Abstract

David Rusk, former Mayor of Albuquerque, New Mexico, has observed that “bad neighborhoods defeat good programs.” This paper identifies the underlying causes of bad neighborhoods along with their costs to local residents and residents throughout the region. It is a critical essay that traces recent patterns of uneven metropolitan development, the social forces generating these patterns, their many costs, and potential remedies. It demonstrates how the interrelated processes of sprawl, concentration of poverty, and racial segregation shape the opportunity structure facing diverse segments of the nation’s urban and metropolitan population. In so doing, it draws on recent scholarly literature from various disciplines, government data and documents, research institute reports, and the mass media. Topics addressed include income and wealth disparities, employment opportunities, housing patterns, access to health care, and exposure to crime. While recognizing the role of individual choice and human capital, the paper focuses on public policy decisions and related private sector activities in determining how place and race shape the opportunity structure of metropolitan areas. Finally, the paper explores various policy options to sever the linkages among place, race, and privilege in the nation’s urban communities.
Privileged Places:

Race, Uneven Development and the Geography of Opportunity in Urban America

The housing market and discrimination sort people into different neighborhoods, which in turn shape residents’ lives – and deaths.

Bluntly put, some neighborhoods are likely to kill you.

(Logan, 2003, p. 33)

Real estate mantra tells us that three factors determine the market value of a home: location, location, and location. The same could be said about the “factors” that determine virtually any aspect of the good life and people’s access to it in metropolitan America. Place matters. Neighborhood counts. Access to decent housing, safe neighborhoods, good schools, useful contacts and other benefits is largely influenced by the community in which one is born, raised and currently resides. Individual initiative, intelligence, experience and all the elements of human capital are obviously important. But understanding the opportunity structure in the United States today requires complementing what we know about individual characteristics with what we are learning about place. Privilege cannot be understood outside the context of place.

A central feature of place that has confounded efforts to understand and, where appropriate, alter the opportunity structure of the nation’s urban communities is the role of race. Racial composition of neighborhoods has long been at the center of public policy and private practice in the creation and destruction of communities and in determining access to the elements of the good life, however defined.
Place and race have long been, and continue to be, defining characteristics of the opportunity structure of metropolitan areas. Disentangling the impact of these two forces is difficult, if not impossible. But where one lives and one’s racial background are both social constructs which, on their own and in interaction with each other, significantly shape the privileges (or lack thereof) that people enjoy.

The impacts of place and race are not inevitable. If place matters, policy counts as well. The uneven development of metropolitan America is a direct result of a range of policy decisions made by public officials and policy related actions taken in the private and non-profit sectors. Policy decisions could be made to alter that pattern of development.

The following discussion traces recent patterns of uneven metropolitan development, the social forces generating these patterns, their many costs, and potential remedies. We examine some of the contours of current policy debates and suggest directions for altering the inequitable opportunity structure confronting many residents of urban America today.

**Place, Race, and Uneven Development**

“Do the kids in the neighborhood play basketball or hockey?”

Anonymous Insurance Agent (Luquetta, 2000)

Dominant features of metropolitan development in the post World War II years are sprawl, concentrated poverty, and segregation (if not hypersegregation). Clearly, these are not separate, mutually exclusive patterns and processes. Rather they are three critical underpinnings of the uneven development of place and privilege.
Sprawl has crept into the vocabulary of metropolitan development in recent years, with different observers offering diverse perspectives on its causes and consequences (Galster et al., 2001). Yet most would concur with Anthony Downs’ observation that “Suburban sprawl has been the dominant form of metropolitan-area growth in the United States for the past 50 years” (Downs, 1998, pg. 8). While there is no universal agreement on a definition of sprawl, there is at least a rough consensus that it is a pattern of development associated with outward expansion, low-density housing and commercial development, fragmentation of planning among multiple municipalities with large fiscal disparities among them, auto-dependent transportation, and segregated land use patterns (Downs, 1999; Orfield, 1997, 2002; Katz and Bradley, 1999; Squires, 2002).

A few numbers illustrate these spatial developments. Between 1950 and 1990 metropolitan areas grew from 208,000 square miles housing 84 million people to 585,000 square miles housing 193 million. So population increased by 128 percent while the land on which residents lived expanded by 181 percent. Population density declined from 407 to 330 persons per square mile. During these years the number of jurisdictions within metropolitan areas grew from 193 to 9,600 (Rusk, 1999, pp. 67, 68). And while recently some major cities have witnessed growth in their populations, between 1970 and 2000 the suburban share of the nation’s metropolitan area population increased from 55.1 percent to 62.2 percent (U.S. Department of Housing and Urban Development, 2000, p. 63). This trend accelerated during the 1990s when the suburban population grew by 17.7 percent, compared to just 8.0 for central cities (U.S. Census Bureau, 2001).
But people are not moving randomly. In general, income levels have been consistently higher and poverty levels have been lower in the suburbs. In 1960, per capita income in cities was 105 percent of suburban per capita income. By 1990 this fell to 84 percent which is where it remained in 2000 (Cisneros, 1993, p. 25; Logan, 2002a, p. 4). Between 1970 and 1995 poverty increased in cities from below 13 percent to 20 percent, while rising just slightly in the suburbs from 7 to 9 percent (U.S. Department of Housing and Urban Development, 1997, p. 32). During the 1990s disparities between cities and suburbs remained virtually unchanged (Logan, 2002a, p. 4), and concentrated poverty has grown during these years as well. Between 1970 and 1990 the number of census tracts in which at least 40 percent of the population was poor increased from under 1,500 to more than 3,400 and the number of people living in those tracts grew from 4.1 million to more than 8 million. During the 1990s the number of such tracts dropped to 2,510 and their residents dropped below 8 million (Jargowsky, 1996, p. 30; 2003, pp. 4, 20). Despite the progress of the 1990s, the number of poverty tracts and the population of those neighborhoods were higher in 2000 than in either 1970 or 1980. Concentrated poverty persists as a defining characteristic of urban America.

The non-randomness of sprawl is also reflected in the racial composition of city and suburban communities. Racial disparities between cities and suburbs and racial segregation in general persist as dominant features of metropolitan areas. Cities are disproportionately non-white with over 52 percent of blacks and 21 percent of whites residing in central city neighborhoods while suburbs are disproportionately white where 57 percent of whites but just 36 percent of blacks reside (McKinnon, 2000, p. 2).
Segregation, particularly between blacks and whites, persist at high levels while Hispanic/white segregation has increased in recent years (Iceland et al., 2002 a,b; Lewis Mumford Center, 2001). While blacks account for about 12 percent of the nation’s total population and Hispanics account for about 13 percent, the typical white resident of metropolitan areas resides in a neighborhood that is 80 percent white, 7 percent black, 8 percent Hispanic, and 4 percent Asian. A typical black person lives in a neighborhood that is 33 percent white, 51 percent black, 11 percent Hispanic, and 3 percent Asian. And a typical Hispanic resident lives in a community that is 36 percent white, 11 percent black, 45 percent Hispanic, and 6 percent Asian (Lewis Mumford Center, 2001, pg. 3). Thus, while racial minorities tend to live in relatively diverse neighborhoods, whites remain highly isolated. Although city/suburban barriers have broken down somewhat in recent years and levels of black/white segregation have moderated slightly, racial segregation persists and, in conjunction with the concentration of poverty and growing economic inequality, results in growing isolation of poor minority households.

If segregation is declining, albeit slightly, for blacks, it does not appear this has translated into their being able to move into better neighborhoods. The median census tract or neighborhood income for the typical black household in 1990 was $27,808 compared to $45,486 for whites, a gap of $17,679. By 2000 that gap had increased to $18,112. Perhaps more problematic, when looking at households with incomes above $60,000, similar patterns were observed. For example, in 1990 the typical black household with an income above $60,000 lived in a neighborhood where the median income was $31,585 compared to $46,760 for the typical white household in this
income bracket, a gap of $15,175. By 2000 these figures changed to $35,306 for blacks and $51,459 for whites for an even larger gap of $16,152 (Logan, 2002b, Tables 2 & 3). The same pattern holds for Hispanics, not surprisingly, given that they have become even more segregated in recent years. Further confounding the intersection of place and race is the fact that in 2000 poor blacks and Hispanics were far more likely than poor whites to live in poor neighborhoods. Whereas over 18 percent of poor blacks and almost 14 percent of poor Hispanics lived in such areas, less than 6 percent of poor whites did (Jargowsky, 2002, p. 10).

These neighborhood effects, of course, are felt by individuals and their families. For at least the past 25 years, for example, median black and Hispanic family income has been approximately 60 percent that of white median family income (U.S. Bureau of the Census 1999, Table B-4). But wealth disparities are far greater. While blacks earn about 60 percent of what whites earn, their net wealth is approximately one-tenth that of whites. These substantial wealth disparities persist even between whites and non-whites who have equivalent educational backgrounds, comparable jobs, and similar incomes (Oliver and Shapiro, 1995; Conley, 1999). A number of factors contribute to these disparities.

Inheritance is one major contributor. Whites are more than three times as likely as blacks to inherit money and among those who do, whites average $76,000 compared to $31,000 for blacks. And these differentials to not take into account disparities in the amount of money children receive from their parents while they are still alive (Shapiro, 2004, p. 67-71).
These wealth disparities also reflect, at least in part, the fact that middle class black families are more likely to have poor and working class friends and relatives who look to them for financial support. And black middle class neighborhoods are far more likely than white middle class communities to be located in close proximity to poor neighborhoods which they frequently pass through while commuting to work, going to the grocery store, and engaging in most normal daily activities (Pattillo-McCoy, 1999). Proximity to problematic neighborhoods also affects the value of homes and, therefore, further contributes to these economic disparities.

Homeownership, in terms of the share of different groups that own their homes and the value of the homes they do own, is another significant contributor to racial wealth disparities. Whereas almost 70 percent of white families own their homes, approximately half of black families do so (Joint Center for Housing Studies, 2002a, p. 31). For blacks, home equity accounts for two-thirds of their assets compared to two-fifths for whites (Oliver and Shapiro, 1995, p. 106). Biases in the nation’s housing and home finance markets have cost the current generation of blacks about $82 billion with the disparity in home equity averaging $20,000 for those holding mortgages (Oliver and Shapiro, 1995, pp. 151, 171).

A large part of these gaps can be accounted for by racial discrimination and segregation in housing and financial service markets. A study of the 100 largest metropolitan areas found that black homeowners received 18 percent less value for their investments in their homes than white homeowners (Rusk, 2001). That is, for every dollar of income blacks owned $2.16 worth of housing compared to $2.64 for whites. For example, in Baltimore black homeowners had a mean household income of
$41,466 and owned homes with a mean value of $69,600. So for every dollar of income they owned $1.68 worth of home. Whites had a mean income of $55,429 and owned homes with a mean value of $133,000. They owned $2.40 worth of home for every dollar of income. In determining the causes of the variation in this “black tax” across the 100 communities, several factors were examined including the size of the metropolitan area, economic inequality across neighborhoods, minority population, rates of homeownership among each group, and two measures of racial segregation (dissimilarity and isolation indices). Rusk found that only the segregation measures were significant. The importance of place is also indicated by the success of efforts to relocate poor and minority households from low-income central city neighborhoods to middle income suburban communities. Evaluations of the Gautreaux program in Chicago and early returns from HUD’s Moving to Opportunity (MTO) program have found evidence that students who relocate are doing better in school, their health status has improved, they are involved in fewer incidents with law enforcement authorities, and their personal and families’ lives have improved in a number of additional ways (Rubinowitz and Rosenbaum, 2000; Goering et al., 2002; Goering and Feins, 2003).

Segregation remains a central feature of metropolitan areas and discrimination remains prevalent. In its 2000 nationwide housing discrimination study the Urban Institute found that black homebuyers encountered discrimination in 22 percent of their searches for rental units and 17 percent of their efforts to purchase homes. For Hispanics the figures were 26 percent and 20 percent. Though this represented a substantial drop from the Urban Institute’s previous study in 1988, it reveals continuing high levels of racial discrimination in the housing market (Turner et al., 2002, pp. iii-v).
And these figures represent a very conservative estimate of the number of instances of discrimination that occur. The Urban Institute study focused on initial visits of homeseekers with managers of rental units and real estate agents. Follow-up visits and phone calls were not included. So, for example, the study did not capture what occurred when homeseekers followed up initial visits with subsequent requests for assistance or to make offers on a home. The study also did not examine discrimination in mortgage lending, property insurance, appraisals, and other aspects of the home rental and buying process. As the National Fair Housing Alliance noted, if a typical apartment search involves a visit to at least four or five units and racial minorities are encountering discrimination in one out of every four or five visits to a rental agent, it may be the case that black and Hispanic renters encounter discrimination virtually every time they move (National Fair Housing Alliance, 2003, p. 1).

At the same time, there is mounting evidence that many inner ring suburbs are experiencing urban ills previously associated primarily with inner city neighborhoods (Orfield, 1997, 2002; Rusk, 1999). So the growing presence of racial minorities in the suburbs in recent years makes the 1990s, as the title of one Brookings Institution report states, “A Decade of Mixed Blessings” (Berube and Frey, 2002). Ethnic diversity may be growing in metropolitan areas, but neighborhood integration lags behind (Lewis Mumford Center, 2001).

The Costs of Spatial and Racial Inequality

These patterns are not just statistical or demographic curiosities. These spatial and racial inequalities are directly associated with access to virtually all products and
services associated with the good life. Sprawl, concentrated poverty, and racial segregation tend to concentrate a host of problems and privileges in different neighborhoods and among different racial groups (Massey and Denton, 1993; Massey, 2001; Frazier, Margai, and Tettey-Fio, 2003; Sampson, Morenoff, and Gannon-Rowley, 2002). These “concentration effects” shape opportunities and lifestyles throughout the life-cycle and across generations.

Health disparities may constitute the most concrete disadvantages associated with the spatial and racial divide in urban areas and they manifest themselves quite early in life. The black infant mortality rate in 1995 was 14.3 per 1,000 live births compared to 6.3 for whites and Hispanics and 5.3 for Asians. More troubling is the fact that the ratio of black to white infant mortality increased from 1.6 to 2.4 between 1950 and the 1990s (Kington and Nickens, 2001, pp. 264-265). Access to clean air and water, exposure to lead paint, stress, obesity, smoking habits, diet, social isolation, proximity to hospitals and other medical treatment facilities, and availability of health insurance all vary by neighborhood and all contribute to long established disparities in health and wellness (Kington and Nickens, 2001; Dreier et al. 2001, pp. 66-82; Bullard, 1996; Klinenberg, 2002). Recent research has documented that the environment can affect the fundamental development of the brain which leads to variations in the development of a range of intellectual, emotional, and social abilities. An ongoing controversial debate is the role of IQ, widely assumed to be inherited, in determining individual achievement (Herrnstein and Murray, 1994). But as the National Academy of Sciences reported in its book *From Neurons to Neighborhoods* the causal arrow points in both directions (Shonkoff and Phillips, 2000). Intelligence no doubt influences
achievement, but environment clearly influences development of the basic tool that drives intelligence, the human brain. To illustrate the impact of place, in the Washington D.C. area the affluent and predominantly white suburb of Bethesda, Maryland has one pediatrician for every 400 children while the poor and predominantly black neighborhoods in the District’s southeast side have one pediatrician for every 3,700 children. And while the hospital admission rate for asthma in the state of New York is 1.8 per 1000, it is three times higher in the Mott Haven area of the South Bronx (Dreier et al., 2001, pp. 68, 70).

Education has long been regarded as the principal vehicle for ameliorating such problems. If education is to be “the great equalizer of the conditions of men – the balance wheel of the social machinery” as the Massachusetts educator Horace Mann anticipated over 150 years ago, that day has yet to arrive (Bowles and Gintis, 1976, p. 23). Reliance on property taxes to fund public education nurtures ongoing inequality in the nation’s schools that is explicitly tied to place. Though some communities have introduced equalization formulas, wealthier communities still provide substantially greater financial support for public schools, with a lesser tax effort, than poorer ones. Given the demographics of metropolitan areas, spatial inequalities are readily translated into racial disparities (Ayon, 1997). After two decades of progress in desegregating the nation’s schools, since 1986 black and Latino students have become more racially segregated from whites. For example, in 2000 40 percent of black students attended schools that were 90 to 100 percent black compared to 32 percent of black students who attended such schools in 1988 (Orfield and Eaton, 2003). The percentage of white students in the schools of the typical black student declined from more than 36 to less
than 31 during these years. And the share of Latino students attending schools that were 90 to 100 percent minority grew from 23 percent during the late 1960s to 37 percent in 2000 (Frankenberg et al., 2003, pp. 30, 33). Taken together, these disparities result in fewer educational resources, less qualified teachers and higher teacher turnover, and ultimately lower educational achievement in low-income and minority communities (Frankenberg et al., 2003, p. 67).

If there is one single factor that is most critical for determining access to the good life, it might be employment. This is particularly true in the U.S. where individuals and households are far more dependent on their jobs to secure basic goods and services than is the case with virtually all other industrialized nations that provide far more extensive social welfare states (e.g. national health insurance, child care, family leave) (Wilson, 1996, pp. 149-182). The importance of place and race have long been recognized by spatial mismatch theorists (Kain, 1968, 1992, 2004) who posit that lower-income residents of poorer communities generally reside in or near central cities while job growth has been greater in outlying suburban communities. Those most in need of employment, therefore, find it more difficult not only to learn about available jobs but more expensive to get to those jobs when they find one. This is particularly true for welfare recipients who, in recent years, have come under increasing pressure to secure employment (Allard and Danziger, 2002). Once again this dynamic is not racially neutral. As of 2000 no racial group was more physically isolated from jobs than blacks, and those metropolitan areas with higher levels of black-white housing segregation were those that exhibited higher levels of spatial mismatch between the residential location of blacks and the location of jobs (Raphael and Stoll, 2002). Racial minorities
tend to search for jobs in slower growing areas while whites tend to search in faster growing communities. And the differences in the quality of these job searches is accounted for primarily by residential racial segregation even after taking into consideration racial differences in social networks and search methods (Stoll and Raphael, 2000). Compounding these troubles are the "mental maps" many employers draw in which they attribute various job-related characteristics (e.g. skills, experience, attitudes) to residents of certain neighborhoods. A job applicant’s address often has an independent effect, beyond his or her actual human capital, that makes it more difficult, particularly for racial minorities from urban areas, to secure employment (Tilly et al., 2001; Wilson, 1996). Moreover, recent research has found that it is easier for a white person with a felony conviction to get a job than a black person with no felony convictions even among applicants with otherwise comparable credentials or where blacks had slightly better employment histories (Pager, 2003). Such divergent employment experiences, of course, contribute directly to the income and wealth disparities described earlier.

Another critical quality of life factor is crime, and associated with that is the fear of crime. If most indices of serious crime have gone down in recent years, crime remains concentrated in central cities and selected inner ring suburbs. For example in 2000, the estimated violent crime personal victimization rate per 1,000 population in urban areas was 35.1 compared with only 25.8 in suburban areas (U.S. Department of Justice, 2001). And in 2002, for every 1,000 people, seven urban, four suburban, and three rural residents were victims of an aggravated assault, with urban residents being robbed at about four times the rate of rural residents. Race enters the picture as well.
Surveys of twelve cities in 1998 found that black residents in urban areas experienced a higher rate of violent crime than urban whites in a majority of the cities (U.S. Department of Justice, 1999).

Tense police-community relations further exacerbate crime problems for racial minorities. Ironically, the communities most in need of police protection—disadvantaged black communities—are also those in which many residents view the police with the most ambivalence. This stems, in part, from a recognition that color counts as a mark of suspicion used as a predicate for action—stopping, questioning, patting down, arresting, and so forth. Such practices cause residents who might otherwise be of assistance to police to avoid them, decline to cooperate with police investigations, assume bad faith or dishonesty on the part of police officers, and teach others that such reactions are necessary (Anderson, 1999; Kennedy, 1997, Kubrin and Weitzer, 2003). In an age where race is used for purposes of calculating suspiciousness (what some refer to as racial profiling), it is no surprise that residents of poor black communities distrust the police. Research on police behavior supports residents’ perceptions. Unwarranted police stops, verbal and physical abuse, and racial bias toward residents of disadvantaged communities continue to strain minority residents’ relations with the police (Weitzer, 1999).

Crime, of course, reflects and reinforces several quality of life factors including homeownership rates, job opportunities, access to retail and commercial businesses, family life and many others. For example, Alba, Logan, and Bellair (1994, p. 412) find that owning a home enables residents to live in safer communities. According to their study, homeowners reside in communities where violent crime rates are nearly 250 (per
(100,000) units lower than in communities where comparable renters reside. In other words, the concentration of crime does not simply reflect the concentration of individuals prone to criminal activity, but various neighborhood characteristics as well (Sampson et al., 2000). Once again, racial segregation is a critical culprit. Segregation tends to concentrate poverty and a range of social problems long associated with older urban communities, including acts of crime (Massey, 1995; Peterson and Krivo, 1993).

Access to financial services, and the cost of those services, also varies by neighborhood. In recent years a two-tiered financial services marketplace has emerged with conventional lenders (commercial banks, savings institutions) concentrated in outlying urban and suburban areas and so-called fringe bankers (e.g. check cashers, payday lenders, pawn shops) in central city neighborhoods (Caskey, 1994, 2002). In addition, subprime and predatory lending has grown dramatically in older urban and minority communities increasing the cost of housing for area residents while conventional prime loans remain the norm in the balance of most metropolitan areas. A particularly severe family and community cost has been a dramatic increase in foreclosure rates that cost many poor and working families their life savings (Renuart, 2002; Squires, 2003; Immergluck and Smith, 2004). To illustrate, between 1975 and 1995 the number of banking offices in low- and moderate-income areas declined by 21 percent while increasing by 29 percent overall (Avery et al., 1997, p. 55). That withdrawal created opportunities for fringe institutions to become major players in those markets. Check cashing businesses increased from 2,151 to 5,500 between 1986 and 1997 (Leonhardt, 1997, pp. 84-86). A case study of Milwaukee, Wisconsin found that in 1996 there were two banks for each check cashing business in the city's economically
distressed neighborhoods (as determined by the Milwaukee Comptroller) compared to 10 banks for each check casher elsewhere. In predominantly African American neighborhoods there was one bank for each check cashing business compared to 15 in predominantly white areas. For Hispanic neighborhoods there were two banks for each check casher compared to eight banks in non-Hispanic communities. Equally problematic, there was just over one bank per 10,000 households in African American areas compared to six in Hispanic neighborhoods and almost eight banks per 10,000 households in white areas (Squires and O'Connor, 1998, pp. 131-132).

Areas served by fringe bankers pay for that “service.” One study of banking customers in New York City found that a check cashing customer with an annual income of $17,000 would pay almost $250 a year for services that would cost just $60 at a bank (Moskowitz, 1995, p. 9). The Federal Reserve Bank of Kansas City reported that a family with a $24,000 annual income would spend $400 for services at a check casher that would cost $110 at a bank (Lunt, 1993, p. 52).

Perhaps most problematic is the impact of uneven development on children, and how the proverbial vicious cycle recreates itself over time. In addition to the impact of unequal educational opportunity noted above, the neighborhood effects literature has demonstrated links between neighborhood characteristics (like poverty and inequality) and teenage pregnancy, high school dropout rates, and delinquent behavior (Fischer, 2003, p. 690). Patterns of privilege emerge early in life, persist throughout the life-cycle, and recreate themselves in subsequent generations.

More provocative is the evidence that all parts of metropolitan areas are adversely affected by sprawl, concentrated poverty, segregation, and uneven
development generally. Central city per capita income is correlated with suburban income. Consequently, as cities do well so do their suburbs. Conversely, where city income declines, so does suburban income. And regional economies with relatively large city/suburban income disparities grow more slowly than those communities with lower levels of inequality (Dreier et al., 2001, p. 36). Once again, race enters in. According to the National Research Council high levels of racial segregation lead to a 3 percent to 6 percent decline in metropolitan level productivity while increasing costs of policing a disadvantaged group that believes it has been unfairly denied opportunities (Bollens, 2002, p. 634).

Place and race do matter. In many cities, racial differences in poverty levels, employment opportunities, wages, education, housing, health care, among other things, are so strong that the worst urban contexts in which whites reside are considerably better than the average context of black communities (Sampson, 1987, p. 354). Sampson and Wilson (1995, p. 42) assert that in not one city over 100,000 in the United States do blacks live in ecological equality with whites when it comes to the basic features of economic and family organization. A depressing feature of these developments is that many of these differences reflect policy decisions which, if not designed expressly to create disparate outcomes, have contributed to them nevertheless. The upside is that if policy contributed to these problems, it likely can help ameliorate them as well.

Policy Matters
Inequality has long been explained by economists to be largely a function of varying levels of human capital that individuals bring to various markets, but particularly the labor market. Human capital consists primarily of a combination of skills, experience, and education (Becker, 1964). More recently the role of culture, attitude (e.g. work ethic) and other attributes individuals bring to the market(s) has been noted as contributing to the varying rewards people receive (Murray, 1984; Mead, 1992; McWhorter, 2000). But the basic model prevails whereby individual buyers (e.g. employers) and sellers (employees) enter into voluntary exchanges in the labor market with each trying to maximize their “utility.” Inequality of place also has been explained in terms of individualistic characteristics and voluntary market exchanges. It has long been argued that individuals or households make voluntary choices, based on their financial capacity, in selecting their communities when they “vote with their feet” by moving to those areas offering the bundle of services for which they are willing or able to pay (Tiebout, 1956). But individualistic models of labor market inequality have been challenged by institutional theorists in economics who identify a number of structural characteristics of those markets that impede consummation of individual, voluntary exchanges (e.g. race and gender discrimination, internal and dual labor markets, labor law including minimum wage statutes, union activity) (Holzer and Danziger, 2001). Many urban scholars have noted the role of public policies and institutionalized private practices (e.g. tax policy, transportation patterns, land use planning) that serve as barriers to individual choice in housing markets and contributors to spatial inequality in metropolitan areas (Dreier et al., 2001, Rusk, 1999; Orfield, 1997, 2002).
If suburbanization and sprawl reflect the housing choices of residents, these are choices that have been shaped by a range of public policies and private practices. Suburbia has been sold as much as it has been bought (Judd, 1984). Creation of the long-term 30 year mortgage featuring low downpayment requirements, availability of federal insurance to protect mortgage lenders, federal financing to support a secondary market in mortgage loans (e.g. Fannie Mae and Freddie Mac) which dramatically increases availability of mortgage money, tax deductibility of interest and property tax payments, and proliferation of federally funded highways created sprawling suburban communities that would not have been possible without such public largesse (Jackson, 1985).

The federal government’s underwriting rules for FHA and other federal mortgage insurance products and enforcement of racially restrictive covenants by the courts along with overt redlining practices by mortgage lenders and racial steering by real estate agents virtually guaranteed the patterns of racial segregation that were commonplace by the 1950s. Concentration of public housing in central city high-rise complexes (many of which are now being torn down) reinforced the patterns of economic and racial segregation that persist today. Exclusionary zoning ordinances of most suburban municipalities that created minimum lot size and maximum density requirements for housing developments (often prohibiting construction of multi-family housing) complemented federal policy (Jackson, 1985, 2000; Rusk, 1999; Hirsch, 1998; Hays, 1995; Yinger, 1995; Massey and Denton, 1993; Ihlanfeldt, 2004).

Government policy has also encouraged the flight of businesses and jobs from cities to surrounding suburban communities and beyond. Financial incentives including
infrastructure investments, tax abatements, and depreciation allowances favoring new
equipment over reinvestment in existing facilities all have contributed to the
deindustrialization and disinvestment of urban communities. The pursuit of lower wage
and tax bills, and fewer government regulations has also encouraged the flight of
business from cities and regions viewed as high cost areas to other regions of the
country, and other nations altogether, that present capital with lower costs (Bluestone
and Harrison, 1982, 2000). In order to “meet the competition” localities often believe it
is necessary to provide incentives to businesses that they cannot afford and which
undercut their ability to provide traditional public services for less privileged
communities more dependent on those services (Barnekov and Rich, 1989; Reed,
1988). Research has generally failed to demonstrate that these incentives encourage
new investment or employment or target development to economically distressed
communities (Peter and Fisher, 2004). Often, incentives are offered but little effort is
made to assure that the terms and conditions recipients are supposed to meet (e.g. job
creation goals) are in fact met. And frequently such expenditures are offered for
development that would have occurred without the benefit (Barnekov and Rich, 1989;
LeRoy, 1997; Ellen and Schwartz, 2000). As one observer noted, “Subsidizing
economic development in the suburbs is like paying teenagers to think about sex”
(Wray, 1999). The end result is often an unintended subsidy of private economic activity
by jurisdictions that compete in a “race to the bottom” in efforts to attract footloose firms
and mobile capital, starving traditional public services – like education – for resources in
the process.
Place, Privilege and Policy

Bad neighborhoods defeat good programs

(Rusk 1993, p. 121)

Who gets what, and why? That is how Gerhard Lenski defined the study of social inequality almost 40 years ago in his classic book Power and Privilege (Lenski, 1966, p. 1). If the distribution of privilege today is less determined by ascriptive characteristics and more determined by achieved characteristics than was the case during most of the centuries examined by Lenski, meritocracy is hardly around the corner. This state of affairs has not occurred simply or even largely due to differences among individuals in terms of their skills, abilities, and other attributes. Key determinants of who gets what and why today are social realities associated with place and race. These realities reflect policy decisions that have been made at all levels in both public and private institutions. But society is not an iron cage. Social realities that have been nurtured by policy can be altered by policy as well.

Knowing what to do constitutes part of the challenge. Equally if not more critical is having a political strategy that will encourage those who need to act to, in fact, act in appropriate ways, if the distribution of privilege is to change. Basically, this comes down to understanding self-interests and how they can be molded to alter realities that in many ways currently benefit powerful and privileged interests. Sometimes such interests can be mobilized by organizers who can get seemingly disparate groups to recognize their common ground. On other occasions litigation, legislation and other actions are necessary to force people to do things they would not otherwise voluntarily do. Below we offer general observations for severing the links between place, race, and
privilege. We attempt to identify ideas that might actually work and feasible strategies for implementing them.

*Universalistic vs. Race Specific Remedies: A False Dichotomy*

One of the more unfortunate debates in recent years has been over the question of whether “race-specific” or “universalistic” remedies are more appropriate for addressing the issues of race and urban poverty. (An even more unfortunate debate, of course, is with those who simply think we have done enough, or perhaps too much, and that neither race nor class remedies are needed.) But the world does not come to us neatly wrapped in race or class packages. Sometimes the issue confronting a mayor, community group, or federal agency is an explicit, neighborhood level poverty issue, sometimes it is one of overt racism. All too often, of course, it does indeed involve a combination of race, class, and other fundamental divisions (e.g. gender, ethnicity). The nature of the issue often dictates the appropriate response.

The primary attraction of the universalistic or class based approaches, according to its proponents, is pragmatism. Recognizing the many common interests of poor and working households of any color, it is argued that the most significant barriers confronting these groups can be addressed with policy initiatives and other actions that do not ignite the hostility often associated with race-based discussions and proposals. Race-neutral policies that assist all of those who are working hard but not quite making it reinforce traditional values of individual initiative and the work ethic, thereby providing benefits to people who have earned them rather than to the so-called “undeserving poor.” Given the socio-economic characteristics of racial minorities in general, it is
further argued that such approaches will disproportionately benefit these communities, nurturing integration and greater opportunity in a far less rancorous environment than is created with debates over race-specific approaches. Given the “race fatigue” among many whites (and underlying prejudices that persist), class-based approaches are viewed as a much more feasible way to address the problems of urban poverty that affect many groups but particularly racial minorities (Edsall and Edsall, 1991; Kahlenberg, 1996; Wilson, 1999; Skocpol, 2000; Teixeira and Rogers, 2000; Warren, 2001).

In response, it is argued that while the quality of life for racial minorities has improved over the years, such approaches simply do not recognize the extent to which race and racism continue to shape the opportunity structure in the United States. “Color blindness” is often a euphemism for what amounts to a retreat on race and the preservation of white privilege in its many forms. In a world of scarce resources, class-based remedies dilute available support for combating racial discrimination and segregation. From this perspective it is precisely the controversy over race that the class-based proponents fear which demonstrates the persistence of racism and the need for explicitly anti-racist remedies including far more aggressive enforcement of fair housing, equal employment, and other civil rights laws. Race-based remedies, alone, will not resolve all the problems associated with urban poverty but they must remain front and center as part of the nation’s opportunity agenda according to this perspective (Feagin, 2000; Edley, 1996; Steinberg, 1995; Bonilla-Silva, 2003; Fiss, 2003).

But this debate presents a false dichotomy. Policy decisions affecting the opportunity structure and quality of life of American communities are made everyday,
some of which are explicitly associated with economic or class disparities and others
tied to traditional civil rights or race specific matters. Decisions in each of these areas
influence, and are influenced by, inequalities of place and race. That is, “universalistic”
problems and solutions have racial implications and matters that are addressed through
a racial lens have implications for entire regions. The ensuing distribution of privilege, in
turn, affects how subsequent problems are defined and decisions are made. Policy
responses, some class-based (e.g. increasing the minimum wage and earned income
tax credit, implementing “living wage” requirements) and some race-based (more
comprehensive affirmative action and related diversity requirements), are essential if the
underlying patterns of privilege are to be altered.

Coalitions that cut across interest groups, including racial groups, are essential. Many
land use planning, housing, and housing finance policy proposals, for example, are
generally articulated in color blind terms. Fair share housing requirements, tax-
based revenue sharing, and inclusionary zoning (discussed below) are “universalistic” in
character though they often have clear racial implications. That is, these proposals are
designed to benefit poor and working families in general though racial minorities would
likely benefit disproportionately. Clearly, such proposals are important parts of an effort
to ameliorate spatial and racial inequalities.

But sometimes the issues are racial and responding in racial terms cannot be
avoided. If African Americans and Hispanics face discrimination in one out of every four
or five visits to a housing provider, it is difficult to avoid recognizing the need for
stronger enforcement of the Federal Fair Housing Act and other state and local rules
prohibiting racial discrimination in housing markets. While racial minorities constitute
“protected groups” targeted by fair housing law, it is also the case that communities generally benefit by ameliorating racial inequality and the ensuing conflict. If Atlanta does not live up entirely to its slogan as “a city too busy to hate,” the local economy has certainly benefited by the City’s ability to alter its image in the area of race relations in recent decades (Rutheiser, 1996, Jacoby, 1998).

Universalistic and race-based policies are among the essential remedies for challenges posed by inequalities of place and race and each has implications for the potential success of the other. It is important to overcome the polarization that frames much of this debate. The nature of a particular issue or campaign should dictate the emphasis that will be placed on any particular set of policies. Saul Alinksy famously argued that there are no permanent friends and no permanent enemies. A similar sentiment would appear to apply to the choice of weapons.

“Pro Place” vs. “Pro People:” A Second False Dichotomy

Another unfortunate debate is that between proponents of so-called “pro place” policies and those who advocate “pro people” policies. In fact there is a need for both. And it is also the case that the distinction between policies that focus on improving neighborhoods and those emphasizing individual development is not as great as is often suggested.

Place-oriented policies (e.g. community reinvestment and related efforts to combat redlining and predatory lending practices) in fact benefit both distressed neighborhoods and many of the less privileged households in those neighborhoods (Joint Center for Housing Studies 2002b; Squires 2003). Policies designed to create
greater opportunities for individuals and their families (e.g. Moving to Opportunity and other mobility programs) benefit entire communities by reducing the concentration of poverty, segregation, and associated costs including law enforcement and social service demands these problems generate (Rubinowitz and Rosenbaum 2000; Goering et al. 2002; Goering and Feins 2003).

It is difficult to disentangle the impact of these two types of policies. But, as with universalistic and race-specific initiatives, the nature of the problems confronting particular neighborhoods and metropolitan areas in general should dictate the policies of choice. As Christopher Edley, Jr. argued in reference to the universalistic/race-specific debate, each should have a place in “the opportunity agenda (Edley 1996: 46).

Regional Responses to Inequities of Place and Race

A linchpin of spatial and racial inequality is the flight of people, jobs, and other resources to the outlying parts of metropolitan areas, a process subsidized in part by taxpayers throughout the region who are paying for the roads, schools, and other infrastructure required by the new development. Any effective response must find a way to capture the wealth that is accumulating at the edge for reinvestment throughout the region. Such regional responses include regional tax-based revenue sharing (where a portion of the increasing tax revenues from growing commercial and residential property in the outlying suburbs is utilized for development throughout the region), fair share housing programs or inclusionary zoning (requiring jurisdictions throughout metropolitan areas to provide a reasonable number of affordable housing units for working and poor households), and land use planning initiatives (like urban
growth boundaries that encourage development in or near the central city and
discourage further sprawl) to stimulate balanced development throughout the region
(Orfield, 2002; Abbott, 2002; Nelson et al., 2004).

Regional and metropolitan approaches to government have been long debated but, with some notable exceptions (e.g. Minneapolis/St. Paul, Indianapolis, Louisville) few communities have taken serious steps in this direction. There are reasons to believe that more may do so in the future. First, the number of voters and jurisdictions who stand to benefit is growing. Many inner ring suburbs now recognize that they are experiencing problems previously associated with central cities. Myron Orfield has estimated that nationwide approximately seven percent of metropolitan area residents live in what he refers to as the “affluent job centers” (Orfield, 2002, p. 171). Even if that seven percent represents a disproportionately powerful coalition, these numbers should work in favor of more progressive public policy.

Growing income inequality among households and communities, and the increasing number of gated communities that concretely symbolizes that polarization, increasingly have become a subject of public policy debate (Blakely and Snyder, 1997; Low, 2003). What former Labor Secretary Robert Reich described as the “secession of the successful” has drained the fiscal capacity of many distressed communities as well-off families leave cities and move into such communities where they utilize private security forces (thereby relying little on public police officers), private recreational facilities (e.g. country clubs instead of public parks) and send their children to private schools (Reich, 1991). In many ways – financially, psychologically, and otherwise – these families withdraw from their surrounding communities and particularly the fiscally
strapped central cities of which they were formerly a part. Responding to this demographic and political reality has been a growing concern for public officials at all levels.

Even many of those who presumably are the beneficiaries of sprawl have recognized some of the costs they have begun to pay as well as the benefits of more balanced regional development to mitigate those costs. The congestion and environmental degradation associated with sprawling patterns of development undercut the quality of life that many residents are pursuing. And as indicated above, economic growth of the periphery is not disconnected from what is happening in the central city. Concentrated poverty, the costs of segregation, and uneven development generally undercut prosperity throughout the region.

*Uncommon Allies*

Many constituencies that traditionally find themselves at odds with each other can find common ground on a range of policies designed to combat sprawl, concentrated poverty, and segregation. Identifying and nurturing such political coalitions is perhaps the key political challenge.

For example, many suburban employers (some of whom may have left their respective cities as part of the sprawling pattern of local development) are unable to find the workers they need in part because of the high cost of housing in their local communities. Often there are local developers who would like to build affordable housing and lenders who are willing to finance it, but local zoning prohibits such construction. These interests could join with anti-poverty groups, affordable housing
advocates, civil rights organizations, and others who are generally on the other side of the development table to effectively challenge traditional exclusionary suburban zoning ordinances (Squires et al., 1999).

Welfare reform advocates and affordable housing groups are often on opposing sides of political controversies yet there are common interests on which they could unite. One objective of welfare reform is to enable people who have been dependent on government services to become economically independent. For many, access to home ownership can be a critical step to achieving self-sufficiency. Together, these constituencies might be able to achieve more progress on their own priority agenda by joining forces. Similarly, school choice and fair housing groups – two groups that rarely ally – might recognize that severing the link between the neighborhood in which a family lives and the school to which children must attend may well reduce homebuyers’ concerns with neighborhood racial composition, thus reducing a barrier to both housing and school segregation while giving students more schooling options (Katz, 2003).

This is hardly meant to be exhaustive. The point is simply that there are some creative political alliances waiting to be made that can exercise a positive impact on some longstanding, and seemingly intractable problems.

**Severing the Connections**

When ten-year old Lafayette Rivers, one of two brothers living in a West Side Chicago public housing complex chronicled in Alex Kotlowitz’ award-winning book *There Are No Children Here*, described his hopes he began, “If I grow up, I’d like to be a bus driver” (Kotlowitz, 1991, p. x). Children growing up in more privileged
neighborhoods often ponder *what* they will do when they grow up, but not *if* they will grow up. The fact that place and race exert such a profound impact on one’s future, or whether there even will be a future, violates accepted notions of equal opportunity and fair play. The legitimacy of virtually all institutions is challenged when privilege is so unevenly distributed, and for reasons beyond the control of so many individuals.

The costs are not borne by the Lafayette Rivers of the world alone. The security and well-being of every community is threatened when oppositional cultures at such great variance with mainstream norms become as pervasive as they have in many cities today (Anderson, 1999; Massey and Denton, 1993; Wilson, 1996). To paraphrase David Rusk’s observation noted above, such neighborhoods defeat good programs and good intentions of all kinds, all the time.

By virtually any measure, access to the good life varies dramatically across communities in metropolitan areas today. One constant is the close association between neighborhood and race. But such disparities undermine the quality of life for residents of all areas. This threat is compounded when these patterns are the outcome of non-meritocratic factors, like the neighborhood where people live or the color of their skin. One of the researchers who participated in Russell Sage’s recent multi-city study of urban inequality concluded that, “Race is woven into the fabric of residential and industrial location choices, of hiring and wage determination, and of the human perceptions that underlie all these processes” (O’Connor, 2001, p. 28). This is one tapestry that needs to be unraveled. If policy is largely responsible for getting us where we are today, policy can help us pursue a different path tomorrow. It is time to sever the links among place, race, and privilege.
References


Kotlowitz, Alex. (1991) There Are No Children Here: The Story of Two boys Growing Up In The Other America New York: Doubleday.


