

avoid neighborhoods located near the periphery of established black areas, and display considerable reluctance to enter neighborhoods containing black residents. Although the mere presence of blacks no longer guarantees automatic racial turnover and small numbers of blacks are now dispersed outside of ghetto areas, the probability of white loss still increases steadily as the percentage of blacks rises and as distance to the ghetto falls. The basic demographic mechanisms that originally created the ghetto still appear to operate with remarkable efficiency in perpetuating it.

The ghetto has endured despite the legal banning of discrimination in housing and the significant shift in white attitudes toward accepting the principle of open housing. It has survived the emergence of an increasingly large black middle class with the means to integrate, and it has persisted despite a series of court decisions forbidding the use of public housing to promote racial segregation.

## 4

## The Continuing Causes of Segregation

Residential segregation has proved to be the most resistant to change of all realms—perhaps because it is so critical to racial change in general.

*Thomas Pettigrew, 1966*  
*review of Negroes in Cities*  
*by Karl and Alma Taeuber*

The spatial isolation of black Americans was achieved by a conjunction of racist attitudes, private behaviors, and institutional practices that disfranchised blacks from urban housing markets and led to the creation of the ghetto.<sup>1</sup> Discrimination in employment exacerbated black poverty and limited the economic potential for integration, and black residential mobility was systematically blocked by pervasive discrimination and white avoidance of neighborhoods containing blacks: The walls of the ghetto were buttressed after 1950 by government programs that promoted slum clearance and relocated displaced ghetto residents into multi-story, high-density housing projects.

In theory, this self-reinforcing cycle of prejudice, discrimination, and segregation was broken during the 1960s by a growing rejection of racist sentiments by whites and a series of court decisions and federal laws that banned discrimination in public life. The Civil Rights Act of 1964 outlawed racial discrimination in employment, the Fair Housing Act of 1968 banned racial discrimination in housing, and the *Gautreaux* and *Shannon* court decisions prohibited public authorities from placing housing projects exclusively in black neighborhoods. Despite these changes, however, the nation's largest black communities remained as segregated as ever in 1980. Indeed, many urban areas displayed a pattern of intense racial isolation that could only be described as hypersegregation.

Although the racial climate of the United States improved outwardly during the 1970s, racism still restricted the residential freedom of black Americans; it just did so in less blatant ways. In the aftermath of the civil rights revolution, few whites voiced openly racist sentiments; realtors no longer refused outright to rent or sell to blacks; and few local governments went on record to oppose public housing projects because they would contain blacks. This lack of overt racism, however, did not mean that prejudice and discrimination had ended; although racist attitudes and behaviors went underground, they did not disappear. Despite whites' endorsement of racial equality in principle, prejudice against blacks continued in subtle ways; in spite of the provisions of the Fair Housing Act, real estate agents continued to practice surreptitious but widespread discrimination; and rather than conform to court decrees, local authorities stopped building projects.

### Race versus Class: An Unequal Contest

Before exploring the continuing causes of segregation, we assess the extent to which the geographic separation of blacks and whites may be attributed to economic differences between the two groups. In the market-driven, status-conscious society of United States, affluent families live in different neighborhoods than poor families, and to the extent that blacks are poor and whites are affluent, the two groups will tend to be physically separated from one another. Is what appears to be racial segregation actually segregation on the basis of social class?

Economic arguments can be invoked to explain why levels of black-white segregation changed so little during the 1970s. After decades of steady improvement, black economic progress stalled in 1973, bringing about a rise in black poverty and an increase in income inequality.<sup>2</sup> As the black income distribution bifurcated, middle-class families experienced downward mobility and fewer households possessed the socioeconomic resources necessary to sustain residential mobility and, hence, integration. If the economic progress of the 1950s and 1960s had been sustained into the 1970s, segregation levels might have fallen more significantly. William Clark estimates that 30%-70% of racial segregation is attributable to economic factors, which, together with urban structure and neighborhood preferences, "bear much of the explanatory weight for present residential patterns."<sup>3</sup>

Arguments about whether racial segregation stems from white racism

or from economic disadvantages are part of a larger debate on the relative importance of race and class in American society. Some observers hold that black social and economic problems now stem from the unusually disadvantaged class position of African Americans; they argue that black poverty has become divorced from race *per se* and is now perpetuated by a complex set of factors, such as joblessness, poor schooling, and family instability, that follow from the transformation of cities from manufacturing to service centers.<sup>4</sup> Other investigators place greater emphasis on racism; they argue that because white prejudice and discrimination have persisted in a variety of forms, both overt and subtle, skin color remains a powerful basis of stratification in the United States.<sup>5</sup>

Since the mid-1970s, the race-class debate has gone on without definitive resolution with respect to a variety of socioeconomic outcomes: employment, wealth, family stability, education, crime. But when one considers residential segregation, the argument is easily and forcefully settled: race clearly predominates. Indeed, race predominates to such an extent that speculations about what would have happened if black economic progress had continued become moot. Even if black incomes had continued to rise through the 1970s, segregation would not have declined: no matter how much blacks earned they remained spatially separated from whites. In 1980, as in the past, money did not buy entry into white neighborhoods of American cities.

The dominance of race over class is illustrated by Table 4.1, which presents black-white dissimilarity indices for three income groups within the thirty largest black communities of the United States. These data show the degree of residential segregation that blacks experience as their family income rises from under \$2,500 per year to more than \$50,000 per year. Although we computed segregation indices for all income categories between these two extremes, in the interest of brevity we only show one middle category (\$25,000-\$27,500). Little is added by including other income groups, because black segregation does not vary by affluence.<sup>6</sup>

Among northern metropolitan areas, for example, blacks, no matter what their income, remain very highly segregated from whites. As of 1980, black families earning under \$2,500 per year experienced an average segregation index of 86, whereas those earning more than \$50,000 had an average score of 83; blacks in the middle category displayed a score of 81. This pattern of constant, high segregation was replicated in virtually all northern urban areas. In Chicago, for example, the poorest blacks displayed an index of 91; the most affluent blacks had an index

**Table 4.1** Segregation by income in thirty metropolitan areas with the largest black populations, 1980

Metropolitan area	Income category		
	Under \$2,500	\$25,000-\$27,500	\$50,000 +
<i>Northern areas</i>			
Boston	85.1	83.9	89.1
Buffalo	85.2	80.0	90.0
Chicago	91.1	85.8	86.3
Cincinnati	81.7	70.9	74.2
Cleveland	91.6	87.1	86.4
Columbus	80.3	74.6	83.4
Detroit	88.6	85.0	86.4
Gary-Hammond-E. Chicago	90.6	89.5	90.9
Indianapolis	80.8	76.6	80.0
Kansas City	86.1	79.3	84.2
Los Angeles-Long Beach	85.4	79.8	78.9
Milwaukee	91.3	87.9	86.3
New York	86.2	81.2	78.6
Newark	85.8	79.0	77.5
Philadelphia	84.9	78.6	81.9
Pittsburgh	82.1	80.6	87.9
St. Louis	87.3	78.4	83.2
San Francisco-Oakland	79.9	73.7	72.1
Average	85.8	80.7	83.2
<i>Southern areas</i>			
Atlanta	82.2	77.3	78.2
Baltimore	82.4	72.3	76.8
Birmingham	46.1	40.8	45.2
Dallas-Ft. Worth	83.1	74.7	82.4
Greensboro-Winston Salem	63.2	55.1	70.8
Houston	73.8	65.5	72.7
Memphis	73.8	66.8	69.8
Miami	81.6	78.4	76.5
New Orleans	75.8	63.1	77.8
Norfolk-Virginia Beach	70.1	63.3	72.4
Tampa-St. Petersburg	81.8	76.0	85.7
Washington, D.C.	79.2	67.0	65.4
Average	74.4	66.7	72.8

Source: Nancy A. Denton and Douglas S. Massey, "Residential Segregation of Blacks, Hispanics, and Asians by Socioeconomic Status and Generation," *Social Science Quarterly* 69 (1988):811.

of 86. In New York, the respective figures were 86 and 79; and in Los Angeles they were 85 and 79. In no northern metropolitan area did blacks earning more than \$50,000 per year display a segregation index lower than 72.

Although southern areas generally evinced lower levels of racial segregation, the basic pattern by income was the same: rising economic status had little or no effect on the level of segregation that blacks experienced. On average, segregation moved from 74 in the lowest income category to 73 in the highest, with a value of 67 in between. Segregation was particularly high and resistant to change in Atlanta, Baltimore, Dallas, Miami, and Tampa; but even in southern cities with relatively low levels of segregation, there was little evidence of a meaningful differential by income: the poorest blacks in Birmingham, Alabama, displayed a segregation index of 46, whereas the most affluent black families had a segregation index of 45.

One possible explanation for this pattern of constant segregation irrespective of income is that affluent blacks are not well informed about the cost and availability of housing opportunities in white neighborhoods. Reynolds Farley examined this possibility using special data collected in the University of Michigan's Detroit Area Survey. He found that blacks were quite knowledgeable about housing costs throughout the metropolitan area, even in distant white suburbs, and were well aware that they could afford to live outside the ghetto.<sup>7</sup> Whatever was keeping affluent blacks out of white areas, it was not ignorance.

The uniqueness of this pattern of invariant high segregation is starkly revealed when blacks are compared with Hispanics or Asians. In the Los Angeles metropolitan area, for example, the segregation index for Hispanics earning under \$2,500 in 1979 was 64, and it declined to a moderate value of 50 among those earning \$50,000 or more. In the largest Latino barrio in the United States, therefore, the poorest Hispanics were less segregated than the most affluent blacks (whose score was 79). Similarly, in the San Francisco-Oakland metropolitan area, which contains the largest concentration of Asians in the United States, the Asian-white segregation index fell from 64 in the lowest income category to 52 in the highest (compared with respective black-white indices of 86 and 79). These contrasts were repeated in cities throughout the United States: Hispanic and Asian segregation generally begins at a relatively modest level among the poor and falls steadily as income rises.<sup>8</sup>

Similar patterns are observed when segregation is examined by educa-

tion and occupation. No matter how socioeconomic status is measured, therefore, black segregation remains universally high, while that of Hispanics and Asians falls progressively as status rises. Only blacks experience a pattern of constant, high segregation that is impervious to socioeconomic influences. The persistence of racial segregation in American cities, therefore, is a matter of race and not class. The residential segregation of African Americans cannot be attributed in any meaningful way to the socioeconomic disadvantages they experience, however serious these may be.<sup>9</sup>

### Attitudes in Black and White

Even if the segregation of African Americans cannot be linked to black socioeconomic disadvantages, it does not necessarily follow that current residential patterns are involuntary. It is conceivable, for example, that high levels of segregation reflect black preferences for racial separation, and that these desires for residential homogeneity are merely expressed through urban housing markets. If most black people prefer to live in neighborhoods that are largely black, then high levels of racial segregation may correspond to black desires for self-segregation and not discrimination or prejudice.<sup>10</sup>

This line of reasoning does not square with survey evidence, however. The vast majority of black Americans express strong support for the ideal of integration, and when asked on national surveys whether they favor "desegregation, strict segregation, or something in-between" they generally answer "desegregation" in large numbers. Although support for the "in-between" option rose during the 1970s, an average of 68% favored desegregation across the decade.<sup>11</sup> Moreover, 98% of black respondents have consistently agreed that "black people have a right to live wherever they can afford to," and in 1978 71% said they would be willing to vote for a community-wide law to ban racial discrimination in housing.<sup>12</sup>

In both principle and action, therefore, blacks strongly favor the desegregation of American society. They endorse the ideal of integration, they unanimously state that people should be able to move wherever they want to regardless of skin color, and they support the passage of laws to enforce these principles. But the endorsement of abstract principles and laws does not really get at the kinds of neighborhoods that blacks actually prefer to live in, or the degree of neighborhood integration they find attractive and comfortable. The most widely cited source of information on this issue is the Detroit Area Survey.

Respondents to the survey were shown drawings of hypothetical neighborhoods with homes colored in either black or white. The percentage of black homes was systematically varied and respondents were asked how they felt about different racial compositions. Blacks expressed a strong preference for racial parity in neighborhoods: 63% chose a neighborhood that was half-black and half-white as most desirable; and 20% selected this option as their second choice (see Table 4.2). Virtually all blacks (99%) said they would be willing to live in such a neighborhood. At the same time, blacks appeared to resist strongly complete segregation: nearly a third would not be willing to move into a neighborhood that was all black, and 62% would be unwilling to enter an area that was all white. Nearly 90% ranked all-white neighborhoods as their fourth or fifth preference, and 62% placed all-black neighborhoods into one of these rankings.

Among racially mixed neighborhoods, blacks seem to prefer those with a relatively higher black percentage, other things equal. Thus the second choice of most blacks (55%) was a neighborhood that was 70% black, and only 17% selected an area where whites clearly predominated; neighborhoods that were 15% black were generally chosen as the third most desirable neighborhood. Even though blacks prefer a racial mixture of 50% black or higher, however, they are comfortable with almost any

**Table 4.2** Neighborhood preferences of black respondents to Detroit Area Survey, 1976

Neighborhood composition	Preference ranking					Percentage willing to enter such a neighborhood
	First choice	Second choice	Third choice	Fourth choice	Last choice	
All black	12%	5%	21%	35%	27%	69%
70% black	14	55	18	10	2	99
50% black	63	20	14	2	1	99
15% black	8	17	40	32	3	95
All white	2	3	7	21	66	38
Total	100%	100%	100%	100%	100%	

Sources: Reynolds Farley, Suzanne Bianchi, and Diane Colasanto, "Barriers to the Racial Integration of Neighborhoods: The Detroit Case," *Annals of the American Academy of Political and Social Science* 441 (1979):104; Reynolds Farley, Howard Schuman, Suzanne Bianchi, Diane Colasanto, and Shirley Hachtel, "Chocolate City, Vanilla Suburbs: Will the Trend toward Racially Separate Communities Continue?" *Social Science Research* 7 (1978):330.

level of integration: 95% would be willing to live in any neighborhood with a black percentage lying between 15% and 70%.

These expressed preferences for integrated living coincide with comments made by black respondents to survey interviewers, which suggest that blacks not only favor integration but are motivated by an ideological commitment to racial harmony: "When you have different kinds of people around, children understand better"; "I'd rather live in a neighborhood that is mixed—don't have any trouble, no hostility"; "It might make it better to get along with white people."<sup>13</sup> Thus black support for residential desegregation comes not simply from a desire to achieve the social and economic benefits associated with residence in a white neighborhood, which are very real, but from a real commitment to the ideal of racial integration.

Despite this ideological stance, however, blacks express considerable reluctance about entering all-white neighborhoods. On the Detroit Area Survey, for example, 66% listed this racial mixture as their last choice, and only 38% were willing to move into such an area. This apprehension does not reflect a rejection of whites or white neighborhoods per se, but stems from fears of white hostility, rejection, or even worse. Among blacks who said they would not consider moving into a white area, 34% thought that white neighbors would be unfriendly and make them feel unwelcome, 37% said they would be made to feel uncomfortable, and 17% expressed a fear of violence.<sup>14</sup> Moreover, four-fifths of black respondents rejected the view that moving into a white neighborhood constituted a desertion of the black community.<sup>15</sup>

Although the level of antiblack violence has declined since the 1920s, black apprehensions about entering white neighborhoods are by no means unfounded. Some 213 racial "hate crimes" were reported in Chicago during 1990, about half directed at blacks. These crimes included 57 incidents of battery, 18 cases of vandalism, and 28 reports of threats or racial harassment. As in the past, these incidents occurred mainly along the color line: of 1,129 hate crimes reported in Chicago during 1985-1990, half were located in ten community areas undergoing racial change.<sup>16</sup> The Los Angeles Commission on Human Relations reported 167 racially motivated hate crimes during 1989, representing an increase of 78% over the prior year. About 60% of the crimes were directed against blacks and about 70% occurred at the victim's residence. The specific complaints included 54 instances of racist graffiti or literature, 53 assaults, 34 acts of vandalism, 19 threats, 6 cross-burnings, and one case of arson.<sup>17</sup>

Blacks moving into white neighborhoods in other cities encounter similar treatment. In Philadelphia, for example, an interracial couple made national headlines in 1985 when it moved into a white working-class neighborhood and was met by an angry mob and fire bombs.<sup>18</sup> When Otis and Alva Debnam became the first blacks to buy a home in an Irish neighborhood of Boston, they experienced a sustained campaign of racial intimidation, violence, and vandalism that culminated in a pitched battle with white youths on the eve of the nation's bicentennial in 1976.<sup>19</sup> In New York City, an Italian American told the sociologist Jonathan Rieder about the treatment he and his friends gave to Puerto Rican and black families who invaded their turf: "we got them out of Canarsie. We ran into the house and kicked the shit out of every one of them."<sup>20</sup>

This evidence suggests that the high degree of segregation blacks experience in urban America is not voluntary. By large majorities, blacks support the ideal of integration and express a preference for integrated living, and 95% are willing to live in neighborhoods that are anywhere between 15% and 70% black. Those who express a reluctance to enter all-white areas do so because of realistic fears of violence and harassment. If it were solely up to them, blacks would live primarily in racially mixed neighborhoods and levels of racial segregation would be markedly lower than they presently are.

The issue is not solely up to blacks to decide, however, because their preferences interact with those of whites to produce the residential outcomes we actually observe. Even though blacks may prefer neighborhoods with a 50-50 racial mixture, desegregation will not occur if most whites find this level of racial contact unacceptable. The smaller the percentage of blacks that whites are willing to tolerate, the less likely integration becomes.

On the surface, whites seem to share this ideological commitment to open housing. According to one national survey, the percentage of whites who agree that "black people have a right to live wherever they can afford to" rose from 76% in 1970 to 88% in 1978.<sup>21</sup> The percentage of whites on another national survey who disagreed with the statement that "white people have a right to keep blacks out of their neighborhoods if they want to" increased from 53% in 1970 to 67% in 1980.<sup>22</sup> By 1978, only 5% of whites called for the strict segregation of American society.<sup>23</sup>

Clearly, by the end of the 1970s most whites had come to acknowledge the legitimacy of integration as a social goal and supported open housing as a basic principle. This ideological stance logically implies an acceptance of residential desegregation, because, given black preferences, an open

**Table 4.3** Neighborhood preferences of white respondents to Detroit Area Survey, 1976

Neighborhood composition	Percentage who would feel uncomfortable in neighborhood	Percentage who would try to move out of neighborhood	Percentage unwilling to move into neighborhood
8% black	24%	7%	27%
21% black	42	24	50
36% black	57	41	73
57% black	72	64	84

Source: Reynolds Farley, Howard Schuman, Suzanne Bianchi, Diane Colasanto, and Shirley Hatchett, "Chocolate City, Vanilla Suburbs: Will the Trend toward Racially Separate Communities Continue?" *Social Science Research* 7 (1978):335.

to leave. Once a neighborhood reached about one-third black, the limits of racial tolerance were reached for the majority of whites: 73% would be unwilling to enter, 57% would feel uncomfortable, and 41% would try to leave. At the 50-50 threshold, a neighborhood became unacceptable to all but a small minority of whites: 84% said they would not wish to enter a neighborhood that was 57% black, 64% would try to leave, and 72% would feel uncomfortable.

Whereas 63% of blacks picked a 50-50 racial mixture as the most desirable, the great majority of whites would not be willing to enter such a neighborhood and most would try to leave. Although blacks and whites may share a common commitment to "integration" in principle, this word connotes very different things to people in the two racial groups. For blacks, integration means racial mixing in the range of 15% to 70% black, with 50% being most desirable; for whites, it signifies much smaller black percentages.

This fundamental disparity between blacks and whites has been confirmed by surveys conducted in Milwaukee, Omaha, Cincinnati, Kansas City, and Los Angeles, all of which show that blacks strongly prefer a 50-50 mixture and that whites have little tolerance for racial mixtures beyond 20% black.<sup>27</sup> When the New York newspaper *Newsday* asked whites and blacks on suburban Long Island what "integration" meant to them, 64% of black respondents chose a neighborhood composition that was 40% black or higher, whereas 52% of whites selected a mixture that was 40% black or lower.<sup>28</sup> On a nationwide survey carried out by

housing market will yield substantial racial mixing within neighborhoods. But surveys also reveal inconsistencies in white attitudes. Although whites may accept open housing in principle, they remain uncomfortable about its implications in practice and are reluctant to support legislation to implement it. Moreover, negative stereotypes about black neighbors remain firmly entrenched in white psyches.

Unlike blacks, whites are more committed to open housing and residential integration in principle than in practice. Although 88% of whites in 1978 agreed that blacks have a right to live wherever they want to, only 40% in 1980 were willing to vote for a community-wide law stating that "a homeowner cannot refuse to sell to someone because of their race or skin color."<sup>24</sup> That is, as recently as 1980, 60% of whites would have voted against a fair housing law, even though one had been on the federal books for a dozen years.

Although whites may support fair housing in the abstract, their willingness to act on this ideal generally declines as the number of blacks increases. Whereas 86% of whites in 1978 said they would not move if "a black person came to live next door," only 46% stated they would not move if "black people came to live in large numbers."<sup>25</sup> Only 28% of whites in 1978 were willing to live in a neighborhood whose population was half black.<sup>26</sup>

Again, however, these questions about broad ideals and abstract principles do not really get at how whites feel about living with blacks, or how comfortable they are with different racial mixtures. When they are asked detailed questions about specific neighborhood racial compositions, it becomes very clear that whites still harbor substantial prejudice against blacks as potential neighbors, and that their tolerance for racial mixing is really quite limited.

We may summarize white neighborhood preferences using data from the Detroit Area Survey (see Table 4.3). As with blacks, whites were asked how they felt about hypothetical neighborhoods that contained black and white homes in different proportions. In their responses, whites indicated they were still quite uncomfortable with the prospect of black neighbors in practice, despite their endorsement of open housing in principle. Roughly a fourth of whites said they would feel uncomfortable in a neighborhood where 8% of the residents were black, and about the same percentage would be unwilling to enter such an area. When the black percentage reached 21%, half of all whites said they would be unwilling to enter, 42% would feel uncomfortable, and 24% would seek

Lou Harris in 1988, 69% of blacks said the races were better off living next to each other "in the long run," but only 53% of whites shared this sentiment.<sup>29</sup>

White apprehensions about racial mixing are associated with the belief that having black neighbors undermines property values and reduces neighborhood safety. According to the *Newsday* poll, 58% of Long Island's whites believe that property values fall once blacks enter a neighborhood<sup>30</sup> (in fact, evidence suggests the opposite, at least during the transition process<sup>31</sup>). Likewise, among whites in Detroit who said they would leave if blacks moved into their neighborhoods, 40% believed that property values would decrease after black entry, and 17% believed that the crime rate would rise.<sup>32</sup>

Given that a home is widely viewed as a symbol of a person's worth,<sup>33</sup> these views imply that whites perceive blacks to be a direct threat to their social status.<sup>34</sup> This interpretation is underscored by a 1985 study of white voters commissioned by the Michigan state Democratic Party. After carrying out a series of focus-group interviews in blue-collar suburbs of Detroit, the study concluded that working-class whites "express a profound distaste for blacks, a sentiment that pervades almost everything they think about government and politics. . . . Blacks constitute the explanation for their vulnerability and for almost everything that has gone wrong in their lives; not being black is what constitutes being middle class; not living with blacks is what makes a neighborhood a decent place to live."<sup>35</sup>

The belief that blacks have deleterious effects on neighborhoods is consistent with a broader set of pejorative racial stereotypes. Among whites surveyed in the San Francisco area in 1973, for example, 41% believed that blacks were less likely to take care of their homes than whites; 24% said that blacks were more likely to cheat or steal; and 14% said that blacks were more prone to commit sex crimes.<sup>36</sup> Similar results were uncovered in the Detroit Area Survey: 70% of whites believed that blacks were less likely to take good care of their house and yard; 59% believed that blacks were prone to violence; 50% felt that blacks were not as quiet as whites; and nearly half believed that blacks were less moral than whites.<sup>37</sup>

When respondents in these samples were queried about the racial beliefs of others, moreover, they saw their fellow citizens as even more racially prejudiced than themselves (or at least more prejudiced than they acknowledged themselves to be). Whereas 56% of whites in Detroit said

they would be willing to sell their house to a black family even if their neighbors objected, only 31% thought their neighbors would do the same.<sup>38</sup> Of whites in the San Francisco area, 70% said that "most Americans" believed blacks were likely to cheat or steal, and 60% said they thought that most Americans believed blacks were prone to commit sex crimes.<sup>39</sup>

These pejorative racial stereotypes are not local aberrations of San Francisco or Detroit; they are consistent with findings from recent national surveys. When Tom Smith of the University of Chicago's National Opinion Research Center asked respondents to compare blacks and other ethnic groups on a variety of personal traits in 1990, he found that 62% of nonblack respondents thought that blacks were lazier than other groups, 56% felt they were more prone to violence, 53% saw them as less intelligent, and 78% thought they were less self-supporting and more likely to live off welfare.<sup>40</sup> A 1988 survey by Lou Harris asked whites to evaluate blacks more directly, and 36% stated that blacks have less ambition than whites, 17% said they were less intelligent, 21% thought they were more likely to commit crimes, and 26% felt blacks were unable to get equal work at equal pay because they lacked a work ethic.<sup>41</sup>

Although overt expressions of racism are now publicly unacceptable, when questioned more specifically most white Americans still admit to holding a host of antiblack stereotypes. They continue to believe that blacks do not keep up their homes and are more prone to violence, and these negative images lead directly to fears that black neighbors lower property values and increase crime rates. These beliefs promote white resistance to black entry and avoidance of residential areas that contain black residents. Whites also display considerable aversion to the intimate contacts that inevitably grow out of residential proximity: 70% of whites in a 1978 national survey rejected interracial marriage on principle.<sup>42</sup> Perhaps for this reason, the negative view that whites have of black neighbors holds up even when one controls for neighborhood location, crime rate, upkeep, and cleanliness.<sup>43</sup>

The contrasting attitudes of blacks and whites create a huge disparity in the demand for housing in racially mixed neighborhoods. Given the harassment that historically has followed their entry into white areas, blacks express considerable reluctance at being the first to cross the color line. Once one or two black families have entered a neighborhood, however, black demand grows rapidly given the high value placed on integrated housing. This demand escalates as the black percentage rises to-

ward 50%, the most preferred neighborhood configuration; beyond this point, black demand stabilizes until the neighborhood reaches 70% black, after which demand falls off.

The pattern of white demand for housing in racially mixed areas follows precisely the opposite trajectory. Demand is strong for homes in all-white areas, but once one or two black families enter a neighborhood, white demand begins to falter as some white families leave and others refuse to move in. The acceleration in residential turnover coincides with the expansion of black demand, making it very likely that outgoing white households will be replaced disproportionately with black families. As the black percentage goes up, white demand drops ever more steeply as black demand rises at an increasing rate. By the time black demand peaks at the 50% mark, practically no whites are willing to enter and the majority (64%) are trying to leave. It is no surprise, therefore, that most black households relocate within areas that are at least 50% black, whereas most white families move into neighborhoods that are overwhelmingly white.<sup>44</sup> As in the past, segregation is created by a process of racial turnover fueled by the persistence of significant antiblack prejudice.

### Discrimination with a Smile

The foregoing model of racial change was essentially proposed two decades ago by Thomas Schelling.<sup>45</sup> He sought to show how rather small differences in racial tolerances between blacks and whites can lead to a high degree of residential segregation. According to the Schelling model, integration is an unstable outcome, because whites prefer somewhat lower minority proportions in neighborhoods than do blacks—even though whites might accept *some* black neighbors—and because racial preferences differ from person to person. As a result, when a black family moves into a formerly all-white neighborhood, at least one white family's tolerance threshold is exceeded, causing it to leave. Given strong black preferences for integrated housing, this departing white family is likely to be replaced by a black family, pushing the black percentage higher and thereby exceeding some other family's tolerance limit, causing it to leave and be replaced by another black family, which violates yet another white family's preferences, causing it to exit, and so on.

According to Schelling, therefore, black-white differences in racial preferences and interpersonal variability in racial attitudes build a self-perpetuating dynamic into neighborhood change that leads to rapid racial

turnover and inevitable resegregation. By itself, however, the Schelling model is incomplete. Although it accurately captures the dynamic effects of prejudice, it accepts as a given the existence of racial discrimination. Black entry leads to neighborhood racial turnover not simply because of the interaction of white and black preferences but because the model implicitly assumes a racially segmented housing market maintained by discrimination.

Whites can only avoid co-residence with blacks if mechanisms exist to keep blacks out of most white neighborhoods. They can only flee a neighborhood where blacks have entered if there are other all-white areas to go to, and this escape will only be successful if blacks are unlikely to follow. Some method must exist, therefore, to limit black entry to a few neighborhoods and to preserve racial homogeneity in the rest. Although white prejudice is a necessary precondition for the perpetuation of segregation, it is insufficient to maintain the residential color line; active discrimination against blacks must occur also.

One mechanism that traditionally has been used to defend the color line is violence, as discussed in Chapter 2. Public opinion data make it plain that African Americans are still apprehensive about integration because of the violence they expect to follow. Although racial intimidation has declined in frequency and intensity, it still operates to sustain the walls of the ghetto. As a method of social control, however, violence has its drawbacks, and over time whites have shifted tactics to adopt less overt and more socially acceptable ways of defending the color line.

The most important of these mechanisms is racial discrimination. Evidence suggests that discriminatory behavior was widespread among realtors at least until 1968, when the Fair Housing Act was passed.<sup>46</sup> After this date, outright refusals to rent or sell to blacks became rare, given that overt discrimination could lead to lawsuits and prosecution under the Fair Housing Law. Realtors were no longer free to reject black clients as they walked through the door.

The absence of overt discrimination does not mean that exclusionary practices have ended, however; rather, the character of discrimination has changed. Black home-seekers now face a more subtle process of exclusion. Rather than encountering "white only" signs, they face a covert series of barriers. Instead of being greeted with the derisive rejection "no niggers allowed," they are met by a realtor with a smiling face who, through a series of ruses, lies, and deceptions, makes it hard for them to learn about, inspect, rent, or purchase homes in white neighborhoods.



Black clients who inquire about an advertised unit may be told that it has just been sold or rented; they may be shown only the advertised unit and told that no others are available; they may be shown only houses in black or racially mixed areas and led systematically away from white neighborhoods; they may be quoted a higher rent or selling price than whites; they may be told that the selling agents are too busy and to come back later; their phone number may be taken but a return call never made; they may be shown units but offered no assistance in arranging financing; or they may be treated brusquely and discourteously in hopes that they will leave.<sup>47</sup>

Although each individual act of discrimination may be small and subtle, together they have a powerful cumulative effect in lowering the probability of black entry into white neighborhoods. Because the discrimination is latent, however, it is usually unobservable, even to the person experiencing it. One never knows for sure. It may be true, for example, that the agent has no additional units to show the client right then, or that all agents are indeed busy. The only way to confirm whether or not discrimination has occurred is to compare the treatment of black and white clients who have similar social and economic characteristics. If white clients receive systematically more favorable treatment, then we conclude that discrimination has taken place.

Differences in the treatment of white and black home seekers are determined by means of a housing audit. Teams of white and black auditors are paired and sent to randomly selected realtors to pose as clients seeking a home or apartment. The auditors are trained to present comparable housing needs and family characteristics, and to express similar tastes; they are assigned equivalent social and economic traits by the investigator. Typically the order of presentation is varied so that half the time the black auditor goes first, and the other half of the time the white auditor leads off. A sufficient span of time is left between encounters to prevent realtors from growing suspicious and linking the two cases. After each encounter, the auditors fill out a detailed report of their experiences and the results are tabulated and compared to determine the nature and level of discrimination.<sup>48</sup>

Local fair housing organizations began to carry out audit studies toward the end of the 1960s, and these efforts quickly revealed that discrimination against blacks continued despite the Fair Housing Law. A 1969 audit of realty companies in St. Louis, for example, documented a pattern and practice of discrimination that was sufficient to force four

realtors to sign a consent decree with the U.S. Department of Justice wherein they agreed to change their behavior. A 1971 audit study carried out in Palo Alto, California, found that blacks were treated in a discriminatory fashion by 50% of the area's apartment complexes; and a 1972 audit of apartments in suburban Baltimore uncovered discrimination in more than 45% of the cases.<sup>49</sup>

Systematic housing discrimination apparently continued into the 1980s. A series of audits carried out in the Chicago metropolitan area, for example, confirmed that realtors still employed a variety of exclusionary tactics to keep blacks out of white neighborhoods. In one 1983 study, suburban realtors showed homes to 67% of white auditors but to only 47% of black auditors.<sup>50</sup> Another study done in 1985 revealed that whites were offered financial information at nearly twice the rate of blacks.<sup>51</sup> One developer working near Chicago's South Side black community refused to deal with blacks at all: blacks were *always* told that no properties were available, even though 80% of whites were shown real estate.<sup>52</sup> In the same 1988 study, realtors told 92% of whites that apartments were available but gave this information to only 46% of blacks.

Given its unusual history of racial animosity, Chicago might be dismissed as an extreme case, but audit studies of other metropolitan areas reveal similar patterns of racial discrimination. According to John Yinger's review of audit studies carried out in metropolitan Boston and Denver during the early 1980s, black home seekers had between a 38% and a 59% chance of receiving unfavorable treatment compared with whites on any given real estate transaction.<sup>53</sup> Through various lies and deceptions, blacks were informed of only 65 units for every 100 presented to whites, and they inspected fewer than 54 for every 100 shown to whites.

In 1987 George Galster wrote to more than two hundred local fair housing organizations and obtained written reports of seventy-one different audit studies carried out during the 1980s: twenty-one in the home sales market and fifty in the rental market.<sup>54</sup> Despite differences in measures and methods, he concluded that "racial discrimination continues to be a dominant feature of metropolitan housing markets in the 1980s."<sup>55</sup> Using a very conservative measure of bias, he found that blacks averaged a 20% chance of experiencing discrimination in the sales market and a 50% chance in the rental market.

Studies have also examined the prevalence of "steering" by real estate agents in different urban areas. Racial steering occurs when white and

black clients are guided to neighborhoods that differ systematically with respect to social and economic characteristics, especially racial composition. A study carried out in Cleveland during the early 1970s found that 70% of companies engaged in some form of racial steering;<sup>56</sup> and an examination of realtors in metropolitan Detroit during the mid-1970s revealed that, compared to whites, blacks were shown homes in less-expensive areas that were located closer to black population centers.<sup>57</sup>

Galster studied six real estate firms located in Cincinnati and Memphis and found that racial steering occurred in roughly 50% of the transactions sampled during the mid-1980s. As in the Detroit study, homes shown to blacks tended to be in racially mixed areas and were more likely to be adjacent to neighborhoods with a high percentage of black residents. White auditors were rarely shown homes in integrated neighborhoods unless they specifically requested them, and even after the request was honored, they continued to be guided primarily to homes in white areas. Sales agents also made numerous positive comments about white neighborhoods to white clients but said little to black home buyers.<sup>58</sup> In a broader review of thirty-six different local audit studies, Galster discovered that such selective commentary by agents is probably more common than overt steering.<sup>59</sup>

These local studies, however suggestive, do not provide a comprehensive assessment of housing discrimination in contemporary American cities. The only entity capable of undertaking this task is the federal government, and the first such effort was mounted by the U.S. Department of Housing and Urban Development (HUD) in 1977. The study covered forty metropolitan areas chosen to represent those areas with central cities that were at least 11% black. The study confirmed the results of earlier local housing audits and demonstrated that discrimination was not confined to a few isolated cases. Nationwide, whites were favored on 48% of transactions in the sales market and on 39% of those in the rental market.<sup>60</sup>

The HUD audit was large enough to develop measures of racial discrimination for a variety of different metropolitan areas. Among the thirty metropolitan areas discussed in Chapter 3, twelve were audited by HUD and the results are summarized in Table 4.4. Our index of discrimination is the percentage of real estate transactions in which whites were clearly favored.<sup>61</sup> Corresponding to overall patterns of segregation, discrimination appears to be more severe in the north than in the south. On average, whites in northern urban areas received more favorable treatment from

**Table 4.4** Probability of encountering racial discrimination in selected U.S. metropolitan housing markets, 1977

Metropolitan area	Percentage of encounters where whites are favored		Number of audits	
	Rental units	Sales units	Rental units	Sales units
<i>Northern areas</i>				
Boston	46%	43%	119	78
Cincinnati	48	65	29	48
Columbus	52	63	29	40
Detroit	67	64	30	51
Indianapolis	64	54	28	50
Los Angeles	63	42	30	50
Milwaukee	32	53	108	80
New York	45	50	29	50
Average	52	54	50	56
<i>Southern areas</i>				
Atlanta	45	42	110	73
Dallas	40	41	114	80
Louisville	40	46	30	39
Tampa—St. Petersburg	53	34	30	44
Average	45	41	71	59

Source: Ronald Wienk, Cliff Reid, John Simonson, and Fred Eggers, *Measuring Racial Discrimination in American Housing Markets: The Housing Market Practices Survey* (Washington, D.C.: U.S. Department of Housing and Urban Development, 1979), pp. ES-21, ES-23.

Note: White favoritism defined to occur when white auditor receives favorable treatment on at least one of the following items and black auditors receive favorable treatment on none: housing availability, courtesy to client, terms and conditions of sale or rental, information requested of client, information supplied to client.

realtors in 52% of rental transactions and in 54% of sales transactions, whereas in southern cities the figures were 45% and 41%, respectively.<sup>62</sup> Blacks experienced an especially high degree of bias in the rental markets of Detroit, Indianapolis, and Los Angeles and in the sales markets of Cincinnati, Columbus, and Detroit. Blacks in these areas had at least a 60% chance of receiving unfavorable treatment on any given real estate transaction.

After a long hiatus, the 1977 HUD audit survey was replicated in 1988. Twenty audit sites were randomly selected from among metropolitan areas having a central city population exceeding 100,000 and a black percentage of more than 12%. Real estate ads in major metropolitan newspapers were randomly sampled and realtors were approached by auditors who inquired about the availability of the advertised unit; they also asked about other units that might be on the market. The Housing Discrimination Study (HDS) covered both the rental and the sales markets, and the auditors were given incomes and family characteristics appropriate to the housing unit advertised.<sup>63</sup>

The typical advertised unit was located in a white, middle to upper-class area, as were most of the real estate offices; few homes were in black or racially mixed neighborhoods. Even after controlling for the social and economic composition of its neighborhood, race was a strong predictor of whether or not a unit was advertised in the newspaper.<sup>64</sup> George Galster and his colleagues found a similar bias in the real estate ads of one large company in Milwaukee from 1981 to 1984.<sup>65</sup> Compared with homes in white areas, those in racially mixed or black areas were much less likely to be advertised, much more likely to be represented by one-line ads when they appeared, and much less likely to be favorably described. Real estate companies, it appears, do a poor job advertising and marketing homes in racially mixed neighborhoods, thereby restricting white demand for integrated housing and promoting segregation.

The HDS provides little evidence that discrimination against blacks has declined since the first nationwide assessment in 1977.<sup>66</sup> Indeed, results suggest that the earlier HUD study understated both the incidence and the severity of housing discrimination in American cities. This understatement occurred because the earlier methodology rested on several false assumptions about the effect of random errors in housing audits, and because the earlier analyses failed to control for the opportunity to discriminate.<sup>67</sup>

John Yinger analyzed the 1988 HDS audit data and applied statistical techniques that corrected for these methodological defects. Although the sample size of the HDS audit was not large enough to generate measures for specific metropolitan areas, the national estimates he derived proved to be much higher than those reported in earlier studies. According to his findings, housing was systematically made more available to whites in 45% of the transactions in the rental market and in 34% of those in

the sales market. Whites also received more favorable credit assistance in 46% of sales encounters, and were offered more favorable terms in 17% of rental transactions.<sup>68</sup>

When housing availability and financial assistance were considered together, the likelihood of discrimination rose to 53% in both the rental and sales markets.<sup>69</sup> The sales audits also assessed the frequency of racial steering—or the systematic guiding of black clients to black or mixed neighborhoods and whites to white neighborhoods—and when this form of discrimination was considered as well, the likelihood that a black client would experience discrimination in the sales market rose to 60%.<sup>70</sup> Because these figures refer to the odds on any single visit to a realtor, over a series of visits they cumulate to extremely high probabilities—well over 90% in three visits. In the course of even the briefest search for housing, therefore, blacks are almost certain to encounter discrimination.

In addition to measuring the incidence of discrimination (i.e., the percentage of encounters where discrimination occurs), the HDS study also measured its severity (the number of units made available to whites but not to blacks). Table 4.5 summarizes Yinger's estimates of severity with respect to the availability of housing.<sup>71</sup> Because real estate agents were sampled through newspaper ads, the table presents estimates separately for advertised units and other housing units. These estimates control directly for the opportunity to discriminate, because if an agent truly has

**Table 4.5** Severity of discrimination with respect to housing availability in U.S. metropolitan housing markets, 1988

Kind of discrimination	Probability that an additional unit was presented to white but not to black auditor			
	Rental units		Sales units	
	Advertised unit	Other units	Advertised unit	Other units
Inspected units	65%	62%	66%	76%
Recommended units	91	90	89	80
Total available units	64	75	88	76

Source: John Yinger, *Housing Discrimination Study: Incidence of Discrimination and Variation in Discriminatory Behavior* (Washington, D.C.: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 1991), Tables 42 and 44.

no additional units to offer clients, then blacks and whites *must* be treated equally no matter what the agent's proclivity for discrimination. Only if a realtor has additional units to show will he or she be in a position to discriminate against blacks by inviting them to see fewer units than whites, a consideration that needs to be taken into account in estimating the severity of discrimination.

The severity of housing discrimination is such that blacks are systematically shown, recommended, and invited to inspect many fewer homes than comparably qualified whites. As a result, their access to urban housing is substantially reduced. Among advertised rental units, the likelihood that an additional unit was shown to whites but not to blacks was 65%, and the probability that an additional unit was recommended to whites but not to blacks was 91%. The HDS auditors encountered equally severe bias in the marketing of nonadvertised units: the likelihood that an additional unit was inspected by whites only was 62%, whereas the probability that whites alone were invited to see another unit was 90%. Comparable results were found in urban sales markets, where the severity of discrimination varied from 66% to 89%. Thus, no matter what index one considers, between 60% and 90% of the housing units made available to whites were not brought to the attention of blacks. Yinger's estimates suggest that when realtors have a chance to discriminate, they usually do.

The 1988 HDS audit found equally severe discrimination in the provision of credit assistance to home buyers. Out of every 100 additional opportunities that agents took to discuss a fixed-rate mortgage, 89 of the discussions were with whites alone, and out of 100 times that adjustable rate loans were brought up, in 91 of the cases blacks were excluded from the discussion.<sup>72</sup> Blacks not only see fewer homes and get fewer recommendations, therefore, they also have more difficulty arranging financing.

Although racial steering proved not to be as widespread or severe as other forms of discrimination, the HDS did find that blacks are guided to areas that are less affluent and less predominantly white than those where white home buyers are taken. The study developed a composite index to assess the prevalence of steering with respect to three neighborhood attributes: racial composition, per capita income, and median home values. Steering was defined to occur if, compared with white auditors, blacks were shown homes in areas that had more minorities, lower home values, or lower median incomes. Defined in this way, systematic steering

occurred in about one of every three encounters beyond the advertised unit.<sup>73</sup>

These rigorous nationwide findings only confirm what blacks have been saying for years: that housing discrimination has continued despite the 1968 Fair Housing Act. In one national survey carried out in 1977, 74% of blacks said they perceived discrimination in housing.<sup>74</sup> When queried in 1990 by *Newsday* about housing conditions on suburban Long Island, one-fifth of black respondents said they had experienced discrimination while trying to rent an apartment, and 21% said they had encountered bias while trying to buy a house.<sup>75</sup> Nearly a quarter of blacks interviewed in a 1989 *USA Today* poll said they had encountered prejudice while seeking housing, and the number rose to 36% among blacks with incomes over \$50,000 (the group most likely to attempt integration).<sup>76</sup> Nearly two-thirds of blacks responding to a 1988 Lou Harris poll thought they fared less well with respect to housing than other groups with the same income and education.<sup>77</sup> Given the subtlety of housing bias today, moreover, these figures most likely underrepresent the extent of discrimination these respondents actually experienced.

The black ghetto, however, was maintained not only by the discriminatory actions of real estate agents but also by the racially biased practices of financial institutions. As described in Chapter 2, various federal banking agencies, contributed to the institutionalization of racial discrimination by rating anyplace in or near a black neighborhood as not worthy of credit. Areas containing minorities were systematically cut off from mortgage monies and home improvement loans.<sup>78</sup>

Government-produced rating maps continue not only to influence the provision of federally insured loans but to serve as important guides for private lending decisions.<sup>79</sup> In their survey of banking practices in Boston during the mid-1970s, for example, Harriet Taggart and Kevin Smith several times stumbled on FHA maps in bank offices that delineated minority neighborhoods in certain cities as "high risk areas" with "adverse environmental factors" and "questionable economic viability."<sup>80</sup> As late as 1970, examiners from the Federal Home Loan Bank Board routinely red-lined postal zipcode areas in which the percentage of blacks was rising.<sup>81</sup>

Until quite recently, it was difficult to measure precisely the extent of the disinvestment in black, inner-city neighborhoods; neither the government nor private lending institutions published information on the number and size of loans made to different areas of cities. Only one study,

that of Karen Orren, was able to document conclusively the withdrawal of funds from black neighborhoods, and it covered a rather specialized segment of the credit industry.

Orren obtained information on mortgages held by life insurance companies in different census tracts of Cook County, Illinois, between 1935 and 1966. Her analysis revealed that black neighborhoods were completely cut off from life insurance mortgage funds until 1955, and after that date only token investments were made.<sup>82</sup> As the number of minority tracts increased through black in-migration, moreover, larger and larger shares of the city were marked for disinvestment. The percentage of city tracts that received *no* mortgage money rose from 23% in 1945-1954 to 30% in 1955-1964, and finally reached 67% during 1965-1966.<sup>83</sup> By the mid-1960s, life insurance companies had virtually written off the city and shifted their lending portfolios to the suburbs. This decision was taken primarily on racial grounds. As one company executive put it: "There is one big fear—that the city of Chicago will be controlled by minorities."<sup>84</sup>

The ability to detect and measure racial bias in home lending was improved in 1975 when Congress passed, over the protests of the banking industry, the Home Mortgage Disclosure Act, which requires depository institutions to identify the number and size of the loans they make to specific neighborhoods. Since then researchers have carried out detailed studies of mortgage lending practices. Most of these analyses use statistical models to predict the number and size of loans made within different census tracts based on their geographic location, social traits, and economic characteristics. If racial composition remains a significant predictor after these characteristics are held constant, investigators suspect that some form of racial discrimination is at work.

Despite the diverse array of characteristics that have been controlled in different studies, one result consistently emerges: black and racially mixed neighborhoods receive less private credit, fewer federally insured loans, fewer home improvement loans, and less total mortgage money than socioeconomically comparable white neighborhoods.<sup>85</sup> A study in Boston, for example, found that the ratio of loans to potentially mortgageable housing units was significantly lower in black areas, even after taking into account neighborhood characteristics such as median income, wealth, housing value, and local development activity. After these factors were controlled, a 24% gap in lending rates remained between black and white areas.<sup>86</sup> Another study in Boston compared the amount of money

deposited in neighborhood savings institutions with the amount of money reinvested in the neighborhood through mortgages and found a substantial exportation of funds from the city to the suburbs; the level of disinvestment was especially pronounced in minority neighborhoods.<sup>87</sup>

Many early studies of home lending were criticized for not adequately adjusting for differences in housing demand between white and black neighborhoods.<sup>88</sup> When studies have attempted to control directly for demand conditions, however, they have still uncovered a systematic bias against black and racially mixed neighborhoods.<sup>89</sup> Richard Hula, for example, used a series of economic indicators to derive the distribution of loans that should have occurred through the market in Dallas County, Texas. He then compared this market distribution with the observed distribution of loans and found that white suburban neighborhoods were characterized by a relative surplus of mortgage capital whereas black and inner-city areas experienced a sizeable deficit. Moreover, the shortfall tended to increase as the percentage of blacks grew; and those areas that received the most mortgage money were those where the percentage of blacks was *declining*.<sup>90</sup>

As Hula's study of Dallas suggests, the degree of disinvestment depends partly on the relative number of blacks involved. In their study of FHA lending patterns in Milwaukee between 1983 and 1984, Gregory Squires and William Velez found that city loan activity followed a U-shaped pattern as the black percentage changed.<sup>91</sup> Loan activity was high in all-white neighborhoods, fell to a minimum at around 55% black, and then increased somewhat. Other studies report similar a pattern: recently integrated tracts with modest black populations experience the greatest underinvestment compared with areas that are either predominantly white or predominantly black.<sup>92</sup> Banks appear to be most apprehensive about the instability associated with neighborhood change. Faced with initial black in-migration, banks reduce credit; but once a stable black neighborhood has been achieved, credit is increased to a level closer to market demand (although never to the same level as in white neighborhoods).

The failure to support recently integrated neighborhoods with credit, therefore, institutionally restricts white demand for racially mixed neighborhoods and builds resegregation structurally into urban housing markets. Not only does a neighborhood's racial composition affect the *amount* of mortgage money loaned, however, it also determines the *kind* of credit it receives. Anne Shlay found that conventional home mortgages flowed

mainly to suburbs and gentrified parts of the city of Chicago during 1980 to 1983, while minority neighborhoods in the inner city depended on FHA financing, a pattern that has been observed by other investigators as well.<sup>93</sup> Shlay also showed that FHA loans did not compensate for the shortfall in conventional mortgages, and that black neighborhoods received significantly less investment as a result. This systematic disinvestment in black neighborhoods was not related to the age of housing, but was clearly attributable to racial composition.

Given the widespread attention paid to the effect of neighborhood composition on lending rates, there are surprisingly few examinations of discrimination against blacks as individuals. One study by Harold Black and Robert Schweitzer examined mortgage loan applications to a "large commercial bank" in a "large metropolitan area" during the first six months of 1978. After controlling for various social, economic, and neighborhood characteristics, they found that whites received systematically lower interest rates and longer repayment periods.<sup>94</sup>

In 1989, reporters working for the *Atlanta Constitution* carried out what is perhaps the largest single study of racial discrimination in home lending ever conducted in the United States.<sup>95</sup> Using data obtained through the Freedom of Information Act, they systematically examined 10 million applications to savings and loan associations between 1983 and 1988. They found that blacks were substantially disadvantaged in the loan application process compared with other groups. The overall rejection rate was 1.1% for whites but 24% for blacks; and in three of the five years examined, high-income blacks were rejected more often than low-income whites in thirty-five metropolitan areas. Although long-term trends in rejection rates could be charted only within seventeen metropolitan areas, the racial differential was widening in thirteen areas, including Atlanta, Baltimore, Buffalo, Chicago, Cleveland, Memphis, Tampa, and Washington, D.C.

Similarly, the *New York Times* reported in 1991 that unpublished data from the Federal Reserve showed dramatic racial disparities in loan-rejection rates that could not be explained by income.<sup>96</sup> The Manufacturers Hanover Trust Company of New York, for example, rejected 43% of its mortgage applications from high-income blacks, but only 18% from high-income whites. Similarly, NCNB Bank of Texas rejected 36% of its middle-income black applicants in Houston but only 13% of middle-income whites; and the rejection rate for blacks seeking mortgages from the Bank of America in San Francisco was 39% for blacks, but 26% for whites.

These results confirm statements made by black respondents to social survey interviewers. According to Louis Pol and his colleagues, a significantly higher percentage of blacks than whites say they expect to encounter discrimination in the home lending market. This anticipated discrimination, in turn, plays an important role in lowering the probability that an individual black family will own a home.<sup>97</sup> Seeing the cards so obviously stacked against them, many otherwise qualified African Americans simply abandon their quest to purchase a home without really trying.

### The Continuing Significance of Race

Putting together the trends in segregation discussed in Chapter 3 with the evidence on prejudice and discrimination reviewed here leads to three conclusions. First, residential segregation continues unabated in the nation's largest metropolitan black communities, and this spatial isolation cannot be attributed to class. Second, although whites now accept open housing in principle, they have not yet come to terms with its implications in practice. Whites still harbor strong antiblack sentiments and they are unwilling to tolerate more than a small percentage of blacks in their neighborhoods. Third, discrimination against blacks is widespread and continues at very high levels in urban housing markets.

Although these conclusions may provide a damning indictment of theoretically "color-blind" markets, they do not conclusively prove that prejudice and discrimination cause segregation. The persistence of prejudice, discrimination, and segregation in American cities strongly suggests a possible causal connection, but a mere coincidence of trends does not necessarily link racist attitudes and behaviors to segregation. We have shown only that three conceptually related conditions persist across time, not that they are causally connected.

Fortunately, several studies have been carried out to document and quantify the link between discrimination, prejudice, and segregation. Using data from the 1977 HUD audit study, George Galster related cross-metropolitan variation in housing discrimination to the degree of racial segregation in different urban areas.<sup>98</sup> He confirmed the empirical link between discrimination and segregation, and he also discovered that segregation itself has important feedback effects on socioeconomic status.<sup>99</sup> Not only does discrimination lead to segregation, but segregation, by restricting economic opportunities for blacks, produces interracial economic disparities that incite further discrimination and more segregation.

Galster has also shown that white prejudice and discrimination are

connected to patterns of racial change within neighborhoods. In a detailed study of census tracts in the Cleveland area, he found that neighborhoods that were all white or racially changing evinced much higher rates of discrimination than areas that were stably integrated or predominantly black.<sup>100</sup> The pace of racial change was also strongly predicted by the percentage of whites who agreed with the statement that "white people have a right to keep blacks out of their neighborhoods." Areas with a high degree of racist sentiment experienced systematic white population loss after only a few blacks had entered, and the speed of transition accelerated rapidly after the population became only 3% black. Tracts where whites expressed a low degree of racist sentiment, however, showed little tendency for white flight up to a population composition of around 40% black.<sup>101</sup>

These studies confirm a strong link between levels of prejudice and discrimination and the degree of segregation and spatial isolation that blacks experience. The accumulated information on the persistence of prejudice, the continuation of discrimination, and their close connection to racial segregation underscore the continued salience of race in American society and suggest that race remains the dominant organizing principle of U.S. urban housing markets. When it comes to determining where, and with whom, Americans live, race overwhelms all other considerations.

This conclusion, however, may appear to be challenged by certain trends in segregation we have not fully explored here. By focusing on the largest black communities in the United States, does our analysis overstate the persistence of racial segregation? By concentrating on large, older industrial areas in the northeast and midwest, we fail to mention a substantial and marked decline in black segregation that occurred in some small and mid-sized metropolitan areas in the south and west. In fact, the level of black-white segregation fell by more than 10 points in twenty-two of the sixty largest metropolitan areas between 1970 and 1980.<sup>102</sup> Consistent with this finding, Barrett Lee and his colleagues report that, by the 1980s, racial turnover was relatively unlikely in the neighborhoods of smaller southern and western cities.<sup>103</sup>

Such large and widespread declines in segregation are unprecedented in urban America, and they led Reynolds Farley to conclude that they are "indicative of declining racism."<sup>104</sup> Scott McKinney has similarly concluded that "the decade of the 1970s witnessed substantial progress in integrating residential neighborhoods in metropolitan areas."<sup>105</sup> We be-

lieve, however, that rather than indicating significant racial progress, these declines in segregation paradoxically confirm the persisting significance of race in the United States. Instead of indicating an end to prejudice, they more accurately reveal the new character that prejudice has assumed.

As we discussed earlier, although large majorities of whites agree that people should be free to live wherever they want to regardless of skin color, most would not vote for a community law to implement this principle, and most would not want to live in a neighborhood where more than a small percentage of the families were black. This ambivalent attitude implies entirely different behaviors and outcomes in urban areas with large and small black populations.<sup>106</sup>

If whites accept integration in principle but remain fearful of living with blacks in practice, then blacks are more likely to be tolerated as neighbors when they constitute a small share of the population than when they are a relatively large proportion. When the number of blacks is small, an open housing market yields neighborhood racial compositions that are within the limits of white tolerance, and fears of resegregation are muted by the small number of potential black in-migrants. In a city with a large black population, however, an open market generates neighborhood racial compositions that are unacceptable to the vast majority of whites, and fears of resegregation are strong because the number of blacks seeking entry is potentially very large.

As the proportion of blacks in an urban area rises, therefore, progressively higher levels of racial segregation must be imposed in order to keep the probability of white-black contact within levels that are tolerable to whites.<sup>107</sup> In urban areas where racial composition is such that open housing can be implemented without threatening white preferences for limited contact with blacks, desegregation should occur; but in areas where relatively large numbers of blacks imply a high degree of black-white mixing under an open market, racial segregation will be maintained.<sup>108</sup>

This is precisely what happened in American metropolitan areas during the 1970s. Virtually all of the areas that experienced sharp declines in segregation had small black percentages, so that in spite of rapid desegregation, the probability of white-black contact within neighborhoods did not increase noticeably. In Tucson, for example, the level of black-white segregation fell by 24 points between 1970 and 1980 (from 71 to 47), but because the percentage of blacks in the metropolitan area was so

small (under 3%), the probability of white-black contact rose only from .017 to .021.<sup>109</sup> Despite the massive desegregation of Tucson's black community, in other words, the percentage of blacks in the neighborhood of the average white resident moved only from 1.7% to 2.1%.

In U.S. metropolitan areas, the likelihood of white-black contact rarely exceeds 5% no matter what the trends in segregation have been. Douglas Massey and Andrew Gross have derived a formula that computes the degree of segregation that is required to keep neighborhood racial mixtures at 5% black or less.<sup>110</sup> Their formula depends primarily on the relative number of blacks in the metropolitan area: when the black percentage is low, little or no segregation needs to be applied to keep white-black contact within limits tolerable to most whites; but as the black percentage increases, progressively higher levels of segregation must be enforced to keep neighborhood racial compositions within these bounds.

According to their calculations, essentially no residential segregation needed to be imposed on blacks to keep the likelihood of white-black contact under 5% in areas such as Denver, Seattle, Tucson, and Phoenix, where large declines did take place, but levels of 85 or above were required in Chicago, Cleveland, Detroit, Philadelphia, and New York, precisely those areas where little change occurred. In statistical terms, the hypothetical level of segregation required to keep white-black contact low strongly predicted whether or not a decline, in fact, occurred, and the extent of the decline was strongly correlated with the size of the shift.<sup>111</sup> Desegregation only occurred in those metropolitan areas where the number of blacks was relatively small and where an open housing market would not lead to significant racial mixing within neighborhoods.

The persisting significance of race can be demonstrated in one final way: by considering patterns of segregation among Caribbean Hispanics. In the United States, this group consists mainly of Puerto Ricans and Cubans, but also includes Dominicans, Panamanians, and others. Caribbean Hispanics are distinguished from native whites by their use of the Spanish language, their common Spanish colonial heritage, their Latin Catholicism, and their remarkable racial diversity. Owing to a unique history of slavery and miscegenation quite distinct from that in the United States, Hispanics originating in the Caribbean region display a wide variety of racial characteristics and identities: some consider themselves black, others call themselves white, and large numbers identify themselves as something in-between black and white, a mixture of European and African origins.<sup>112</sup>

This racial diversity creates a natural experiment that allows us to examine the effects of race on segregation while holding ethnicity constant. Caribbean Hispanics of all races entered the United States under similar conditions and have the same cultural background, class composition, and family characteristics. Indeed, dark-skinned and light-skinned Hispanics are frequently members of the same family; what differentiates them is race and the way that it is treated in U.S. housing markets. If black and racially mixed Hispanics prove to be more segregated than white Hispanics, this fact cannot easily be attributed to different preferences or tastes. Rather, the segregation of African-origin Hispanics provides strong proof of the crucial role of race in determining residential outcomes.

We compiled segregation indices for Hispanics in ten metropolitan areas where Latinos of Caribbean origin predominate (see Table 4.6). Hispanic-white dissimilarity indices are calculated for three different Hispanic racial groups: those who said they were white, those who said they were black, and those who identified themselves as something in-between. From these figures, it is apparent that race is a powerful determinant of segregation, even among an otherwise homogeneous ethnic

**Table 4.6** Indices of segregation of Hispanics in three racial groups from whites in ten metropolitan areas, 1980

Metropolitan area	White Hispanics		Mixed-race Hispanics		Black Hispanics	
	White Hispanics	Mixed-race Hispanics	White Hispanics	Black Hispanics	White Hispanics	Black Hispanics
Boston	44.8	79.0	79.0	85.1		
Chicago	57.0	74.0	74.0	85.2		
Jersey City	49.0	54.3	54.3	68.1		
Los Angeles	53.2	64.0	64.0	77.0		
Miami	51.9	66.2	66.2	71.5		
Nassau-Suffolk	31.7	63.2	63.2	79.4		
New York	56.7	76.8	76.8	81.1		
Newark	61.8	78.1	78.1	84.2		
Paterson	67.4	80.0	80.0	83.8		
Philadelphia	45.7	83.4	83.4	84.4		
Average	51.9	71.9	71.9	80.0		

Source: Nancy A. Denton and Douglas S. Massey, "Racial Identity among Caribbean Hispanics: The Effect of Double Minority Status on Residential Segregation," *American Sociological Review* 54 (1980):803.



## The Creation of Underclass Communities

group. The average level of segregation increases steadily as one moves from white Hispanics, with an index of 52, to mixed-race Hispanics, with an index of 72, to black Hispanics, whose index of 80 is comparable to that observed for black Americans.

The New York metropolitan area houses the largest single concentration of Caribbeans in the United States. Here white Hispanics are moderately segregated from whites at 57, whereas those who are black or racially mixed are highly segregated at 81 and 77, respectively. Similar patterns are replicated in all of the other metropolitan areas, a contrast that persists even when adjustments are made for socioeconomic differences between the racial categories.<sup>113</sup> And John Yinger has shown, using 1988 HDS audit data, that dark-skinned Hispanics are significantly more likely to encounter discriminatory treatment in metropolitan housing markets than are those with light skin, a finding that has been replicated in at least one local study.<sup>114</sup>

When it comes to housing and residential patterns, therefore, race is the dominant organizing principle. No matter what their ethnic origin, economic status, social background, or personal characteristics, African Americans continue to be denied full access to U.S. housing markets. Through a series of exclusionary tactics, realtors limit the likelihood of black entry into white neighborhoods and channel black demand for housing into areas that are within or near existing ghettos. White prejudice is such that when black entry into a neighborhood is achieved, that area becomes unattractive to further white settlement and whites begin departing at an accelerated pace. This segmentation of black and white housing demand is encouraged by pervasive discrimination in the allocation of mortgages and home improvement loans, which systematically channel money away from integrated areas. The end result is that blacks remain the most spatially isolated population in U.S. history.

The pathologies of the ghetto community perpetuate themselves through cumulative ugliness, deterioration, and isolation and strengthen the Negro's sense of worthlessness.

*Kenneth B. Clark*

The mass migration of blacks from the rural south to the industrial north during the early twentieth century radically transformed urban black life.<sup>1</sup> In the space of a few years, a small, dispersed, and integrated community became a large, compact, and highly segregated ghetto. Before the great migration, northern blacks were led by an elite of professionals, artisans, and service workers who catered to whites and maintained close ties to the white upper class; afterward the black community was dominated by an elite of business owners and politicians whose economic base lay in the black community itself and who were indifferent to the larger white world.

The ghettoization of black America seemed to resolve, for a time, the simmering debate between the adherents of W. E. B. Du Bois and Booker T. Washington. The rise of a large, segregated black community in the north seemed to offer the fulfillment of Washington's dreams. The ghetto constituted a city within a city that supported a parallel economy of black-owned banks, real estate companies, newspapers, shops, stores, theaters, nightclubs, and factories.<sup>2</sup> The emergence of the ghetto also gave rise to a vibrant culture, symbolized by the "Harlem Renaissance" and its "New Negroes," who glorified the popular culture of southern blacks.<sup>3</sup>

Despite jeremiads from members of the old, northern-born black elite about hardening racism, worsening slums, and the economic fragility of