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Race, Place, and Opportunity

Where we live influences our life chances. Too many blacks still live in concentrated poverty.

JOHN A. POWELL | *September 22, 2008*

We live our lives trying to gain as much opportunity as our circumstances will allow. Space and place have always been important to pathways (and roadblocks) to opportunity, but they became even more important for the distribution of opportunity after World War II, when national policies began to shape the racial dimensions of housing and economic development. Today, we live with the legacies of a deliberately segregated past.

Where you live usually determines the school your children attend, your degree of neighborhood safety, your access to public transportation or highways, the availability and quality of finance and credit, your employment opportunities, and your social network. These spatial arrangements of opportunity are contoured by our past, and if not changed, they will have serious implications for our future. The geography of opportunity has significant influence on the choices available to us as well as on the shape of the culture we inhabit. Unfortunately, in our society these arrangements continue to carry a footprint of race whether currently intended or not. We can tell much about someone's life opportunity by his or her zip code.

These differences play out not only in our neighborhoods but also at the city and state levels. At all levels, places with the weakest support for schools, unemployment insurance, and health benefits tend to be geographically and racially concentrated. There is a strong correlation among location, weak economic opportunity, and race. Blacks are generally segregated from opportunity through use of space. Although the majority of the poor are white, most of those living in concentrated poverty are black.

In the U.S., to live in a neighborhood of high-concentrated poverty (defined as the percent of the residents below the poverty level) means that life chances for you and your family will be greatly constrained -- even if you yourself are not poor. Conversely, to live in a neighborhood or a state with a solid tax base and good amenities produces a favorable opportunity structure; the life chances of you and your family will be enhanced -- even if you are low-income. But if you are black or Latino -- even if working- or middle-class -- you are much more likely to live in a neighborhood or state with a weak opportunity structure than you would be if you were white.

A myriad of public policies and private practices create these spatial opportunity structures and sort people into them. Where blacks live in large numbers, whether in a particular state or region, or a rural or urban area within a region, those places tend to be underfunded and with weak institutions. Even if someone from one of these stressed areas can get to a job site, there is growing evidence that he or she will face discrimination not just based on race but also based on places or zip codes where blacks are most likely to live.

Factors such as poor schools, crime, a low fiscal base, a weak job market, and an inadequate social network tend to reinforce each other. A family living in this environment must overcome cumulative factors that expose its members to mutually reinforcing constraints. The interaction of different conditions in the environment cannot be explained by just focusing on individuals. Looking at systems, we can understand that causation is multiple, mutual, cumulative, and reciprocal, and the relationships among different factors are just as important as the factors themselves.

For example, poor schools limit employment options, and limited employment options for parents mean that their children are more likely to wind up in poor schools. So outcomes are not "caused" by a particular input (schools) but are produced by the reciprocal interactions of various inputs (schools, neighborhoods, jobs, crime).

Five decades of social-science research has documented the relationships between racially and economically isolated neighborhoods and employment, health, crime and violence, educational outcomes, and a range of other factors. A systems approach brings into view ways in which outcomes produced within the system spill across societal settings, accumulating across institutional domains and over time.

Racially and economically isolated housing markets and public schools contribute to segregated labor markets, reinforcing the existing economic and racial segregation that is now embedded into many metropolitan regions. Housing location, for example, is one of the primary mechanisms for accessing opportunity in our society. Spatial segregation is opportunity segregation. Americans should not have been surprised or confused as to why so many of the families stranded in New Orleans just happened to be black.

It is critically important to appreciate that these relationships are not natural. Racial segregation was historically legislated, through direct and indirect means, into the very fabric of our communities. And its legacy continues to undermine our individual and communal choices and our capacities to elevate ourselves and our neighborhoods.

From the 1940s on, the federal government facilitated disinvestment in areas where blacks lived, channeled money into whiter suburbs, and promoted special segregation. Public investment and disinvestment created a template for private action.

The federal government accelerated the suburban migration -- for whites only -- by subsidizing home mortgages for whites through the National Housing Act of 1934. Through the 1950s, the Federal Housing Administration's underwriting manuals expressly warned that blacks were considered "adverse influences" on property values. The agency instructed personnel not to insure mortgages on homes unless they were in "racially homogenous" white neighborhoods.

Under these guidelines, the FHA actually refused to lend money to or underwrite loans for whites if they moved to areas where people of color lived. Private lenders adopted policies conforming to FHA guidelines, and this system became part of the "free market." Thanks to the FHA, no bank would insure loans in low-income African American neighborhoods, and few African Americans could live outside of those areas.

Shortly thereafter, the Federal Aid Highway Act of 1956 sanctioned the creation of a state-funded highway system subsidizing "white flight" from the city, demarcating neighborhoods along racial lines, destroying African American neighborhoods, and transporting jobs out of urban areas. A systems approach helps us to see how these arrangements set in place in the 1940s and 1950s are showing up today.

After the war, government housing and lending patterns created areas where credit and other resources were denied, sometimes referred to as redlining. This practice of redlining set up the conditions for the concentration of sub-prime and predatory lending in racially isolated space. Targeting sub-prime loans to undercapitalized communities of color today is referred to as reverse redlining, which would not have been possible today without the redlining decades ago. So-called reverse redlining could only occur if there were deliberate redlining in the past.

Earlier racial practices inscribed in space and place prefigured the current racial dimension of foreclosures and the credit meltdown today. These consequences of this current crisis will likely have powerful implications for spatial and racial arrangements of opportunity in the future. A systems approach helps us to understand how processes are translated through time.

Although the FHA removed explicitly racist language from its manuals in the 1950s, real-estate agents and firms, private appraisal associations, and banks continued to use such language. Even after these overtly racist practices in lending were declared unconstitutional, their legacy prompted private companies to engage in redlining, which continued to produce patterns of racial segregation and influence ostensibly private decisions.

This denial of homeownership to people of color and reinforcement of neighborhood segregation has had severe intergenerational effects on wealth accumulation. These and other policies not only facilitated the movement of whites, they also segregated the movement of opportunity.

Much of the spatial segregation that we experience today along with concentrated racial poverty occurred after the start of the civil-rights movement. Even while the courts and other government-policy organs were dismantling Jim Crow, government was creating new racial barriers through the use of space. While the policy of states' rights was being challenged, there was a strong embrace of localism and local control beginning in the 1970s -- one that all but undermined hope of opening up space racially. This had the effect of not only sorting people racially but also steering private investments away from racially identifiable places.

The Fair Housing Act's passage in 1968 came much too late and was too narrowly focused to reverse the by-then established racial association of black presence with low property values and urban blight. These patterns continue. For example, today we use public money under the low-income housing tax credit to place housing for low-income families of color in neighborhoods far from job sites and near failing schools. The racial redlining from the 1940s and 1950s still reverberates as predatory lending targeted to blacks by sub-prime lenders and has had disastrous results now sending shockwaves through the entire global financial system.

Place also matters in the economic restructuring in the United States from an industrial base to a post-industrial, service economy. The losses in manufacturing have often meant a shift in the location of decently paying entry-level jobs from racially mixed urban cores to mostly white suburban peripheries. And region also matters. It turns out that deindustrialization led to significant increases in urban concentrated poverty in Northern metropolitan areas but had less of an effect in the South. The reason may be that industrial jobs outside of the North paid less well to begin with because of differential rates of unionization.

The institutional arrangements coming out of the New Deal, from the Social Security Act to the GI Bill, still influence where and how we live today. These arrangements were racially inscribed with spatial implications for the structure of opportunity and inequality. The South was a region of one-party Democratic dominance from post-Reconstruction until the 1960s. Southern senators enjoyed seniority in Congress and controlled the flow of legislation. Since they were also a critical part of the New Deal coalition, their acquiescence to the New Deal programs was necessary for passage. For example, the National Labor Relations Act, a revolutionary labor law that protected the right of unions to organize, excluded farmworkers and maids, occupational categories open to African Americans in a racially restricted labor market.

Even today, the South has more anti-union legislation and lower union representation, a reality that has implications for black workers. When employed as union members, African Americans' median weekly earnings increase from \$533 to \$732. So-called "right to work" laws making it much harder to organize unions exist in 22 states, half of which are former slave states. Right-to-work states have an average union percentage of 6.67 percent of the workforce, where non-right-to-work states have a union percentage of 14.6 percent. The black work force is relatively higher in the right-to-work states than in states that don't have these obstacles to unionization. These are also the states with the weakest welfare and unemployment benefits.

Even supposedly universal policies bear the mark of New Deal racial accommodation. The Social Security Act initially excluded domestic and agricultural workers from the purportedly universal social insurance plan, again to accommodate Southern resistance. Most critically, the unemployment insurance provisions, such as Aid to Families With Dependent Children (AFDC) provisions were designed to ensure local control by sharing costs with the states, which in turn had discretion in setting benefit levels. Studies have shown that 50 percent of the gap in welfare spending between the United States and Europe can be explained by America's racial heterogeneity. For every 20 percent increase in the black percentage of a state's population, the expected level of welfare payments will decline by \$138.

Thus, in 1994, Mississippi paid \$120 per month to a family of three in AFDC benefits while Connecticut paid \$680 per month to a similar family. Under Temporary Assistance to Needy Families (TANF), the successor statute to AFDC, one finds a similar result. Of the 20 lowest-paying states, 13 are former slave states, and all but seven have black labor-force populations of more than 10 percent. As with AFDC, the distribution of benefits is state-controlled.

Policies that are designed to be universal too often fail to acknowledge that different people are situated differently. For racially marginalized populations, particularly those who live in concentrated-poverty neighborhoods, there are multiple reinforcing constraints. Although whites may have equally high poverty rates, they are more likely to experience sporadic or temporary poverty by comparison to racially marginalized populations, and they are not as spatially isolated as low-income blacks and Latinos are.

For any given issue -- whether it is employment rates, housing, incarceration, or health care -- the challenge is to appreciate how these issues interact and accumulate over time, with place as the linchpin holding these arrangements together. Universal policies that are nominally race-neutral and that focus on specific issues such as school reform will rarely be effective because of the cumulative cascade of issues that encompass these neighborhoods.

What is required is a strategy of "targeted universalism." This approach recognizes that the needs of marginalized groups must be addressed in a coordinated and effective manner. To improve opportunities and living conditions for all residents in a region, we need policies to proactively connect people to jobs, stable housing, and good schools. Targeted universalism recognizes that life is lived in a web of opportunity. Only if we address all of the mutually reinforcing constraints on opportunity can we expect real progress in any one factor.

My research suggests targeted efforts -- ones that target both racial and spatial arrangements -- to break this cycle of the racial dimension of the geography of opportunity. Cardinal Francis George more succinctly refers to these practices as spatial racism. While these practices may be less dependant on deliberate racialized policies today than earlier in America's history, only deliberate policy interventions that are sensitive to the structural dynamics of opportunity are likely to be effective in ending this cycle of opportunity segregation.



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