

Work experience . . . taught me to be responsible with my money because I was being paid. So, it taught me a lot of responsibility, both financially as well as personally. I think working out of the home prepares you for [adulthood and] college life. . . . Having work experience in high school definitely helps . . . once you get into college

A Black mother (#146)

Anytime [my daughter] borrows money from me, I write down what she borrows and give her the time when [she has] to pay it back. She's learned a hard lesson, but . . . now . . . she understands . . . [that if] you borrow, you have to pay back.

A White grandfather (#116) learned the importance of saving almost a century ago:

My folks . . . and I [were] living during the Great Depression. I was born in 1928. By the time I [was] ten, my dad taught me that you ought to save money. . . . We got tin cans and made a slot [in] them, and that was our piggy bank. We put our coins in there.

A Latino emerging adult (#124) participant gave his own testimonial of this reason for firsthand financial experience:

[My parents] gave me the freedom to make my own decisions. . . . There were times where I made some pretty [bad] decisions, [but] . . . I think [parents] need to give [their children] some freedom [to] learn from their mistakes. I think that if [parents] are too strict [with their children, when the children are] on their own as adults, they may [overspend] because they haven't had the freedom to [practice].

These experiences from individuals with various backgrounds speak to the idea of trial and error and the impact that financial socialization has. Whether it be through work experience, parental and familial guidance, broader external economic hardship, financial literacy and behaviors are gained from experience. It takes trial & error to make smart, engaged decisions. This connects the conversation again to risk aversion. If experience is a pivotal factor in accumulating financial capacity, if you cannot make it past the error component then what is learned is caution and distrust with financial market engagement. Though, as any behavior and attitude, financial ones are reaffirmed through those around you.

The Intersectionality of Housing, Financial Capacity, and Wealth

Housing Matters for Wealth

Housing matters for wealth, not simply because it is an appreciating asset, but because it facilitates the growth of the individual and family. As wealth is accumulated through generations, knowledge is as well. Housing acts as a safe place for the transmission of knowledge, whether it be beneficial or detrimental to the accumulation of wealth. There is a difference between land ownership and home ownership. Land ownership pertains to the accumulation of wealth and the disparity that has grown within an American context. Land is a useful asset that increases in equity over time, allowing for greater mobility. For this the purpose of this writing, home ownership will often pertain to the act of owning and living within a home. This brings forth different benefits. It also can aid in the improvement of economic mobility, but living within the home adds another dimension. Home ownership includes the channels of generational knowledge, which can be to the benefit or detriment to the families ability to accumulate wealth. The added benefit of generational knowledge is what allows for assets to be created and used in a beneficial manner. It also includes the health and socioeconomic mobility of the individual within their lifetime. Homeownership may aid in the creation of social capital, access to education, occupational attainment, and more. Through these, knowledge is further accumulated and the likelihood of accumulating wealth may increase. While land and home ownership have a slight difference in the meaning, there remains a spillover effect within a financial context.

Housing and Generational Knowledge

The overwhelming conversation over wealth inequality on the subject of homeownership and land acquisition makes note that it is easier to pass down. Homeownership has been accepted as one of the primary modes of accumulating wealth. Its benefits extend beyond economical mobility, it represents the foundation by which the family builds upon and is able to increase their economic mobility. Viewing stability provided by homeownership solely on its financial and economic benefits rather than the familial security that it provides is one mistake. That same familial security is what allows for the vertical construction of a family's multigenerational future. Homeownership plays an important role in the accumulation of wealth. Often, the more obvious reason is explored, such as owning a home representing an appreciating asset that can also act as collateral if needed. However, accumulating wealth requires more than just owning a home. It requires a multifaceted approach of diversified portfolio management, social capital, and more. While owning a home is not the only way of accumulating wealth, it does impact the other areas that aid in accumulation. The household acts as the foundation for the family, by which they can grow, learn, sleep, and eat in. Major authors such as Oliver & Shapiro in *Black Wealth/White Wealth*, William Darity Jr. in *Forty Acres and A Mule in the 21st Century*, and Edward Wolff in *Racial Disparities: Is the Gap Closing?* have mentioned housing to be one of the major influences behind the wealth gap between black and white americans. The same should be stated for generational knowledge. Where you live plays a fundamental role in what you are exposed to as it often reflects the socioeconomic status of your family. This means that you will gain whatever knowledge is available to you, via the family, the community, schooling and more. Housing provides access to better resources, to channel what is learned and utilize it in beneficial ways. Housing is not only an efficient channel of intergenerational transmission of poverty and wealth, but knowledge as well. It becomes difficult to investigate such because currently, economists do not incorporate such an idea within their theoretical framework. It is gaining traction in sociology, however there is also very little literature on the contribution of generational knowledge to financial engagement and wealth inequality. That is, the intergenerational transmission of preference plays a role in the wealth gap. It has been found that risk and trust attitudes are strongly correlated between parents and their children.[62] This means that parents who are more risk tolerant are likely to raise children with similar traits. Moreover, it was also found that children's attitudes are significantly related to the attitudes of the region when controlled for parents' attitudes. In my opinion, this opens it up to vulnerability of the environment. Children are likely to take influence in their attitudes from the broader community.[63] The house represents a closed environment for the children to grow and learn, which is why a stable home environment is so important. It facilitates the transmission of customs and traditions.

The relationship between home ownership and financial markets can manifest itself in various ways. Homeownership shapes your way of thinking and may have an impact on your ability to invest and engage with financial markets. Within America, owning a home represents aspirations. In NAR's(National Association of Realtors) survey of consumers, 87% said that home ownership is a part of their American dream, and in Ipsos survey, 86% agreed that homeownership is a dream come true.[64] There are notable differences between owning a home and renting one. There is a stability that is associated with homeownership that is not provided through renting. Financial risk taking has been found to be positively associated with homeownership for all levels of willingness to take a financial risk. Furthermore, there is a significant association between a high percentage of stock holdings in investment portfolios and homeownership.[65] This means that those who own a home are more likely to engage in financial markets. This may be attributed to the behaviors and attitudes that come with owning a home.

Through research, I would argue that home ownership goes further and influences the ability to transfer knowledge over. To the best of my knowledge, it has tangible benefits in almost every other relationship that is studied but rarely is there a study on its impact with

---

[62] LeBaron et al., 437.
[63] Thomas Dohmen et al., "The Intergenerational Transmission of Risk and Trust Attitudes," *The Review of Economic Studies* 79, no. 2 (April 1, 2012): 646, https://doi.org/10.1093/restud/rdr027.
[64] Lawrence Yun, "Why Homeownership Matters," Forbes, accessed March 21, 2023, https://www.forbes.com/sites/lawrenceyun/2016/08/12/why-homeownership-matters/.
[65] Lawrence Yun, "Social Benefits of Homeownership and Stable Housing," 2015.

knowledge transfer. The knowledge transfer is more efficient in a home-owning dynamic in part due to all of the other benefits. It is a culmination of these small behavioral and lifestyle changes that results in a more efficient transfer. It would not be preposterous to assume that homeownership, which has been proven to be positively associated with intergenerational transfer of wealth, access to better education, occupations, improved social capital, etc, would also not be positively associated with the intergenerational transfer of knowledge. However, based upon this assumption, that would imply that white Americans have been historically better off than black Americans due to the inequality of access to homeownership. Black Americans have been historically excluded from many privileges and opportunities within the housing market, which would then insinuate a negative impact on their ability to transfer knowledge and behaviors that promote financial engagement. There is an overlap between investment decisions, homeownership, and wealth accumulation, which should be used in more intuitive ways to open up the possibilities for certain negative outcomes.

There is a difference in stability between owning a home and renting one, which I theorize may make knowledge transfer more efficient. This idea comes from the added benefits that accumulate in owning a home versus renting one. On a more tangible level, the added benefits of access to a better education and improved stability play a role in such a concept. Within the expanded definition of generational knowledge, homeownership also provides a higher likelihood of a tighter knit community. A more tight-knit community combined with a better neighborhood may mean that the knowledge that is absorbed could be more productive and healthier. The census report in 2008 to 2009 found that people that were the same age, income, and marital status were significantly more likely to change residence in a given year if that person was a renter rather than a homeowner.[66] Each additional move is associated with a negative impact on a child's social skills. School moves have an impact on cognitive ability and

[66] Yun, 4.

emotional problems.[67] These problems can compound over time. This shows that there will likely be a negative impact through renting rather than homeownership. Cognitive abilities include the ability to learn from experience and solve problems. This means that there may be an impact on the ability to become more financially literate if there are multiple moves during childhood developmental stages. Therefore, if renters are significantly more likely to change residence at a given time, then children of these families are more likely to have negative impacts on their capacity for financial literacy. In the second quarter of 2022, white households held a 75% homeownership rate versus 45% for Black households.[68] This shows a disparity between white and black households from the start.

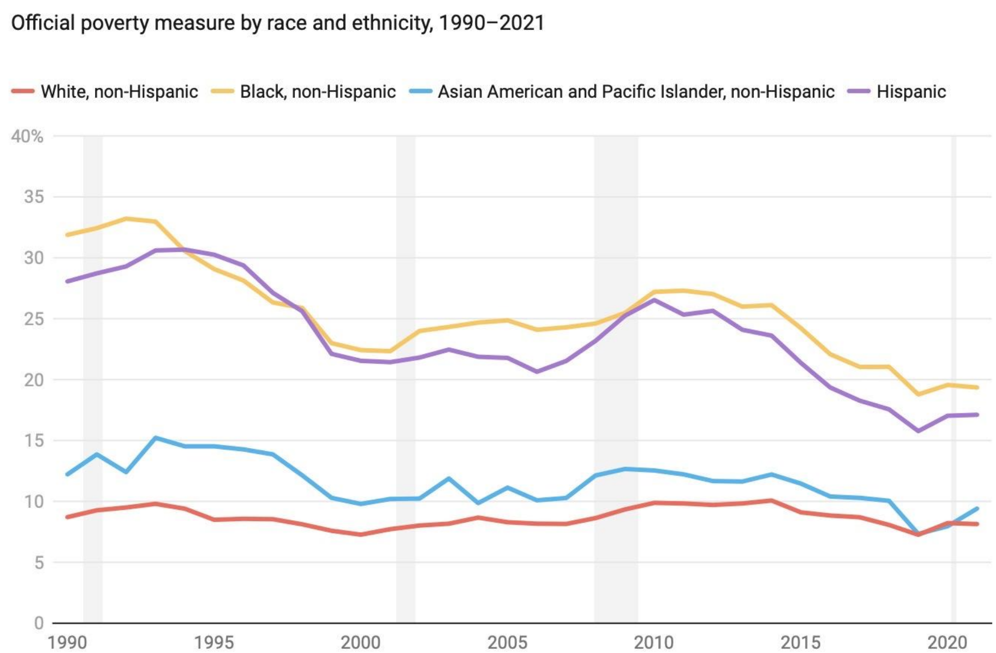

Fig 8. Official Poverty Measure by Race and Ethnicity [Source:Americanprogress.org].

Non-hispanic African Americans have had over double the poverty rate of non-hispanic white Americans for over three decades. In 2015, the mover rate for those who lived under the

[67] Rebekah Levine Coley and Melissa Kull, "Is Moving During Childhood Harmful?," n.d., 1.
[68] "Racial Differences in Economic Security."

poverty line was twice as high than those who lived above.[69] 8.1% of white Americans lived under the official poverty line in 2021, versus 19.4% of African Americans. Among other reasons that a person living under the poverty line may be less likely to engage with financial markets, they are more likely to move as well. This is disproportionately impacting African-American households.

The mover rate for married couples was roughly half the rate than households with other relationship statuses.[70] There is an argument here that the eurocentric model of the family is the most beneficial to maximizing socioeconomic potential. Married couples are less likely to move residences and cognitive abilities are higher for children who live with both biological parents. The discussion here is not that the eurocentric family is a bad thing or the way that families need to cater towards. The discussion is rather that due to various reasons, the black family maintains many different familial dynamics. This is a reality that, in part due to historical and contemporary discrimination among other circumstances, exists. Since this is a common phenomenon, there must be more support in the family and community in order to mitigate any negative effects that may follow. Financial literacy is not limited to being only gained by interactions with mothers and fathers. Financial socialization explains that financial behaviors and attitudes can be gained from the community and extended family. There are ways for individuals to gain financial tendencies that are beneficial to the accumulation of wealth externally from their mother and father.

Homeownership and Location

There is another factor that plays a role in the intergenerational transmission of knowledge in addition to homeownership, which is location. We've discussed the benefits to homeownership, however location of

[69] Yun, "Social Benefits Of Homeownership And Stable Housing," 4.
[70] Yun, 4.

housing also impacts the ability to accumulate wealth. This relationship however is very complex. As previously mentioned (suburbanization 17,18), housing opportunities can be dependent on racial characteristics. Predominantly white neighborhoods are advertised as more desirable, adding benefit to the appreciation of housing, support of infrastructure, and added social capital. Homeownership can provide benefits, however in case of black households, there may be fewer benefits due to residential segregation. Location provides opportunity to the potential of greater socioeconomic outcomes. Higher opportunity neighborhoods provide more quality educational opportunities, lower rates of violent and property crime, stability, and employment opportunities.[71] Disadvantaged neighborhoods have negative effects on the educational, economic, and behavioral outcomes for an individual.[72] These lower opportunity households are more likely to be African American. In fact, From data between 2000 and 2010, black households with children were almost four times more likely to live in a high poverty neighborhood in comparison to white households. This would mean that for the black family, many with children are not able to provide better opportunities for positive socioeconomic mobility in the future. White families are more likely to see an improvement in the neighborhoods outside of theirs than black families. Location adds another dimension to the benefits of homeownership by bolstering stability.

The difference within middle-class households also holds a difference in residential location. Middle-class white households lived within neighborhoods with larger ownerships as well as higher educational attainment.[73] This means that even if middle-class white households are likely to also hold higher social capital. Location also has made a difference in asset appreciation. We've dived into suburbanization and housing discrimination's impact on the difference in black and white neighborhood valuations. The association created between black neighborhoods & undesirable means that it was harder for African Americans' homes to appreciate in value as well as move into neighborhoods in communities

[71] Hannah Thomas et al., "Location, Location, Location: The Role Neighborhoods Play in Family Wealth and Well-Being," n.d., 3.
[72] Brian L. Levy, "Wealth, Race, and Place: How Neighborhood (Dis)Advantage From Emerging to Middle Adulthood Affects Wealth Inequality and the Racial Wealth Gap," *Demography* 59, no. 1 (February 1, 2022): 314, https://doi.org/10.1215/00703370-9710284.
[73] Thomas et al., "Location, Location, Location: The Role Neighborhoods Play in Family Wealth and Well-Being," 5.

with better infrastructure and funding. Location has impacted the wealth gap historically through such discrimination as well as access to higher potential socioeconomic outcomes.

Discussion

Through analysis of various factors that influence the ability to accumulate and transmit knowledge, we are able to understand the problem as a whole. Often, the answers to these questions become a conversation of one factor versus the other. However, it is at the intersectionality of many different circumstances that we find ourselves with such an immense wealth gap. 78% of the wealth gap would still persist even if we were to squash income equality, therefore insinuating that the problem goes a bit deeper than that.[74]

Knowledge that is being transmitted most efficiently comes from within the household from the parents. The literature on the black family is often divided upon whether the black family is broken or not. Many Black Americans are not married and living in nuclear family units, but rather alternative living dynamics.[75] Some theorize that this could be due to exchange theory, stating that blacks do not marry in the same style as other communities because of the perceived outcome that comes from marriage, due to prior experience of rewards and cost.[76] The Moynihan Report looks into the dissolution of the black family. The disconnection between various theorists on the black family have led me to believe that the black family takes on many different dynamics. The size of the black family can vary and the members within can vary from present parents to grandparents to extended family. Such an existence is why we can expand the definition of generational knowledge to one that follows a closer guideline to that of financial socialization. In the way that attitudes and behaviors are transmitted through family, interactions within communities, and experience, knowledge follows a similar framework. For the black family, knowledge is transmitted often through the household, but also the broader community. After the family, many attitudes and behaviors come from the community.[77] Financial socialization accounts for much of the

[74] Oliver and Shapiro, *Black Wealth/White Wealth*, 128.
[75] Robert Staples, "Changes in Black Family Structure: The Conflict between Family Ideology and Structural Conditions," *Journal of Marriage and Family* 47, no. 4 (1985): 1005, https://doi.org/10.2307/352344.
[76] Staples, 1005.
[77] Dohmen et al., "The Intergenerational Transmission of Risk and Trust Attitudes," 646.

intergenerational transfer of financial knowledge. It is the most efficient transfer of knowledge and it incorporates the family, connected social groups, and learned experiences. The family is the root of the ability to learn and retain knowledge. There are adverse effects to not having a solid foundation. There are repercussions economically later in life from your upbringing as a child. Now, as we look into the existence of the black family, there are obvious disadvantages.

The financial markets are structured in a way that provides easier access to financial literacy to white households. Through historical advertisement to white Americans, there has been more engagement, allowing for risk profiles that provide a positive relationship with financial markets. Financial literacy is often produced through experience and financial socialization. With a cultural capital that includes a widespread lack of engagement with financial markets, the core methods of acquiring financial literacy are lacking. Thus creating a gap in financial capabilities between white and black households. The family is one of the most efficient channels of knowledge transfer, and more specifically, childhood is where positive or negative outcomes in the future start. Stability is the key, which can be provided in a few different ways. If there is an absent parent, financial socialization fills the gap by providing financial knowledge from alternative relationships. Through financial socialization and the creation of knowledge beneficial to wealth accumulation, you are fostering the growth of financially sound cultural capital.

Also important to my understanding of the dynamics between wealth accumulation and generational knowledge would be an emphasis on homeownership. While difficult to emphasize, the intangible realm that comes from generational knowledge transmission and homeownership acts as an undercurrent. Much of the disparity is carried by inequities that are not immediately obvious, such as the difference in knowledge transmission. However, such a conversation can be had through including factors such as the impact of moving residences on children, the relationship between familial dynamics and cognitive development, and more extra-economic oriented ideas. Homeownership is imperative to socioeconomic development of an individual, however location can change the degree to which one may benefit. Exclusion to housing markets may limit African-American socioeconomic potential. Instability inducing factors such as incarceration has implications in the form of lower educational, occupational, and financial literacy attainment. Instability inducing factors often disproportionately impact marginalized communities, namely African-American, and this leads to a disadvantage from the beginning. All these implications means accumulating knowledge and behaviors that are detrimental to the engagement with financial markets. An accumulation of barriers can lead to impairment in cognitive and non-cognitive abilities, financial decision making, and household stability for the next generation.

The knowledge accumulated through the family, community, and experience is pivotal to accumulating wealth. Experience is one of the most important ways to gain financial literacy. However, factoring attitudes and behaviors, risk tolerance may mean that an individual may end up gaining knowledge that is detrimental to the ability to accumulate wealth. The process of trial & error may end with error for a person who is more risk-averse. This may mean that the knowledge and experience they pass forward to family, friends, and their immediate community is one of distrust in financial markets. If one has only a bad experience with financial markets and decides to not participate in, the knowledge they accumulate from that experience is one of caution and danger. Now, if an individual is to continue through the trial & error process, until they ultimately begin to accumulate profit, they will pass forth more knowledge associated with engagement and accumulation. This means that they have both knowledge and experience to teach the next person how to utilize financial markets and assets for positive gains. Lower income is associated with risk aversion, therefore for minorities who happen to have lower income, they are more likely to be heavily impacted by a loss and thus dismayed from future investment decisions. Even if moving up the socioeconomic ladder, the attitudes and behaviors from the past and broader communal interactions can have an impact on the engagement an individual has with financial markets.

There is research that states that kids who do not live with their biological parents are at a disadvantage later on in life, mainly through their cognitive and non-cognitive abilities.[78] While in other cultures, there are other family structures that do not lead to negative outcomes later on in life, but this

[78] Bernardi, Boertien, and Geven, “Childhood Family Structure and the Accumulation of Wealth Across the Life Course,” 7.

could also be attributed to the different social and cultural structures set in place in those countries. Since the American structure favors eurocentric dynamics, alternative family dynamics will often be at a disadvantage. In addition, when other external factors are taken into account, such as residential segregation and institutional racism through incarceration and policies, the alternative family dynamics are put through a more intense pressure. Therefore leading to the dismantlement of some families through impoverished conditions. Even if a black family moves up through the socioeconomic ladder, behaviors and attitudes are not changed so easily.

Conclusion

In part, due to historical circumstances in the U.S. that have created a unique wealth gap and condition of the African American population, there is a tension between markets and African Americans. To rectify this circumstance, I believe that investment into the health of the family and the ability to accumulate financial literacy skills is a path that should not be overlooked. With improved stability and the capacity to understand how to improve financially will aid in the upward economic mobility of African Americans. Claims that reparations would solve much of the inequality in America would mean that millions of African-Americans would receive money with no means of utilizing it in a productive way. Reparations would be useful in the sheer fact that it is providing people with more money, however money alone is not enough. In addition, it would aid in shining light on the ones responsible for the inequality we see today, namely the U.S. government's actions and inactions. However, in order to see growth of the African American community to a more sustainable future, the family and community requires reinforcement.

The stability of the family is a major key to closing the wealth gap. Homeownership aids in stability by providing foundation. The implications of a stable family combined with homeownership potentially maximize the potential of an individual later on in their life. There are many factors that we have noted that are not necessarily economic. There is a negative impact on the cognitive and non-cognitive abilities of children that are not raised by their biological parents. There is a negative impact on children when they change residences and renters are more likely than homeowners to rent. Owning a home encourages healthy financial behavior and literacy. The parental channel is a valuable and efficient source of knowledge. Financial knowledge can also come from other family members, close family-friends, and community. With a strong enough connection, it can have a similar effect as learning directly from your parents. There is a connection between the community, the house, and the family that impacts outcomes later in life.

After sifting through various data on the impact of extended family and repercussions of absent parents, I do believe that there are benefits to the eurocentric model of the family. However, this does not mean that other families must assimilate or follow the same structure. In fact, it is reality that shows many families do not shape in that way. As previously mentioned in the Family Structure & Generational Knowledge subsection, even up until 1940, white families also had a substantial amount of extended households. Therefore, in order to compensate for the disadvantages that may come with other dynamics, support is required. Resources should be provided so that even if there are absent parents, the detrimental effects that may come from such an event may be mediated. This can be done through financial socialization policies, which seek to bring financial literacy and experience to black communities. It is possible that through added support into the community, The amount of extended families may be mediated. However, there is a problem that needs to be addressed. Within the African-American community, there is a lack of engagement with possible avenues of wealth accumulation and instability of many families. The lack of engagement with possible avenues of wealth accumulation is not necessarily the fault of these families. External factors such as discrimination, institutional racism, residential segregation, historical tension between financial markets and minority communities all contribute to this reality. It also contributes to the persistence of the current wealth gap. The instability of the family could be caused by many of the same external factors that may limit financial engagement such as poverty. However, race should not be a factor that discourages the conversation in pursuit of improvement of socioeconomic conditions of black families. Policies that seek to support the family and community directly are needed. The wealth gap is not purely caused by tangible possessions, but is influenced by ideas such as culture, ideologies, behaviors, and attitudes. The conversation requires a broader scope of ideas rather than a narrow-minded focus that seeks to answer one problem at a time. In fact, because most components of the issue exist with overlap, most proposed policies should seek to use this to its advantage.

It may be possible that through positive growth in cultural capital, social capital will then increase. If there is a culture created that supports financial socialization and literacy and greater familial support, then that will result in higher education and occupational attainment. Higher educational and occupational attainment increases one's social capital. If this reality becomes more common, then the social capital of the African-American community will increase, socioeconomic mobility will as well. This does not dismiss the external factors that were mentioned before, but through higher socioeconomic mobility, social and cultural capital, positions that influence change will hold more minority leaders. Through support of the family, external inequities will decrease over time. Solutions may be proposed for quick change, but in the same light that wealth accumulates across generations, change does too. It is imperative that the discussion on wealth inequality be expanded to account for ideas such as generational knowledge for this reason.

Bibliography

Agarwal, Sumit, and Bhashkar Mazumder. "Cognitive Abilities and Household Financial Decision Making." *American Economic Journal: Applied Economics* 5, no. 1 (January 2013): 193–207. https://doi.org/10.1257/app.5.1.193.

Angrisani, Marco, Sergio Barrera, Luisa R. Blanco, and Salvador Contreras. "The Racial/Ethnic Gap in Financial Literacy in the Population and by Income." *Contemporary Economic Policy* 39, no. 3 (July 1, 2021): 524–36. https://doi.org/10.1111/coep.12507.

Bahn, Kate, and Carmen Sanchez Cumming. "What It Is and How It Advances Our Understanding of Inequality," n.d.

Banerjee, Abhijit V. "Inequality and Investment," n.d.

Baranzini, Mauro. *A Theory of Wealth Distribution and Accumulation*. Oxford : New York: Clarendon Press ; Oxford University Press, 1991.

Bernardi, Fabrizio, Diederik Boertien, and Koen Geven. "Childhood Family Structure and the Accumulation of Wealth Across the Life Course: Childhood Family Structure and Wealth." *Journal of Marriage and Family* 81 (August 3, 2018). https://doi.org/10.1111/jomf.12523.

Board of Governors of the Federal Reserve System (US). "Share of Total Net Worth Held by the Top 1% (99th to 100th Wealth Percentiles) [WFRBST01134] & Share of Total Net Worth Held by the 90th to 99th Wealth Percentiles [WFRBSN09161]." FRED, Federal Reserve Bank of St. Louis, n.d. https://fred.stlouisfed.org/series/WFRBSN09161, March 20, 2023.

Boehm, Thomas P., and Alan Schlottmann. "Wealth Accumulation and Homeownership: Evidence for Low-Income Households." *Cityscape* 10, no. 2 (2008): 225–56.

Braithwaite, Ronald L., Sandra E. Taylor, and Henrie M. Treadwell. *Health Issues in the Black Community*. John Wiley & Sons, 2009.

Brookings. "Homeownership, Racial Segregation, and Policy Solutions to Racial Wealth Equity," September 1, 2021. https://www.brookings.edu/essay/homeownership-racial-segregation-and-policies-for-racial-wealth-equity/.

Brooks-Gunn, Jeanne, Greg Duncan, and J. Lawrence Aber. *Neighborhood Poverty: Policy Implications in Studying Neighborhoods*. Russell Sage Foundation, 1997.

Brown, Carolyn M., and Richard Segal. "Ethnic Differences in Temporal Orientation and Its

Implications for Hypertension Management." *Journal of Health and Social Behavior* 37, no. 4 (1996): 350–61. https://doi.org/10.2307/2137262.

Brown, Dorothy A. "Pensions and Risk Aversion: The Influence of Race, Ethnicity, and Class on Investor Behavior." SSRN Scholarly Paper. Rochester, NY, January 11, 2007. https://papers.ssrn.com/abstract=955856.

Brüggen, Elisabeth C., Jens Hogreve, Maria Holmlund, Sertan Kabadayi, and Martin Löfgren. "Financial Well-Being: A Conceptualization and Research Agenda." *Journal of Business Research* 79 (October 1, 2017): 228–37. https://doi.org/10.1016/j.jbusres.2017.03.013.

Capital One. "What Is Generational Wealth?" Accessed April 26, 2023. https://www.capitalone.com/learn-grow/money-management/what-is-generational-wealth/.

Center for American Progress. "Eliminating the Black-White Wealth Gap Is a Generational Challenge," March 19, 2021. https://www.americanprogress.org/article/eliminating-black-white-wealth-gap-generational-challenge/.

Center for American Progress. "The Latest Poverty, Income, and Food Insecurity Data Reveal Continuing Racial Disparities," December 21, 2022. https://www.americanprogress.org/article/the-latest-poverty-income-and-food-insecurity-data-reveal-continuing-racial-disparities/.

Chandler, Daphne. "The Underutilization of Health Services in the Black Community: An Examination of Causes and Effects." *Journal of Black Studies* 40, no. 5 (May 1, 2010): 915–31. https://doi.org/10.1177/0021934708320723.

Chetty, Raj, Nathaniel Hendren, and Lawrence F. Katz. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment." *American Economic Review* 106, no. 4 (April 1, 2016): 855–902. https://doi.org/10.1257/aer.20150572.

"Children in Single-Parent Families by Race and Ethnicity | Kids Count Data Center." Accessed March 25, 2023. https://datacenter.kidscount.org/data/tables/107-children-in-single-parent-families-by-race-and-ethnicity.

ChildTrends. "Family, Economic, and Geographic Characteristics of Black Families with Children - Child Trends." Accessed April 9, 2023. https://www.childtrends.org/publications/family-economic-and-geographic-characteristics-of-black-families-with-children.

Chiteji, N. S., and Darrick Hamilton. "Family Connections and the Black-White Wealth Gap among Middle-Class Families." *The Review of Black Political Economy* 30, no. 1 (May 2002): 9–28. https://doi.org/10.1007/BF02808169.

Chiteji, Ngina S, and Frank P Stafford. "Portfolio Choices of Parents and Their Children as Young Adults: Asset Accumulation by African-American Families." *American Economic Review* 89, no. 2 (May 1, 1999): 377–80. https://doi.org/10.1257/aer.89.2.377.

Coley, Rebekah Levine, and Melissa Kull. "Is Moving During Childhood Harmful?," n.d.

"Community Crime, Poverty, and Proportion of Black Residents Influence Police Descriptions of Adolescents." Accessed April 18, 2023. https://psycnet.apa.org/fulltext/2023-54964-002.html.

Conley, Dalton. "Decomposing the Black-White Wealth Gap: The Role of Parental Resources, Inheritance, and Investment Dynamics." *Sociological Inquiry* 71, no. 1 (2001): 39–66. https://doi.org/10.1111/j.1475-682X.2001.tb00927.x.

Consumer Reports. "Why People of Color Are Less Likely to Have a Will," August 10, 2022. https://www.consumerreports.org/money/estate-planning/why-people-of-color-are-less-likely-to-have-a-will-a6742820557/.

Cotwright, Marty, and Portia Johnson. "The Relationship between Homeownership, Race, Income, and the Effect on Making Investment Decisions," n.d.

Darity Jr., William. "Forty Acres and a Mule in the 21st Century*." *Social Science Quarterly* 89, no. 3 (2008): 656–64. https://doi.org/10.1111/j.1540-6237.2008.00555.x.

Deenanath, Veronica, Sharon M. Danes, and Juyoung Jang. "Purposive and Unintentional Family Financial Socialization, Subjective Financial Knowledge, and Financial Behavior of High School Students." *Journal of Financial Counseling and Planning* 30, no. 1 (June 1, 2019): 83–96. https://doi.org/10.1891/1052-3073.30.1.83.

Derenoncourt, Ellora, Chi Hyun Kim, Moritz Kuhn, and Moritz Schularick. "Wealth of Two Nations: The U.S. Racial Wealth Gap, 1860-2020." Preprint. Institute Working Paper, June 10, 2022. https://doi.org/10.21034/iwp.59.

Desjardins, Jeff. "Chart: What Assets Make Up Wealth?" Visual Capitalist, January 19, 2018. https://www.visualcapitalist.com/chart-assets-make-wealth/.

Dietz, Robert D., and Donald R. Haurin. "The Social and Private Micro-Level Consequences of Homeownership." *Journal of Urban Economics* 54, no. 3 (November 1, 2003): 401–50. https://doi.org/10.1016/S0094-1190(03)00080-9.

Dohmen, Thomas, Armin Falk, David Huffman, and Uwe Sunde. "The Intergenerational

Transmission of Risk and Trust Attitudes." *The Review of Economic Studies* 79, no. 2 (April 1, 2012): 645–77. https://doi.org/10.1093/restud/rdr027.

Du Bois, W. E. B., Eric Foner, and Henry Louis Gates. *Black Reconstruction: An Essay toward a History of the Part Which Black Folk Played in the Attempt to Reconstruct Democracy in America, 1860-1880, & Other Writings*. Library of America 350. New York, NY: The Library of America, 2021.

Economic Policy Institute. "African American Women Stand out as Working Moms Play a Larger Economic Role in Families." Accessed April 24, 2023. https://www.epi.org/blog/african-american-women-stand-out-as-working-moms-play-a-larger-economic-role-in-families/.

Elmelech, Yuval. *Wealth*. Economy and Society. Cambridge ; Medford, MA: Polity, 2020.

Farrington, Robert. "Average Investment Return By Asset Class." The College Investor, July 11, 2022. https://thecollegeinvestor.com/40246/average-return-by-asset-class/.

Fields, Karen E., and Barbara Jeanne Fields. *Racecraft: The Soul of Inequality in American Life*. London ; New York: Verso, 2012.

Gale, William G, and John Karl Scholz. "Intergenerational Transfers and the Accumulation of Wealth." *Journal of Economic Perspectives* 8, no. 4 (November 1, 1994): 145–60. https://doi.org/10.1257/jep.8.4.145.

Gay, Claudine. "Putting Race in Context: Identifying the Environmental Determinants of Black Racial Attitudes." *American Political Science Review* 98, no. 4 (November 2004): 547–62. https://doi.org/10.1017/S0003055404041346.

Gittleman, Maury, and Edward N. Wolff. "Racial Wealth Disparities: Is the Gap Closing?" *SSRN Electronic Journal*, 2000. https://doi.org/10.2139/ssrn.243769.

Grohmann, Antonia, Roy Kouwenberg, and Lukas Menkhoff. "Childhood Roots of Financial Literacy." *Journal of Economic Psychology* 51 (December 1, 2015): 114–33. https://doi.org/10.1016/j.joep.2015.09.002.

Gudmunson, Clinton G., and Sharon M. Danes. "Family Financial Socialization: Theory and Critical Review." *Journal of Family and Economic Issues* 32, no. 4 (December 2011): 644–67. https://doi.org/10.1007/s10834-011-9275-y.

Gutman, Herbert G. *The Black Family in Slavery and Freedom, 1750-1925*. 1st ed. New York: Pantheon Books, 1976.

Halek, Martin, and Joseph G. Eisenhauer. "Demography of Risk Aversion." *The Journal of Risk and Insurance* 68, no. 1 (2001): 1–24. https://doi.org/10.2307/2678130.

Hareven, Tamara K. "The History of the Family and the Complexity of Social Change." *The American Historical Review*96, no. 1 (1991): 95–124. https://doi.org/10.2307/2164019.

Harrison, Klisala. “Music, Health, and Socio-Economic Status: A Perspective on Urban Poverty in Canada.” *Yearbook for Traditional Music* 45 (2013): 58–73. https://doi.org/10.5921/yeartradmusi.45.2013.0058.

Haurin, Donald R., and Stuart S. Rosenthal. “The Influence of Household Formation on Homeownership Rates Across Time and Race.” *Real Estate Economics* 35, no. 4 (December 2007): 411–50. https://doi.org/10.1111/j.1540-6229.2007.00196.x.

Hillier, Amy E. “Spatial Analysis of Historical Redlining: A Methodological Explanation,” n.d.

Hudson, Crystal, John Young, Sophia Anong, Elania Hudson, and Edward Davis. “Investment Behavior: Factors That Limit African Americans’ Investment Behavior.” *Journal of Financial Therapy* 9, no. 1 (January 1, 2018). https://doi.org/10.4148/1944-9771.1127.

Hudson, Peter James. *Bankers and Empire: How Wall Street Colonized the Caribbean*. Chicago: The University of Chicago Press, 2017.

Institute for Family Studies. “Less Poverty, Less Prison, More College: What Two Parents Mean For Black and White Children.” Accessed April 9, 2023. https://ifstudies.org/blog/less-poverty-less-prison-more-college-what-two-parents-mean-for-black-and-white-children.

Institute for Family Studies. “The Majority of U.S. Children Still Live in Two-Parent Families.” Accessed April 9, 2023. https://ifstudies.org/blog/the-majority-of-us-children-still-live-in-two-parent-families.

iPropertyManagement.com. “Homeowners vs Renters Statistics [2023]: By Year + Demographic.” Accessed March 24, 2023. https://ipropertymanagement.com/research/renters-vs-homeowners-statistics.

Jr, Harry A Johnson. “Dreams Deferred: An Examination of the Experience of Downward Mobility Amongst the Black Middle Class,” n.d.

Just Money. “Roundtable 3: Race and MoneyD. Jenkins, Debt and the Underdevelopment of Black America,” June 15, 2020. https://justmoney.org/d-jenkins-debt-and-the-underdevelopment-of-black-america/.

Kane, Connie M. “African American Family Dynamics as Perceived by Family Members.” *Journal of Black Studies* 30, no. 5 (2000): 691–702.

Lachance, Marie-Eve. “Financial Literacy and Neighborhood Effects.” *The Journal of Consumer Affairs* 48, no. 2 (2014): 251–73.

LeBaron, Ashley B., and Heather H. Kelley. “Financial Socialization: A Decade in Review.” *Journal of Family and Economic Issues* 42, no. 1 (July 1, 2021): 195–206.

https://doi.org/10.1007/s10834-020-09736-2.

LeBaron, Ashley B., Samuel D. Runyan, Bryce L. Jorgensen, Loren D. Marks, Xiaohui Li, and E. Jeffrey Hill. "Practice Makes Perfect: Experiential Learning as a Method for Financial Socialization." *Journal of Family Issues* 40, no. 4 (March 1, 2019): 435–63. https://doi.org/10.1177/0192513X18812917.

Levy, Brian L. "Wealth, Race, and Place: How Neighborhood (Dis)Advantage From Emerging to Middle Adulthood Affects Wealth Inequality and the Racial Wealth Gap." *Demography* 59, no. 1 (February 1, 2022): 293–320. https://doi.org/10.1215/00703370-9710284.

Lipsitz, George. "The Possessive Investment in Whiteness: Racialized Social Democracy and the 'White' Problem in American Studies." *American Quarterly* 47, no. 3 (1995): 369–87. https://doi.org/10.2307/2713291.

Lochner, Lance. "Intergenerational Transmission," n.d.

McKay, Lisa Camner. "How the Racial Wealth Gap Has Evolved—and Why It Persists | Federal Reserve Bank of Minneapolis." Accessed January 17, 2023. https://www.minneapolisfed.org:443/article/2022/how-the-racial-wealth-gap-has-evolved-and-why-it-persists.

Meadows, Laik. "Exploration of the Racial Wealth Gap Via Housing Acquisition," n.d.

Monticone, Chiara. "How Much Does Wealth Matter in the Acquisition of Financial Literacy?" *Journal of Consumer Affairs* 44, no. 2 (2010): 403–22. https://doi.org/10.1111/j.1745-6606.2010.01175.x.

Mueller, Elizabeth J., and J. Rosie Tighe, eds. *The Affordable Housing Reader*. Second edition. London ; New York: Routledge, Taylor & Francis Group, 2022.

NBER. "The Importance of Financial Literacy." Accessed April 21, 2023. https://www.nber.org/reporter/2009number2/importance-financial-literacy.

Niimi, Yoko, and Charles Yuji Horioka. "The Impact of Intergenerational Transfers on Household Wealth Inequality in Japan and the United States," n.d.

Oliver, Melvin L., and Thomas M. Shapiro. *Black Wealth/White Wealth: A New Perspective on Racial Inequality*. New York: Routledge, 1997.

Patterson, Orlando. *Slavery and Social Death: A Comparative Study*. Cambridge, Mass: Harvard University Press, 1982.

Pfeffer, Fabian T., and Alexandra Killewald. "Intergenerational Wealth Mobility and Racial Inequality." *Socius* 5 (January 1, 2019): 2378023119831799. https://doi.org/10.1177/2378023119831799.

Ponterotto, Joseph G., and Jennie Park-Taylor. "Racial and Ethnic Identity Theory, Measurement, and Research in Counseling Psychology: Present Status and Future Directions." *Journal of Counseling Psychology* 54, no. 3 (20070702): 282. https://doi.org/10.1037/0022-0167.54.3.282.

Poterba, James M. "Stock Market Wealth and Consumption." *Journal of Economic Perspectives* 14, no. 2 (May 1, 2000): 99–118. https://doi.org/10.1257/jep.14.2.99.

"Present Bias - Chakraborty - 2021 - Econometrica - Wiley Online Library." Accessed May 1, 2023. https://onlinelibrary.wiley.com/doi/abs/10.3982/ECTA16467.

Pulliam, Richard V. Reeves and Christopher. "No Room at the Top: The Stark Divide in Black and White Economic Mobility." *Brookings* (blog), February 14, 2019. https://www.brookings.edu/blog/up-front/2019/02/14/no-room-at-the-top-the-stark-divide-in-black-and-white-economic-mobility/.

Renwick, Trudi. "Overview of Poverty Statistics for the United States," 2013.

Riddick, Winston. "The Impact of Suburbanization on Poverty Concentration: Using Transportation Networks to Predict the Spatial Distribution of Poverty," n.d.

Rogers, Carolyn C. "Age and Family Structure, by Race/Ethnicity and Place of Residence," n.d.

Rohe, William M, Shannon Van Zandt, and George McCarthy. "The Social Benefits and Costs of Homeownership:," n.d.

Ruggles, Steve. "The Origins of African-American Family Structure." *American Sociological Review* 59, no. 1 (1994): 136–51. https://doi.org/10.2307/2096137.

Sanders-Phillips, Kathy. "The Ecology of Urban Violence: Its Relationship to Health Promotion Behaviors in Low-Income Black and Latino Communities." *American Journal of Health Promotion* 10, no. 4 (March 1, 1996): 308–17. https://doi.org/10.4278/0890-1171-10.4.308.

Schmidt, Xenia, and Katrin Muehlfeld. "What's So Special About Intergenerational Knowledge Transfer? Identifying Challenges of Intergenerational Knowledge Transfer." *Management Revue* 28, no. 4 (2017): 375–411.

Sewell, William H., and Vimal P. Shah. "Socioeconomic Status, Intelligence, and the Attainment of Higher Education." *Sociology of Education* 40, no. 1 (1967): 1–23. https://doi.org/10.2307/2112184.

Social Security Administration Research, Statistics, and Policy Analysis. "Racial and Ethnic Differences in Wealth Holdings and Portfolio Choices." Accessed April 20, 2023. https://www.ssa.gov/policy/docs/workingpapers/wp95.html.

Spotlight on Poverty and Opportunity. "Big Benefits from Moving to a Better Neighborhood," March 24, 2023.

https://spotlightonpoverty.org/spotlight-exclusives/big-benefits-moving-better-neighborhood/.

Staples, Robert. “Changes in Black Family Structure: The Conflict between Family Ideology and Structural Conditions.” *Journal of Marriage and Family* 47, no. 4 (1985): 1005–13. https://doi.org/10.2307/352344.

Taylor, Robert Joseph, Linda M. Chatters, M. Belinda Tucker, and Edith Lewis. “Developments in Research on Black Families: A Decade Review.” *Journal of Marriage and Family* 52, no. 4 (1990): 993–1014. https://doi.org/10.2307/353315.

“The Black Codes and Jim Crow Laws.” Accessed March 25, 2023. https://education.nationalgeographic.org/resource/black-codes-and-jim-crow-laws.

The Measure of a Plan. “Investment Returns by Asset Class (1985 to 2022),” January 8, 2023. https://themeasureofaplan.com/investment-returns-by-asset-class/.

Thomas, Hannah, Tatjana Meschede, Alexis Mann, Allison Stagg, and Thomas Shapiro. “Location, Location, Location: The Role Neighborhoods Play in Family Wealth and Well-Being,” n.d.

U.S. Bureau of Labor Statistics. “Unemployment Rate - Black or African American.” FRED, Federal Reserve Bank of St. Louis. FRED, Federal Reserve Bank of St. Louis, January 1, 1972. https://fred.stlouisfed.org/series/LNS14000006.

U.S. Department of the Treasury. “Racial Differences in Economic Security: Housing,” March 22, 2023. https://home.treasury.gov/news/featured-stories/racial-differences-in-economic-security-housing.

U.S. Department of the Treasury. “Racial Differences in Economic Security: Non-Housing Assets,” April 6, 2023. https://home.treasury.gov/news/featured-stories/racial-differences-in-economic-security-non-housing-assets.

USAFacts. “Wealth Inequality across Races: What Does the Data Show?” Accessed April 26, 2023. https://usafacts.org/articles/wealth-inequality-across-races-what-does-the-data-show/.

Yao, Rui, Michael S. Gutter, and Sherman D. Hanna. “The Financial Risk Tolerance of Blacks, Hispanics and Whites.” *Financial Counseling and Planning* 16 (2005): 51–62.

Young, John H. “The Impact of Financial Literacy, Generation, and Socioeconomic Factors on Financial Risk Tolerance: An African American Study.” *The Review of Black Political Economy*, February 1, 2023, 003464462311528. https://doi.org/10.1177/00346446231152805.

Yun, Lawrence. “Benefits of Homeownership and Stable Housing,” n.d.

———. “Social Benefits of Homeownership and Stable Housing,” 2015.

———. “Why Homeownership Matters.” Forbes. Accessed March 21, 2023. https://www.forbes.com/sites/lawrenceyun/2016/08/12/why-homeownership-matters/.