Black people have always been troublesome for social scientists studying the United States. Theories that gleam brilliantly in academia's expansive sunlight when focused on the behavior of whites rapidly pale when their explanatory and predictive powers are directed toward the nation's largest racial minority.

Political scientists enamored with their particular orthodoxy, pluralist theory, have had to squirm and wiggle in an attempt to preserve their beloved paradigm when faced with an "interest group" that did not comply with the dictates of their model of American political behavior.

Generalizations that historians make about developments over time in the United States must include the addendum "except for the Blacks" to retain their accuracy.

Sociologists have so consistently found Blacks to be the exception to their theoretical formulations that they now devote more time to the study of "the Blacks" than any other social scientists—so much so that they now have developed numerous theories that apply exclusively to Blacks.

Economists also have spent much of their time researching "the black problem." They have looked primarily at the bread and butter issue of why proportionately more Blacks are poor than whites—the issue of black-white economic inequality. In a sense, they have been more "fortunate" than other social scientists insofar as black poverty potentially can be explained in the context of the prevailing economic paradigm, neoclassical microeconomic theory, via the concept of human capital. However, as neoclassical theory increasingly comes under fire, a growing school of researchers are contending that orthodox theory is not adequate to explain racial economic inequality. Efforts have begun to explain black poverty in decidedly more unorthodox terms—terms which call into question the
continued validity of neoclassical microeconomics altogether.

This article will examine and evaluate economists' efforts to explain black poverty. Three major approaches will be analyzed by discussing the major pieces of economic literature that attack the question of why a greater percentage of black people are poorer than whites. These three approaches are applications of (1) conventional trade models, (2) human capital theory, and (3) dual market theory to the phenomenon of racial economic inequality.

It is pertinent to add that one behavioral assumption made by the neoclassicists will be retained as valid throughout the discussion—the assumption that individuals in the United States are materialistic, that they will more often than not act in their own self-interest.

CONVENTIONAL TRADE MODELS AND BLACK POVERTY

One of the earliest and most ingenious approaches to explain racial economic inequality employed a conventional two-nation trade model with a trade barrier—the taste of the white “nation” for discrimination. When applied to the United States this approach treats the black and white populations as having two separate economies. Given the white taste for discrimination, their greater numerical size, and their advantage in physical capital ownership over Blacks, one could argue that a colonial relationship develops with whites holding a dominant economic position.

The Becker Model

The seminal work using this type of model was undertaken by Gary Becker1 in the late 1950’s, preceding the currently popular description of the black community in the United States as an internal colony (popular in radical circles) by more than a decade.

Becker proposed that we look at two economies, “W” and “N”, in trade relationship. The critical assumption Becker makes that distinguishes his model from later conventional neoclassical explanations of black poverty is that “members of W are perfect substitutes in production for members of N.” Moreover, the two economies share a common production function. Both economies are viewed as being perfectly competitive.

Given that capital is more abundant in W and labor more abundant in N, it would be to the mutual benefit of both societies to engage in trade—W sending capital to N and N sending labor to W—until an optimum allocation of resources is arrived at, an allocation that maximizes the overall income of both societies. Because members of W and N are perfect