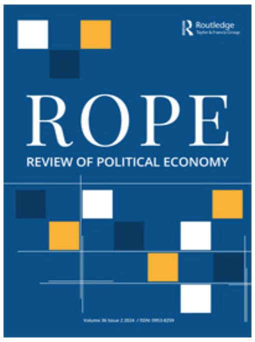

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COMMENTARY

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Commentary on 'The Racial Wealth Gap in South Africa and the United States' by Chelwa, Maboshe and Hamilton

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Following publication of Thomas Piketty's (2014) *Capital in the* 21st *Century*, economic inequality has attracted great attention, and not only in the discipline of economics. Anthropologists have focused on the licitness or legitimacy of economic inequality, showing that some forms of inequality are socially sanctioned whilst others are not. For example, in Sweden, a country known for its low income inequality, high income taxes are widely accepted and seen as a civic duty (Larsen 2017**)** whilst there is considerable antipathy towards inheritance tax (Sheild Johansson 2020), leading to high wealth inequality. What anthropologists have not studied, however, is how wealth inequality might differ across social groups, and the cultural and political dynamics that might legitimize such disparities. In economics, race and gender have also been overlooked in studies of wealth inequality (Boushey 2017).

In this context Chelwa, Maboshe and Hamilton's paper on the racial wealth gap in the US and South Africa provides a much needed account of the racialized dimensions of economic inequality that emerged with chattel slavery in the US and apartheid in South Africa. When formal systems of segregation and racial discrimination have become outlawed how does race continue to figure in the distribution of resources, and with what implications? Chelwa et al. demonstrate the inadequacy of orthodox economic attempts to explain why the racial wealth gap exists and persists. Further, they reflect upon structural interventions to address inequalities connected to identity. The central finding of their paper is that the racial wealth gap does not diminish as people become more educated, but rather *increases* with educational attainment, in both the US and South Africa. Moreover, this gap persists even across income groups and age cohorts.

As an anthropologist, I was not surprised by these findings, not least because education enmeshes people into systems of financialization, especially at the college level where most students will take out loans to finance a degree. Saddled with substantial debt, they are less able to accumulate assets, since rather than saving for a down payment on a home or investing in mutual funds they are servicing debt (Elliott and Lewis 2013). Further, to accumulate wealth requires the capacity to plan (Zaloom 2019), which in turn requires stability, something you will not have if you are heavily in debt or precariously employed.

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Perhaps what is surprising is how this finding is narrated as unexpected. The authors claim to upend conventional economic thinking on the connection between wealth and education, stating: 'We often think of wealth as an outcome, but its true essence is functional'. They point out that wealth enables all kinds of economic potentialities — to start a business, to buy a property, to access an elite college. If we understand wealth as functional, the authors suggest, we can move beyond human capital theory and see that education does not reduce inequality but rather education is a reflection of existing inequality. That is, Chelwa et al. invite us to reconsider how we think about wealth. For them, wealth is the *starting point* for economic action and wealth inequality translates into the unequal capacity to take economic action. By highlighting this point, they help us see how much is at stake when it comes to determining who gets wealth and who doesn't. That is, they show the political ramifications of the racial wealth gap.

Although not stated explicitly, undergirding their argument is a critique of methodological individualism. In this paradigm, inequality is understood as the outcome of poor individual choices, such as the failure to invest in one's productive capacities. By contrast the authors assert that inequality between social groups cannot be explained by economic models of human capital deficiency or irrational behaviour, nor by individual prejudice. Instead, inequality is due to structural constraints that favour the dominant group, which in both South Africa and the US are people racialized as white. Identity, including racial identity, can be a resource; it can be used to benefit particular actors, who then strategize to keep their control over capital.

Trained first as an economist, I moved away from the discipline due to a deep dissatisfaction with methodological individualism and a frustration that social relations and questions of coercion, discrimination, and collaboration were left out of the picture. However, I welcome stratification economics, which seeks to bring social relations and power back into the analytical frame. What is left unexplored in this paper are questions around how power is accrued, on what basis, and through what mechanisms.

For a paper on the racial wealth gap, race is conspicuously absent. The authors argue that stratification economics 'considers intergroup inequalities as the result of a process by which privileged groups maintain relative status'. Focusing on group status highlights how the existing structure works to give power to privileged groups, whilst denying it to others. And yet, the authors never use the term white supremacy in their analysis, a term that highlights 'the unearned assets afforded to white people, as well the processes, structures, and historical foundations upon which these privileges rest' (Bonds and Inwood 2016, p. 720). In a political context, where the very mention of race can be seen as 'sensitive', and where white supremacy can be confused for white nationalism, reluctance to use this term is perhaps understandable, especially if the intention is to change policy. However, given the role of politics and ideology in creating and sustaining wealth inequality (Piketty 2020), it is important to acknowledge that white supremacy is the structuring logic of contemporary capitalism in settler colonial and non-settler colonial regions (Pulido 2015).

In recent years anthropologists have shown that racial hierarchies can be used to render licit other hierarchies of value (Appel 2019; Bear 2020). Anthropologists argue that racial hierarchies are not only the outcome of economic inequality, but also work through imaginations and social images of who deserves to be rich and who does not. This makes economic inequality seem natural and not resulting from social and power dynamics, with the rich viewed as deserving their wealth. This is similar to earlier work on racial capitalism where unequal racial wealth distributions come to be viewed as natural and fair rather than resulting from structural racism (Gilmore 2007; Robinson 1983). In this way, the racial wealth gap, even if it is condemned as abhorrent or inexcusable, becomes intractable and permissible. Race is not only a means of acquiring disproportionate wealth, as studies of white supremacy show, it can also legitimate the inequalities that ensue as a result of white supremacy. And the racial wealth gap is not just an outcome, as the authors suggest; it is also the product of an internalized value hierarchy of race, which naturalize explanations that emphasize individual capacity in determining this inequality. It makes certain economic explanations more plausible than others, even if they are not grounded in evidence.

The vital contribution of Chelwa, Maboshe and Hamilton's work is to bring to the fore questions around how racialization legitimates and entrenches economic inequalities. In doing so they show how problems of inequality can be solved not through the cultivation of individual capacities or markets, but by structural interventions that acknowledge the role that social differences and identities play in generating inequality.

Disclosure Statement

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