The Journal of Sociology & Social Welfare

Volume 46
Issue 3 *September*

Article 9

2019

Review of *A Century of Wealth in America*. Edward N. Wolff

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Book Reviews

Edward N. Wolff, *A Century of Wealth in America*. Harvard University Press (2017), 865 pages, $39.95 (hardcover).

This book is a large compendium of papers on a range of topics of interest to those concerned with poverty, wealth, inequality and similar subjects. More a collection of papers than a book as such, readers might want to follow the author's own advice and start with the summary material in the final chapter. Special interests are addressed, then, in particular chapters. The many topics include the development of personal wealth, changes in wealth inequality, and just who the rich and poor actually are. The overall focus is on wealth generation and accumulation. This is no small task, because wealth is actually a very difficult value to measure. For Wolff, the overall findings detail the rise and the fall of the American middle class.

A major point for Wolff is that average American household wealth in 2013 was about the same as it had been in 1969. Why would this be so? One possibility is that, with earnings stagnation, Americans mortgaged their wealth through accumulating housing debt. Correlatively, a long period of rising housing values may have reformulated, or at least dulled people's resistance to debt. Additionally, predator investment consultants encouraged people to engage in financial transactions that mainly benefitted the investment bankers themselves with little regard for the actual financial status of their clients. When the asset market collapsed (which for the middle class consisted principally of home values) the financial life of the mortgage holders collapsed along with it.

In my view, Wolff's detailed work represented in this volume raises three primary issues. The first issue (of which I confess I was also guilty) is simply our failure to notice what was happening. We did not notice this emerging problem until it was already upon us. It was truly a Black Swan event, a completely surprising and unexpected event with a cataclysmic impact, which afterward everyone agreed we should have seen coming.

Middle-class implosion was not on anyone's policy agenda. Social workers and sociologists, among others, were largely silent. Subsequently, the country seemed more interested in assisting big financial institutions than in paying attention to the sufferings of the middle mass.

A second issue that might have been caused by this same pattern of 'failure to notice' is why we fail to take programmatic action, even in the absence of calamity. There were other pressures than the financial crisis for which action programs would be helpful. After all, Eisenhower sponsored the national highway system, and Kennedy suggested we go to the moon! These are both examples of programs of aspiration rather than remediation. But on the remediation side, we are still saddled with a deteriorating electrical grid, a collapsing road and bridge system, environmental challenges of all sorts, and a crumbling child welfare system, to name but a few of our most glaring problems. Yet with the possible exception of health care, even the need for remediation does not seem to move our system now. Such attention could come through a massive infrastructure improvement program, putting America's infrastructure in tip-top shape, and thus utilizing the skills of those who suffered not only a collapse of their personal wealth but of their local and regional economies as well.

We seem unable to "think big" anymore, even as our systems collapse and shrink. Growing up in Pittsburgh, I saw the collapse of the America Steel industry and the demise of the entire Ohio River Valley. Working for the Housing Authority of the City of Pittsburgh, I saw the personal and human costs of this collapse. Our national accomplishments appear to have shrunk to the level in which only personal wealth accumulation dominates and is expanding.

Overall, Wolff shows that compared to other developed nations, the USA has moved from "first to worst" in terms of inequality, that is, from being more equal among developed nations by several measures to now being near the bottom of the pile. Again this begs the question of why did this happen? Why has our public discourse moved from collaboration to contention? How can it be that we have moved from a governing sense of the best policies being those that are for "the good of us all" to that of naked accumulative individualism? In describing the economics of the financial meltdown, I would have liked

Wolff to explain a bit more of how this happened. I have already mentioned the possibility of wage stagnation, but that would be a precipitating cause of middle class over-indebtedness. Why such stagnation, and why was it tolerated? Why was there such a failure of the culture of the Greatest Generation to be transmitted to subsequent generations of Americans?

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Philip N. Jefferson, *Poverty: A Very Short Introduction.* Oxford University Press (2018), 176 pages. $10.73 (paperback).

Poverty is a global issue. Every country in the world makes some effort to reduce poverty, and especially in developing countries great strides have been achieved. The proportion of people in the developing world living in poverty fell from about 50 percent to around 14 percent between 1990 and 2015. Franklin D. Roosevelt's adage expresses a common view, that the "test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little." This implies that poverty is an obstacle to progress. Why then do many people live in poverty? What kinds of public and private actions have societies taken and are currently taking in the struggle against poverty? Jefferson's book explores these problems and seeks to find the answers. He focuses on four dimensions of poverty, including the meaning and characteristics of poverty, the methods of measuring poverty, the causes of formation and resolvable measures of poverty. Although explicitly intended to be a very short introduction, the book is a helpful beginning point for building a comprehensive understanding of poverty.

The first chapter analyzes the achievements of poverty reduction by using time-series data and cross-sectional data. Jefferson indicates the importance of taking contextual aspects into account when we define the poverty in countries on different economic development levels. This is followed by a chapter describing the historical development of anti-poverty philosophy and programs. Governments explicitly responded to poverty first in the 16th and