status, education, occupation, and individual and family earnings by age twenty-eight. The authors consider these outcomes through a “life-course perspective,” trying to discern the extent to which adulthood is shaped by family and schooling contexts, as well as the children’s own actions during their adolescence and young adulthood.

One of the central analyses consists of a series of regressions predicting age-twenty-eight outcomes as a function of sets of variables representing resources and behaviors measured at different periods in the individuals’ lives. Although none of the variation used to identify these regressions is plausibly exogenous, as a purely descriptive exercise, the results reveal interesting differences across the subgroups defined by the intersection of race and sex.

All of the adult outcomes are highly correlated with the composite index of their SES status in grade one, which the authors interpret as intergenerational immobility. Controlling for childhood SES, the authors further find that African American men, on average, have similar levels of education to their white counterparts, while both groups of women have higher levels of education than white men. In contrast, despite their similar or lower levels of education, white men have higher average individual earnings than all three groups. The gap between white men’s and women’s earnings disappears when family income is considered. The same is not true for African American women.

Based on these findings, Alexander, Entwisle, and Olson argue that the disadvantage of urban poverty during childhood operates through adult earnings and that “race and gender are integral to it and schooling incidental” (p. 158). They point out that white women can attain higher family earnings through marriage and partnership. African American women are far less likely to partner and, when they do, their partners have lower average earnings. White men achieve higher levels of earnings, according to the authors, because they have more stable employment histories and are far more likely to work in highly paid industrial and construction trades.

The authors’ conclusion about the limited role that education plays is arguably premature. Their measure of education, which linearizes the highest credential attained, will miss many potentially important dimensions of quality. Nonetheless, their emphasis on the intersection of race and gender is well placed. Particularly striking is the racial difference in the share of men employed in “craft” occupations, which include skilled trades such as carpenters, mechanics, and plumbers. At age twenty-eight, among those who grew up in lower-SES homes, 44.7 percent of white men worked in craft occupations compared to only 14.8 percent among African American men. The largest share (24.6 percent) of African American men worked as laborers. The authors point to differences in job-finding networks as a possible cause, but also suggest that various forms of discrimination may be at work. They explain, “This is an account of white male privilege in the workplace, though white women also benefit, derivatively as wives and partners” (p. 169).

While readers expecting cleanly identified causal effects may be unsatisfied by some of the conclusions reached by the authors, for economists or other social scientists interested specifically in a sociological point of view, the book contains ample thought-provoking material. Taken as a whole, the book serves as a uniquely deep portrait of a cohort of Baltimore’s children, and its value in that capacity is substantial and well-timed. Journalists and pundits commenting on race relations and poverty in Baltimore, or elsewhere, would be well-served by reading this volume.

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Carl L. Bankston’s book, Immigrant Networks and Social Capital, comes after thirty years of research on social capital’s hypothetical outcomes—research that has involved virtually every corner of the social sciences and has led to the production of a gargantuan quantity of books and papers. In this extensive literature, social capital has been defined in a variety of ways—ranging from networks of interpersonal relations...
to trust, culture, and institutions—to the point that clarifying the dimensions of the concept has long been a research priority.

A convenient distinction separates the structural from the cognitive forms of social capital. Cognitive social capital derives from individuals’ perceptions and mental processes resulting in norms, values, and beliefs that promote cooperation. Structural social capital concerns aspects of social organization, such as rules and procedures, as well as formal and informal networks that enable cooperation (Uphoff, 1999). Economic research has typically investigated how cognitive social capital, mainly in the form of social trust, relates to outcomes such as economic growth or public spending. Bankston, a sociologist who has been researching migration, education, and religion since 1995, focuses on the structural dimension of social capital, defined as social networks.

Networks, the author explains, can be viewed as communities or as patterns of communication. The literature has long debated whether social capital is an individual or a collective construct. Bankston does not address this issue directly here—in a previous work he has stated that social capital “does not consist of resources that are held by individuals or by groups but of processes of social interaction leading to constructive outcomes” (Bankston, 2002, p. 285)—but he does offer a de facto analysis of the micro dimension of the concept, i.e., how being member of a network and benefiting from the flow of information circulating in that network supports individuals in the pursuit of their particular interests.

Starting from the idea that migration is a profoundly social process based on social connections, the author wants to look at “how patterns of social connections come into existence and how those patterns account for processes of international migration and immigrant outcomes” (p. 3) in the United States, specifically in terms of adaptation, educational attainment and achievement, employment, and upward mobility.

The book begins by providing definitions of social capital and social networks, and offering a theoretical discussion of how they can be assets for migrants, in chapters 1 and 2. In chapter 2, Bankston specifically discusses how network ties enable migrants to move, subsist, and seek out opportunities. To this purpose, a relevant part of the discussion is devoted to the distinction between enabling and constraining relationships, which is associated with the debate about bonding and bridging social capital that has a certain popularity in development economics. In chapter 3, Bankston uses simple and intuitive arguments to explain that migration takes place through networks. Then, in the following three chapters, he describes the types of network that affect migrants’ movements—families, enclaves, neighborhoods, communities, and formal institutions (the latter a broad category comprising formal organizations such as voluntary associations and religious institutions)—and suggests ways in which historical, social, and economic circumstances may shape those networks, thus affecting migrants’ outcomes. In the final two chapters, some reasoning and examples are offered to illustrate how networks affect migrants’ adaptation and achievement in terms of opportunities, employment, education, and mobility.

The central idea of the book is that social capital is an asset in the pursuit of individual and group interests that is inherent in social networks. This is a consolidated thesis in social capital theory that was developed in the 1980s in the work of Pierre Bourdieau (1980). Since social capital is defined as networks, which can in turn be viewed as communities or as patterns of communication, the economic success of immigrant groups depends, ceteris paribus, on the structure of these networks, on how closed and how supportive they are, and on the value of information that is shared within them. However, Bankston devotes a substantial effort to warning readers that, depending on the circumstances, social capital can be good or bad in respect to any of the possible goals that migrants (whether individuals or groups) may want to pursue. This idea also dates back to the 1980s, when James Coleman (1988, p. S98), in his seminal work, explained that: “Like physical capital and human capital, social capital is not completely fungible but may be specific to certain activities. A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful for others.” For example, if group experience has produced a general expectation that, in a certain region, there are chances of employment and little possibility of mobility, then connections
are likely to play the role of encouraging migration to that region but will also, de facto, limit migrants’ chances of mobility. These ideas are so common sense that they can hardly be challenged. The approach to sustaining them is developed through interesting and easily readable arguments that could be appreciated even by a nonspecialist audience. However, it also entails a number of weaknesses that may limit the appeal of the book for economists.

Bankston explains that the structure and outcomes of networks greatly vary among migrant groups because networks are shaped by social, economic, political, and institutional contexts within and between the native and the host country. To draw some general lessons, he concentrates on the examples of four major immigrant groups in the United States—Mexicans, Koreans, Vietnamese, and Filipinos—that he has extensively analyzed in past research work. The author believes that comparing these cases “will make it possible to generalize beyond these selected examples by using them as points of reference” (p. 45).

Each of the analytical chapters of the book begins with a brief section of general considerations of how a specific type of network (i.e., the family, the enclave, the neighborhood, formal organizations) may affect migration processes and migrants’ outcomes. After that, the arguments made in the initial section are developed through the narration of specific experiences and anecdotes related to the communities the author has focused on. Finally, some general lessons are drawn from these cases.

In the conclusions, Bankston writes that although the discussion has focused on immigration to the United States and has used specific groups as its primary examples, “Its purpose has been to investigate the nature of immigrant networks and social capital in general, and to consider how networks provide the mechanisms by which social structures translate into variations in life experiences among immigrants as interconnected individuals” (p. 187).

The main limitation of this approach is that it cannot provide generalizable conclusions and leaves the many research questions raised throughout the book substantially unanswered. The book thus constellates a myriad of statements that—though certainly credible and suggestive—are never supported with data.

Therefore, despite drawing a number of general propositions that merit consideration, the scope of the book does remain rather limited. A reader may want to know how the migration-related processes hypothesized by the author impact the economy and society of the host country, and whether these results may be desirable or not to the purpose of immigrants’ and autochthonous citizens’ welfare. Most of all, one would expect some reasoning on what would be the optimal way in which those processes might develop, and whether there is room for policy makers to drive such development. Policy issues are addressed in the final few lines of the book, where Bankston briefly states that, as any immigrant group has its strong specificities, policy needs to develop sensitivity to variations in the characteristics of groups.

A second issue that would have been worthy of investigation is the possible role of the Internet. Bankston puts a strong emphasis on the influence of geographical location, distance, and mobility on the development of migrants’ networks and outcomes. However, there is a growing literature in sociology and other social sciences, including economics, that analyzes how Internet-mediated communication is changing social interactions and allowing the physical barriers posed by distance and mobility to be overcome. This is an important issue that is worth mentioning—if not investigating—when interpreting migration processes in 2014. For example, in chapter 4, on family ties, the author states that “despite the importance of kin for migration, moving from one place to another can in many situations weaken social networks and disrupt family ties” (p. 74). In chapter 6, on enclaves, neighborhoods, and communities, Bankston argues that locations, i.e., being together in the same place, are crucial for maintaining connections. There is substantial evidence that Internet-mediated communication works as an effective antidote against the disruption of ties caused by busyness and mobility (see Antoci et al. 2013, for a review). Online networks seem to be as effective as physical networks in allowing the strengthening of weak ties and in serving the pursuit of their members’ objectives. In addition, online networks are now a major
source of information, advice, and opportunities that are precious resources for immigrants’ adaptation and achievement. However, the literature drawn on in the book does not seem to encompass this current frontier of research.

The main contribution of the book is probably its clarification of several concepts that have been frequently misused in the literature. The author makes clear what bonding and bridging social capital are, and what roles they may play in the pursuit of individuals’ or groups’ goals. If social capital is defined as patterns of connections or communication, then its value as an asset basically depends on the quality and usefulness of the information circulating in those patterns of communication and on the inclusiveness of networks. This also naturally introduces the dark side of social capital. Networks can, in fact, serve as means to the pursuit of particular interests to the detriment of outsiders’ or collective welfare. On the other hand, insiders can use social networks to exploit other fellow insiders. In his introduction of the issue of upward mobility in chapter 2, the author explains that social capital does not provide mobility for all. In some ethnic groups, it mostly benefits the employers, who hold privileged positions in the system of ethnic social connections through access to cheap labor and noncompetitive, guaranteed markets. Bankston’s book also clarifies that social capital is both a community and an individual construct that primarily displays its effects at the micro level. This is relevant for empirical economics, in which social capital has often been treated with superficiality. Cross-country analyses on social capital, for example, have mostly relied on macro indicators often tautologically capturing some of social capital’s supposed outcomes. To shed light on the level at which social capital primarily exerts its effects, economists certainly have to pay substantially more attention to the work of sociologists. From this point of view, Bankston provides an important service in presenting in a systematic and clear way the sociological literature on social networks and clarifying the nature of the concept of social capital.

References


K Law and Economics


The 1998–99 civil trial, United States v. Microsoft Corp., a battle over Microsoft’s alleged anticompetitive practices relating to Microsoft’s desktop monopoly, caught the public’s attention in a manner that was striking, given the technical, economically oriented issues raised by the Department of Justice (DOJ)’s lawsuit. The litigation resurrected the legal career of David Boies (DOJ’s outside counsel) and eventually fostered a B movie, Antitrust. Ultimately, the public’s focus on the case was driven by the two highly divergent views: the DOJ’s case was built on the premise that antitrust can be an effective policy instrument in a dynamic technological industry, while Microsoft’s perspective was that a flawed intervention by the antitrust authorities would stymie innovation and economic growth. The DOJ was ultimately victorious in United States v. Microsoft Corp. with respect to its central claim—that Microsoft had engaged in illegal actions (directed against Netscape’s Internet browser) in order to maintain its desktop operating system monopoly.