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The Political and Economic Forces Shaping Concentrated Poverty

WILLIAM JULIUS WILSON

Through the second half of the 1990s and into the early years of the twenty-first century, public attention to the plight of poor black Americans seemed to wane. There was scant media attention to the problem of concentrated urban poverty (neighborhoods in which a high percentage of the residents fall beneath the federally designated poverty line), little or no discussion of inner-city challenges by mainstream political leaders, and even an apparent quiescence on the part of ghetto residents themselves. This was dramatically different from the 1960s, when the transition from legal segregation to a more racially open society was punctuated by social unrest that sometimes expressed itself in violent terms, as seen in the riots that followed the assassination of Dr. Martin Luther King, Jr.

But in 2005, Hurricane Katrina exposed concentrated poverty in New Orleans. When television cameras focused on the flooding, the people trapped in houses and apartments, and the vast devastation, many Americans were shocked to see the squalid living conditions of the poor. Of course, the devastation of Katrina was broadly visited upon the residents of New Orleans, black and white, rich and poor, property owner and public housing tenant alike. But while many residents were able to flee, the very poor, lacking automobiles or money for transportation and lodging, stayed to wait out the storm with tragic results. And through Katrina, the nation's attention became riveted on these poor urban neighborhoods.

Some people argued that Katrina demonstrated how foolhardy is reliance on the government for protection, rather than self-reliance and control of one's own fate. However, it is unfair and indeed unwarranted to blame people with limited resources for being trapped in their neighborhoods and

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vulnerable to natural disasters. People who reside in these poor ghetto neighborhoods include not only those on public assistance, but also the working poor, many of whom have never been on welfare.

The fact that many families in the inner city of New Orleans were trapped there during Katrina because they did not have access to automobiles and other means of transportation is a problem that is not unique to New Orleans. For example, research conducted in the Chicago inner-city ghetto areas revealed that only 19 percent of the residents have access to an automobile.¹ A person in these segregated and highly concentrated poverty areas could be very disciplined and responsible, working every day for minimum wages and barely making ends meet, in no position to buy and maintain an automobile, and by virtue of his or her low income, completely dependent on public transportation. No one in such a situation could quickly relocate his or her family to other areas.

If television cameras had focused on the urban poor in New Orleans, or in any inner-city ghetto, before Katrina, I believe that the initial reaction to descriptions of poverty and poverty concentration would have been unsympathetic. Public opinion polls in the United States routinely reflect the notion that people are poor and jobless because of their own shortcomings or inadequacies. In other words, few people would have reflected on how the larger forces in society adversely affect the inner-city poor: segregation, discrimination, a lack of economic opportunity, failing public schools. However, because Katrina was clearly a natural disaster that was beyond the control of the inner-city poor, Americans were much more sympathetic. In a sense, Katrina turned out to be something of a cruel natural experiment, wherein better-off Americans could readily see the effects of racial isolation and chronic economic subordination.

Despite the lack of national public awareness of the problems of the urban poor prior to Katrina, social scientists have rightly devoted considerable attention to concentrated poverty, because it magnifies the problems associated with poverty in general: joblessness, crime, delinquency, drug trafficking, broken families, and dysfunctional schools. Neighborhoods of highly concentrated poverty are seen as dangerous, and therefore they become isolated, socially and economically, as people go out of their way to avoid them.²

In this article, I provide a framework for understanding the emergence and persistence of concentrated urban poverty. I pay particular attention to poor inner-city black neighborhoods, which have the highest levels of concentrated poverty. I conclude this article by suggesting a new agenda for America's ghetto poor, based on the analysis I put forth in the following sections.

¹ William Julius Wilson, *When Work Disappears: The World of the New Urban Poor* (New York: Alfred A. Knopf, 1996).

² Paul Jargowsky, "Ghetto Poverty among Blacks in the 1980s," *Journal of Policy Analysis and Management* 13 (Winter 1994): 288-310.

THE ROLE OF POLITICAL ACTIONS

Since 1934, with the establishment of the Federal Housing Administration (FHA), a program necessitated by the massive mortgage foreclosures during the Great Depression, the U.S. government has sought to enable citizens to become homeowners by underwriting mortgages. In the years following World War II, however, the federal government contributed to the early decay of inner-city neighborhoods by withholding mortgage capital and making it difficult for these areas to retain or attract families who were able to purchase their own homes. Spurred on by the massive foreclosures during the Great Depression, the federal government began underwriting mortgages in an effort to enable citizens to become homeowners. But the FHA selectively administered the mortgage program by formalizing a process that excluded certain urban neighborhoods using empirical data that suggested a probable loss of investment in these areas. “Redlining,” as it came to be known, was assessed largely on racial composition. Although many neighborhoods with a considerable number of European immigrants were redlined, virtually all black neighborhoods were excluded. Homebuyers hoping to purchase a home in a redlined neighborhood were universally denied mortgages, regardless of their financial qualifications. This severely restricted opportunities for building or even maintaining quality housing in the inner city, which in many ways set the stage for the urban blight that many Americans associate with black neighborhoods. This action was clearly motivated by racial bias, and it was not until the 1960s that the FHA discontinued mortgage restrictions based on the racial composition of the neighborhood.³

Subsequent policy decisions worked to trap blacks in these increasingly unattractive inner cities. Beginning in the 1950s, the suburbanization of the middle class, already under way with government-subsidized loans to veterans, was aided further by federal transportation and highway policies that included the building of freeway networks through the heart of many cities. Although these policies were seemingly nonracial, the line here between ostensibly non-racial and explicitly racial is blurred. For example, it could be asked whether such freeways would have also been constructed through wealthier white neighborhoods. In any case, they had a devastating impact on the neighborhoods of black Americans. These developments not only spurred relocation from the cities to the suburbs among better-off residents, the freeways themselves also “created barriers between the sections of the cities, walling off

³ Michael B. Katz, “Reframing the ‘Underclass’ Debate” in Michael B. Katz, ed., *The “Underclass” Debate: Views from History* (Princeton, NJ: Princeton University Press, 1993), 440–478; David W. Bartelt, “Housing the ‘Underclass’” in Katz, ed., *“Underclass” Debate*, 118–157; Thomas J. Sugrue, “The Structure of Urban Poverty: The Reorganization of Space and Work in Three Periods of American History” in Katz, ed., *“Underclass” Debate*, 85–117; and Robin D.G. Kelley, “The Black Poor and the Politics of Opposition in a New South City” in Katz, ed., *“Underclass” Debate*, 293–333.

poor and minority neighborhoods from central business districts.”⁴ For instance, a number of studies have revealed how Richard J. Daley, the former mayor of Chicago, used the Interstate Highway Act of 1956 to route expressways through impoverished African American neighborhoods, resulting in even greater segregation and isolation.⁵ A lasting legacy of that policy is the fourteen-lane Dan Ryan Expressway, which created a barrier between black and white neighborhoods.⁶

Another particularly egregious example of the deleterious effects of highway construction is Birmingham, Alabama’s interstate highway system, which curved and twisted to bisect several black neighborhoods rather than taking a more direct route through some predominantly white neighborhoods. The highway system essentially followed the boundaries that had been established in 1926 as part of the city’s racial zoning law, although these boundaries were technically removed a few years before the highway construction began in 1956.⁷ Other examples include the federal and state highway system in Atlanta, Georgia, which also separated white and black neighborhoods, and the construction of I-95 in Florida, which displaced many black residents in Miami’s historically black Overtown neighborhood.⁸

Moreover, through its housing market incentives, the federal government drew middle-class whites away from cities and into the suburbs.⁹ Government policies such as mortgages for veterans and mortgage interest tax exemptions for developers enabled the quick, cheap production of massive amounts of tract housing.¹⁰ Although these policies appeared to be nonracial, they facilitated the exodus of white working-class and middle-class families from urban

⁴ Katz, ed., “Underclass” Debate, 462. Also see Bartelt, “Housing the ‘Underclass’”; Sugrue, “The Structure of Urban Poverty”; and Martin Anderson, *The Federal Bulldozer: A Critical Analysis of Urban Renewal, 1949-1962* (Cambridge, MA: MIT Press, 1964).

⁵ Raymond Mohl, “Planned Destruction: The Interstates and Central City Housing” in John F. Bauman, Roger Biles, and Kristin Szylvian, eds., *From Tenements to Taylor Homes: In Search of an Urban Housing Policy in Twentieth-Century America* (University Park, PA: State University Press, 2000), 226–245; Adam Cohen and Elizabeth Taylor, *American Pharaoh: Mayor Richard J. Daley—His Battle for Chicago and Nation* (Boston, MA: Little, Brown, 2000); Arnold R. Hirsch, *Making the Second Ghetto: Race and Housing in Chicago, 1940-1960* (Cambridge: Cambridge University Press, 1983).

⁶ Cohen and Taylor, *American Pharaoh*.

⁷ Charles E. Connerly, “From Racial Zoning to Community Empowerment: The Interstate Highway System and the African American Community in Birmingham, Alabama,” *Journal of Planning Education and Research* 22 (December 2002): 99–114.

⁸ *Ibid.*; Ronald H. Bayor, “Roads to Racial Segregation: Atlanta in the Twentieth Century,” *Journal of Urban History* 15 (November 1988): 3–21.

⁹ Katz, ed., “Underclass” Debate.

¹⁰ Robert J. Sampson and William Julius Wilson, “Toward a Theory of Race, Crime, and Urban Inequality” in John Hagan and Ruth Peterson, eds., *Crime and Inequality* (Stanford, CA: Stanford University Press, 1995), 37–54.

neighborhoods and thereby indirectly contributed to the growth of segregated neighborhoods with high concentrations of poverty.

A classic example of this effect of housing market incentives is the mass-produced suburban Levittown neighborhoods that were first erected in New York, and later in Pennsylvania, New Jersey, and Puerto Rico. The homes in these neighborhoods were manufactured on a large scale, using an assembly line model of production, and were arranged in carefully engineered suburban neighborhoods that included many public amenities, such as shopping centers and space for public schools. These neighborhoods represented an ideal alternative for people who were seeking to escape cramped city apartments, and were often touted as “utopian communities” that enabled people to live out the “suburban dream.” Veterans were able to purchase a Levittown home for a few thousand dollars with no money down, financed with low-interest mortgages guaranteed by the Veterans Administration. However, the Levitts would not initially sell to African Americans. The first black family moved into Levittown, New York in 1957, having purchased a home from a white family,¹¹ and they endured harassment, hate mail, and threats for several months after moving in. Levittown, New York remains a predominantly white community today. Here, once again, we have a practice that denied African Americans the opportunity to move from segregated inner-city neighborhoods.

Explicit racial policies in the suburbs reinforced this segregation by allowing suburbs to separate their financial resources and municipal budgets from those of the cities. To be more specific, in the nineteenth and early twentieth centuries, strong municipal services in cities were very attractive to residents of small towns and suburbs; as a result, cities tended to annex suburbs and surrounding areas. But the relations between cities and suburbs in the United States began to change following the Great Depression; the century-long influx of poor migrants who required expensive services and paid relatively little in taxes could no longer be profitably absorbed into the city economy. Annexation largely ended in the mid-twentieth century as suburbs began to successfully resist incorporation. Suburban communities also drew tighter boundaries through the use of zoning laws, discriminatory land use controls, and site selection practices, which made it difficult for inner-city racial minorities to access these areas because these practices were effectively used to screen out residents on the basis of race.

As separate political jurisdictions, suburbs also exercised a great deal of autonomy through covenants and deed restrictions. In the face of mounting pressure for integration in the 1960s, “suburbs chose to diversify by race rather than class. They retained zoning and other restrictions that allowed only affluent blacks (and in some instances Jews) to enter, thereby intensifying the

¹¹ Rosalyn Baxandall and Elizabeth Ewen, *Picture Windows: How the Suburbs Happened* (New York: Basic Books, 1999).

concentration and isolation of the urban poor.”¹² Although these policies clearly had racial connotations, they also reflected class bias and helped to reinforce a process already amply supported by federal government policies, namely the exodus of white working-class and middle-class families from urban neighborhoods and the growing segregation of low-income blacks in inner-city neighborhoods.

Federal public housing policy contributed to the gradual growth of segregated black ghettos as well. The federal public housing program’s policies evolved in two stages that represented two distinct styles. The Wagner Housing Act of 1937 initiated the first stage. Concerned that the construction of public housing might depress private rent levels, groups such as the U.S. Building and Loan League and the National Association of Real Estate Boards successfully lobbied Congress to require, by law, that for each new unit of public housing erected, one “unsafe or unsanitary” unit of public housing must be destroyed. As Mark Condon points out: “This policy increased employment in the urban construction market while insulating private rent levels by barring the expansion of the housing stock available to low-income families.”¹³

The early years of the public housing program produced positive results. Initially, the program mainly served intact families temporarily displaced by the Depression or in need of housing after the end of World War II. For many of these families, public housing was the first step on the road toward economic recovery. Their stays in the projects were relatively brief because they were able to accumulate sufficient economic resources to move on to private housing. The economic mobility of these families “contributed to the sociological stability of the first public housing communities, and explains the program’s initial success.”¹⁴

The passage of the Housing Act of 1949 marked the beginning of the second policy stage. It instituted and funded the urban renewal program, designed to eradicate urban slums, and therefore was seemingly nonracial. However, the public housing that it created “was now meant to collect the ghetto residents left homeless by the urban renewal bulldozers.”¹⁵ A new, lower income ceiling for public housing residency was established by the federal Public Housing Authority, and families with incomes above that ceiling were evicted,

¹² Katz, ed., “Underclass” Debate, 461–462. On the history of suburbs in America, see Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (New York: Oxford University Press, 1985). For a good discussion of the effects of housing discrimination on the living conditions, education, and employment of urban minorities, see John Yinger, *Closed Doors, Opportunities Lost: The Continuing Costs of Housing Discrimination* (New York: Russell Sage Foundation, 1995).

¹³ Mark Condon, “Public Housing, Crime and the Urban Labor Market: A Study of Black Youth in Chicago” (working paper series, Malcolm Wiener Center, John F. Kennedy School of Government, Harvard University, Cambridge, MA, 1991).

¹⁴ *Ibid.*, 3.

¹⁵ *Ibid.*, 4.

thereby restricting access to public housing to only the most economically disadvantaged segments of the population.

This change in federal housing policy coincided with the Second Great Migration of African Americans from the rural South to the cities of the Northeast and Midwest, which lasted 30 years—from 1940 to 1970. This mass movement of African Americans was even larger and more sustained than the First Great Migration, which began at the turn of the twentieth century and ended during the Great Depression, and had a more profound impact on the transformation of the inner city.

As the black urban population in the North grew and precipitated greater demands for housing, pressure mounted in white communities to keep blacks out. Suburban communities, with their restrictive covenants and special zoning laws, refused to permit the construction of public housing. And the federal government acquiesced to opposition to the construction of public housing in their neighborhoods from organized white neighborhood groups in the city. Thus, units were overwhelmingly concentrated in the overcrowded and deteriorating inner-city ghettos—the poorest and least-powerful sections of the cities and the metropolitan areas. “This growing population of politically weak urban poor was unable to counteract the desires of vocal middle- and working-class whites for segregated housing,”¹⁶ housing that would keep blacks from white neighborhoods. In short, public housing became a federally funded institution that isolated families by race and class, resulting in high concentrations of poor black families in inner-city ghettos.¹⁷

In the last quarter of the twentieth century, new developments led to further changes in these neighborhoods. One of the most significant was the out-migration of middle-income blacks. Before the 1970s, African American families had faced extremely strong barriers when they considered moving into white neighborhoods. Not only did many experience overt discrimination in the housing market, some were recipients of violent attacks. Although fair housing audits continue to reveal the existence of discrimination in the housing market, fair housing legislation, including the Fair Housing Amendments Act of 1988, reduced the strength of these barriers. And middle-income African Americans increased their efforts to move from concentrated black poverty areas to more-desirable neighborhoods in the metropolitan area, including white neighborhoods.¹⁸

¹⁶ Ibid., 4.

¹⁷ Sampson and Wilson, “Toward a Theory of Race.” Also see Bartelt, “Housing the ‘Underclass’”; Kelley, “The Black Poor and the Politics of Opposition”; Sugrue, “The Structure of Urban Poverty”; Hirsch, *Making the Second Ghetto*; John F. Bauman, Norman P. Hummon, and Edward K. Muller, “Public Housing Isolation, and the Urban Underclass,” *Journal of Urban History* 17 (May 1991): 264–29.

¹⁸ Lincoln Quillian, “Migration Patterns and the Growth of High-Poverty Neighborhoods, 1970–1990,” *American Journal of Sociology* 105 (July 1999): 1–37.

This pattern represents an important change in the formation of neighborhoods. In earlier years, communities undergoing racial change from white to black tended to experience an increase in population density, as a result of the black migration from the South. Because of the housing demand, particularly in the late stages of the succession from white to black, homes and apartments in these neighborhoods were often subdivided into smaller units.¹⁹ However, 1970 marked the end of the great migration wave of blacks from the South to northern urban areas, and two developments affected the course of population movement to the inner cities after that time. Improvements in transportation made it easier for workers to live outside the central city, and industries gradually shifted to the suburbs because of the increased residential suburbanization of the labor force and the lower cost of production. Because of the suburbanization of employment and improvements in transportation, inner-city manufacturing jobs were no longer a strong factor pulling migrants to central cities.²⁰

So with the decline of industrial employment in the inner city, the influx of southern black migration to northern cities ceased and many poor black neighborhoods, especially those in the Midwest and Northeast, changed from densely packed areas of recently arrived migrants to communities gradually abandoned by the working and middle classes.²¹

In addition, and more recently, a fundamental shift in the federal government's support for basic urban programs profoundly aggravated the problems of inner-city neighborhoods. Beginning in 1980, when Ronald Reagan became president, sharp spending cuts in direct aid to cities dramatically reduced budgets for general revenue sharing—unrestricted funds that can be used for any purpose—urban mass transit, economic development assistance, urban development action grants, social service block grants, local public works, compensatory education, public service jobs, and job training. Many of these programs were designed to help disadvantaged individuals gain some traction in attaining financial security.²² It is telling that the federal contribution was 17.5 percent of the total city budgets in 1977, but only 5.4 percent by 2000.²³

These cuts were particularly acute for older cities in the East and Midwest that largely depended on federal and state aid to fund social services for their poor population and to maintain aging infrastructure. For example,

¹⁹ Ibid.

²⁰ Ibid.

²¹ William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass and Public Policy* (Chicago, IL: University of Chicago Press, 1987); Wilson, *When Work Disappears*; Quillian "Migration Patterns."

²² See Demetrios Caraley, "Washington Abandons the Cities," *Political Science Quarterly* 107 (Spring 1992): 1–30.

²³ Bruce A. Wallin, "Budgeting for Basics: The Changing Landscape of City Finances" (discussion paper, the Brookings Institution Metropolitan Policy Program, Washington, DC, August 2005).

in 1980, federal and state aid funded 50 to 69 percent of the budgets in six of these cities, and 40 to 50 percent of budgets in eleven cities. By 1989, only three cities—Buffalo, Baltimore, and Newark—continued to receive over 50 percent of their budgets in state aid, and only two cities—Milwaukee and Boston—received between 40 to 50 percent of their budgets in state aid. To further illustrate, New York City’s state aid dropped from 52 percent of its budget in 1980 to 32 percent in 1989, which resulted in a loss of \$4 billion.²⁴ Here, once again, is a policy that is nonracial on the surface—although it coincided with changes in the proportion of white and nonwhite urban residents—but that has nonetheless indirectly contributed to the crystallization of the inner-city ghetto.

The decline in federal support for cities since 1980 coincided with an increase in the immigration of people from poorer countries—mainly low-skilled workers from Mexico—and whites steadily moving to the suburbs. With minorities displacing whites as a growing share of the population, the implications for the urban tax base were profound, especially in America’s cities. According to the U.S. Census Bureau, in 2000, the median annual household income for Latinos was about \$14,000 less than that of white households. With a declining tax base and the simultaneous loss of federal funds that heralded the introduction of the New Federalist policies of the Reagan administration, municipalities had trouble raising enough revenue to cover basic services such as garbage collection, street cleaning, and police protection. Some even cut such services in order to avoid bankruptcy.²⁵

This financial crisis left many cities ill-equipped to handle three devastating public health problems that emerged in the 1980s and disproportionately affected areas of concentrated poverty: first, the prevalence of drug trafficking and associated violent crime; second, the acquired immunodeficiency syndrome (AIDS) epidemic and its escalating public health costs; and third, the rise in the homeless population, not only individuals, but entire families as well.²⁶ Although drug addiction, drug-related violence, AIDS, and homelessness are found in many American communities, their impact on the black ghetto is profound. A number of cities, especially those that are fiscally strapped, have watched helplessly as these problems—aggravated by the reduction of city-wide social services as well as high levels of neighborhood joblessness—have reinforced the perception that cities are dangerous and threatening places to live. Accordingly, between the 1980s and 2000, many working-class and middle-class urban residents continued to relocate to the suburbs. Thus, while poverty and joblessness, and the social problems they generate, remain prominent in ghetto neighborhoods, many cities have fewer and fewer resources with which to combat them.

²⁴ Caraley, “Washington Abandons the Cities.”

²⁵ U.S. Department of Housing and Urban Development, *The State of Cities* (Washington, DC: Government Printing Office, 1999).

²⁶ Caraley, “Washington Abandons the Cities.”

Although fiscal conditions in many cities improved significantly in the latter half of the 1990s, this brief period of economic progress was ended by the recession of 2001, followed by a jobless recovery (that is, a recovery that failed to improve the employment rate). The decline of federal and state support for central cities, the largest urban areas in metropolitan regions, has caused a number of severe fiscal and service crises, particularly in older cities of the East and Midwest such as Detroit, Cleveland, Baltimore, and Philadelphia.

Moreover, the George W. Bush administration's substantial reductions in federal aid to the states have exacerbated the problems in cities reliant on state funds.²⁷ Because of these combined economic and political changes, many central cities and inner suburbs lack the fiscal means to address the concentrated problems of joblessness, family breakups, and failing public schools.²⁸ Given the current budget deficit—which continues to grow in the face of the Bush administration's simultaneous surrender of revenue in the form of large tax cuts for wealthy citizens and its spending of billions of federal dollars to pay for the wars in Iraq and Afghanistan, the war against terror, and the rebuilding of Iraq's infrastructure—support for programs to revitalize cities in general and inner-city neighborhoods in particular will very likely garner even less support in the future from policymakers.²⁹

Finally, policymakers have indirectly contributed to concentrated poverty in inner-city neighborhoods with decisions that have decreased the attractiveness of low-paid jobs and accelerated the relative decline in the wages of low-income workers. In particular, in the absence of an effective labor market policy, policymakers have tolerated industry practices that undermine worker security—including the erosion of benefits and the rise of involuntary part-time employment—and they have allowed the purchasing power of the federal minimum wage to erode to one of its lowest levels in decades. After adjusting for inflation, the current federal minimum wage of \$6.55 is 24 percent lower than the average level of the minimum wage in the 1960s, 23 percent lower than in the 1970s, 6 percent lower than in the 1980s, and 1 percent higher than in the 1990s.³⁰ Clearly, the recent action by a Democratic Congress to increase the federally mandated minimum wage was long overdue.

In sum, federal government policies, even those that are not explicitly racial, have had a profound impact on inner-city neighborhoods. Some of these

²⁷ Iris J. Lav and Andrew Brecher, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis* (Washington, DC: Center on Budget and Policy Priorities, 2004).

²⁸ Katz, ed., "Underclass" Debate, 1.

²⁹ As one correspondent noted in 2005, "The United States is spending more than \$1 billion a week in Iraq. The Administration this week asked for \$80 billion in emergency spending most of it for military operations in Iraq. That would add to the nearly \$250 billion already spent for the war and reconstruction." Alan Fram, "Bush to Seek \$80B for Iraq, Afghan Wars" *Yahoo News*, 24 January 2005.

³⁰ U.S. Department of Labor. 2008. *Federal Minimum Wage Rates Under the Fair Labor Standards Act*, accessed at <http://www.dol.gov/esa/minwage/chart.pdf>, 13 February 2008.

policies have been clearly motivated by racial bias, such as the FHA's redlining of black neighborhoods in the 1940s and 1950s, and the federal government's decision to confine construction of public housing projects mainly to poor, black, inner-city neighborhoods. In other cases, it seems that racial bias or concerns about race influenced but were not the sole inspiration for political decisions, such as the fiscal policies of the New Federalism, which resulted in drastic cuts in federal aid to cities whose populations had become more brown and black.

The point of conservative fiscal policy—no matter whose administration promulgated it (Ronald Reagan, George H.W. Bush, or George W. Bush)—was ostensibly to subject government to financial discipline. Nevertheless, the enactment of these policies creates financial constraints that make it difficult to generate the political support to effectively combat problems such as joblessness, drug trafficking, AIDS, family stress, and failing schools.

And, as we have seen above, other policies that range from those that clearly lack a racial agenda to those where the line between racial and non-racial is somewhat blurred have had a profound impact on inner cities and their poor black residents: federal transportation and highway policy that created an infrastructure for jobs in the suburbs; mortgage interest tax exemptions and mortgages for veterans that jointly facilitated the exodus of working-class and middle-class white families from inner-city neighborhoods; urban renewal and the building of freeway and highway networks through the heart of many cities, which led to the destruction of many viable low-income black neighborhoods; and the absence of effective labor market policies to safeguard the real value of the minimum wage, thereby making it more difficult for the inner-city working poor to support their families.

These developments have occurred in many cities across the country, but they perhaps have been felt more in the older central cities of the Midwest and Northeast—the traditional Rust Belt—where depopulated poverty areas have experienced even greater problems.

THE IMPACT OF ECONOMIC FORCES

Older urban areas were once the hubs of economic growth and activity, and were therefore major destinations for people in search of economic opportunity. However, the economies of many of these cities have since been eroded by complex economic transformations and shifting patterns in metropolitan development. These economic forces are typically considered nonracial—in the sense that their origins are not the direct result of actions, processes, or ideologies that explicitly reflect racial bias. But nevertheless, they have accelerated neighborhood decline in the inner city and widened gaps in race and income between cities and suburbs.³¹

³¹ Radhika K. Fox and Sarah Treuhaft, *Shared Prosperity, Stronger Regions: An Agenda for Rebuilding America's Older Core Cities* (Oakland, CA: Report prepared for Policy Link, 2006).

Since the mid-twentieth century, the mode of production in the United States has shifted dramatically from manufacturing to one increasingly fueled by finance, services, and technology. This shift has accompanied the technological revolution, which has transformed traditional industries and brought about changes that range from streamlined information technology to biomedical engineering.³²

In other words, the relationship between technology and international competition has eroded the basic institutions of the mass production system. In the last several decades, almost all improvements in productivity have been associated with technology and human capital, thereby drastically reducing the importance of physical capital.³³ With the increased globalization of economic activity, firms have spread their operations around the world, often relocating their production facilities to developing nations that have dramatically lower labor costs.³⁴

These global economic transformations have adversely affected the competitive position of many U.S. Rust Belt cities. For example, Cleveland, Detroit, Philadelphia, Baltimore, and Pittsburgh perform poorly on employment growth, an important traditional measure of economic performance. Nationally, employment increased by 25 percent between 1991 and 2001, yet job growth in these older central cities either declined or did not exceed 3 percent.³⁵

With the decline in manufacturing employment in many of the nation's central cities, most of the jobs for lower-skilled workers are now in retail and service industries (for example, store cashiers, customer service representatives, fast food servers, custodial work). Whereas jobs in manufacturing industries were unionized, relatively stable, and carried higher wages, those for workers with low to modest levels of education in the retail and service industries provide lower wages, tend to be unstable, and lack the benefits and worker protections—such as workers' health insurance, medical leave, retirement benefits, and paid vacations—typically offered through unionization. This means that workers relegated to low-wage service and retail firms are more likely to experience hardships as they struggle to make ends meet. In addition, the local economy suffers when residents have fewer dollars to spend in their neighborhoods.³⁶

Beginning in the mid-1970s, the employment balance between central cities and suburbs shifted markedly to the suburbs. Since 1980, over two-thirds of employment growth has occurred outside the central city: manufacturing is now over 70 percent suburban, and wholesale and retail trade is just under 70 percent.³⁷ The suburbs of many central cities, developed originally as bed-

³² Ibid.; Bill Joy, "Why the Future Doesn't Need Us," *Wired* (April 2000): 238–262.

³³ Wilson, *When Work Disappears*.

³⁴ Fox and Treuhart, *Shared Prosperity*.

³⁵ Ibid.

³⁶ Ibid.; Wilson, *When Work Disappears*.

³⁷ U.S. Department of Housing and Urban Development, *The State of Cities* (Washington, DC: Government Printing Office, 1999).

room localities for commuters to the central business and manufacturing districts, have become employment centers in themselves. For example, in Detroit, Philadelphia, and Baltimore, less than 20 percent of the jobs are now located within three miles of the city center.³⁸

Accompanying the rise of suburban and exurban economies has been a change in commuting patterns. Increasingly, workers completely bypass the central city by commuting from one suburb to another. “In the Cleveland region, for example, less than one-third of workers commute to a job in the central city and over half (55 percent) begin and end in the suburbs.”³⁹

Sprawl and economic stagnation reduce inner city residents’ access to meaningful economic opportunities and thereby fuel the economic decline of their neighborhoods. “Spatial mismatch” is a term that social scientists use to capture the relationship between inner-city residents and suburban jobs: the opportunities for employment are geographically disconnected from the people who need the jobs. For example, in Cleveland, although entry-level workers are concentrated in inner-city neighborhoods, 80 percent of the entry-level jobs are located in the suburbs.⁴⁰ The lack of feasible transportation options exacerbates this mismatch. In addition to the challenges in learning about and reaching jobs, there is persistent racial discrimination in hiring practices, especially for younger and less-experienced minority workers.⁴¹

With the departure of higher-income families, the least upwardly mobile in society—mainly low-income people of color—are left behind in neighborhoods with high concentrations of poverty and deteriorating physical conditions. These neighborhoods offer few jobs and typically lack basic services and amenities, such as banks, grocery stores and other retail establishments, parks, and quality transit.⁴² Typically, these communities also suffer from substandard schools, many with run-down physical plants.

Two of the most visible indicators of neighborhood decline are abandoned buildings and vacant lots. According to one recent report, there are 60,000 abandoned and vacant properties in Philadelphia, 40,000 in Detroit, and 26,000 in Baltimore.⁴³ These inner-city properties have lost residents in the wake of the

³⁸ Fox and Treuhaft, *Shared Prosperity*.

³⁹ *Ibid.*, 32.

⁴⁰ *Ibid.*

⁴¹ See, for example, Wilson, *When Work Disappears*; Joleen Kirschenman and Kathryn Neckerman, “We’d Love to Hire Them, But ...”: The Meaning of Race for Employers” in Christopher Jencks and Paul E. Peterson, eds., *The Urban Underclass* (Washington, DC: Brookings Institution, 1991), 203–234; Kathryn M. Neckerman and Joleen Kirschenman, “Hiring Strategies, Racial Bias, and Inner-City Workers,” *Social Problems* 38 (November 1991): 433–447; and Harry Holzer, *What Employers Want: Job Prospects for Less Educated Workers* (New York: Russell Sage, 1995).

⁴² Wilson, *The Truly Disadvantaged*; Wilson, *When Work Disappears*; Fox and Treuhaft, *Shared Prosperity*.

⁴³ Fox and Treuhaft, *Shared Prosperity*.

out-migration of more economically mobile families and the relocation of many manufacturing industries.⁴⁴

COMBATING CONCENTRATED URBAN POVERTY

In the preceding analysis, I have attempted to show the intricate connection of concentrated poverty to the broader changes in our society, including the globalization of economic activity, changes that have fundamentally altered the demographic, economic, and social profile of our many central cities. I think that it is important to understand the impact of the broader systemic changes in addressing problems of concentrated poverty so that we can appreciate the challenges that confront us.

The most important step is to ameliorate the problem that feeds concentrated poverty, and that is closely related to national and international changes in the economy, namely, inner-city joblessness. The ideal solution would be economic policies that produce tight labor markets. The benefits of a strong economy, particularly a sustained tight labor market, for low-skilled workers should be emphasized in economic policy discussions. More than any other group, low-skilled workers depend upon a strong economy, particularly a sustained tight labor market—that is, one in which there are ample jobs for all applicants. In a slack labor market—a labor market with high unemployment—employers can afford to be more selective in recruiting and granting promotions. With fewer jobs to award, they can inflate job requirements, pursuing workers with college degrees, for example, for jobs that have traditionally been associated with high school-level education. In such an economic climate, discrimination rises and disadvantaged minorities, especially those with low levels of literacy, suffer disproportionately.

Conversely, in a tight labor market, job vacancies are numerous, unemployment is of short duration, and wages are higher. Moreover, in a tight labor market, the labor force expands because increased job opportunities not only reduce unemployment, they also draw in workers who had previously dropped out of the labor force altogether during a slack labor market period. Thus, in a tight labor market, the status of all workers—including disadvantaged minorities—improves.

The impact of tight labor markets on concentrated poverty can be seen in the developments during the prosperous decade of the 1990s. A report for the Brookings Institution by a University of Texas social scientist, Paul Jargowsky, revealed that the number of people residing in high-poverty neighborhoods decreased by 24 percent, or 2.5 million people, from 1990 to 2000 because of the economic boom, particularly in the last half of the 1990s. Moreover, the number of such neighborhoods—the study defined them as census

⁴⁴ Wilson, *The Truly Disadvantaged*; Wilson, *When Work Disappears*.

tracts with at least 40 percent of residents below the poverty level—around the country declined by more than 25 percent.⁴⁵

In 1990, almost a third of all American blacks lived in such neighborhoods; the 2000 figure was 19 percent. Yet despite this significant improvement, African Americans still have the highest rates of concentrated poverty of all groups in the United States. In part, the state of inner-city ghettos is a legacy of historic racial subjugation. Concentrated poverty neighborhoods are the most visible and disturbing displays of racial and income segregation. And the dramatic decline in concentrated poverty from 1990 to 2000 cannot be explained in terms of culture. Rather, these shifts demonstrate that the fate of African Americans and other racial groups is inextricably connected with changes across the modern economy.

Jargowsky's data bear this out. The declines in concentrated poverty in the 1990s occurred not just in a few cities but across the country. By contrast, Los Angeles and Washington DC were two of the few central cities that experienced a rise in concentrated poverty during the 1990s. Jargowsky advances three arguments to account for the divergent trend in Los Angeles: first, the destructive riot after the Rodney King verdict in 1992; second, the significant immigration of Latinos from Mexico and other Central and South American countries into high-poverty neighborhoods; and third, the fact that "the recession in the early 1990s was particularly severe in Southern California, and the economic recovery there was not as rapid as in other parts of California."⁴⁶

In Washington DC, the devastating fiscal crisis from the early to the mid-1990s resulted in drastic reductions in public services and an erosion of public confidence in the District's government. This development contributed to "a rapid out-migration of moderate- and middle-income black families, particularly into suburban Maryland counties to the east of the central city. The poor were left behind in economically isolated neighborhoods with increasing poverty rates."⁴⁷

Virtually all racial and ethnic groups recorded improvements. The number of whites living in high-poverty neighborhoods declined by 29 percent (from 2.7 million people to 1.9 million), and the number of blacks decreased by 36 percent (from 4.8 million to 3.1 million). Latinos were the major exception to this pattern because their numbers in high-poverty areas increased slightly during the 1990s, by 1.6 percent. However, this finding should be placed in the context of Latino population growth: the number of Latinos overall increased dramatically in the 1990s, by 57.9 percent, compared with 16.2 percent growth for African Americans and only 3.4 percent for whites.⁴⁸ Low-skilled immi-

⁴⁵ Paul Jargowsky, *Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s* (Washington, DC: The Brookings Institution, 2003).

⁴⁶ *Ibid.*, 9.

⁴⁷ *Ibid.*

⁴⁸ *Ibid.*, 4.

grants, in particular, drove Latino population growth. For all races, the greatest improvements against poverty concentration were in the South and Midwest, and the smallest were in the Northeast, mirroring wider economic trends.⁴⁹

Thus, the notable reduction in the number of high-poverty neighborhoods and the substantial decrease in the population of such neighborhoods may simply be blips of economic booms rather than permanent trends. Unemployment and individual poverty rates have increased since 2000, and there is every reason to assume that concentrated poverty rates are on the rise again as well, although data on concentrated poverty for this period will only become available in the 2010 census.

The earlier increase in concentrated poverty occurred during a period of rising income inequality for all Americans that began in the early 1970s. This was a period of decline in inflation-adjusted average incomes among the poor and of growing economic segregation caused by the exodus of middle-income families from inner cities. What had been mixed-income neighborhoods were rapidly transformed into areas of high poverty. Undoubtedly, if the robust economy of the latter 1990s could have been extended for several more years rather than coming to an abrupt halt in 2001, concentrated poverty in inner cities would have declined even more.

CONCLUSION

In this article, I have discussed a number of structural forces that have adversely impacted inner-city black neighborhoods. These included political actions that were explicitly racial, those that were at least partly influenced by race, and those that were ostensibly nonracial (but nevertheless adversely affected black neighborhoods), as well as impersonal economic forces that have accelerated neighborhood decline in the inner city and increased disparities in race and income between cities and suburbs.

One of the combined impacts of these factors was the emergence of depopulated ghettos, especially in cities of the Midwest and Northeast. Federal transportation and highway policy, along with mortgage interest tax exemptions, jointly facilitated the exodus of both industries and non-poor families from inner-city neighborhoods. In turn, the decline of industrial employment in the inner city brought about the end of the Second Great Migration from the South to the North around 1970. These developments helped transform many poor African American neighborhoods, especially those in the Northeast and Midwest, from densely packed areas of recently arrived migrants from the South to neighborhoods gradually abandoned by the working and middle classes.

The lesson for those committed to fighting inequality, especially those involved in multiracial coalition politics, is to fashion a new agenda that gives

⁴⁹ Ibid.

more scrutiny to both racial and nonracial political and economic forces, including fiscal, monetary, and trade policies that may have long-term consequences for the national and regional economies, as seen in future earnings, jobs, and concentrated poverty. This new agenda would therefore reflect an awareness and appreciation of the devastating effects of recent systemic changes on poor urban populations and neighborhoods.

However, this new agenda would also include an even sharper focus on traditional efforts to fight poverty, to ensure that the benefits from an economic upturn are widely shared among the poor and that they become less vulnerable to downward swings in the economy. I refer especially to combating racial discrimination in employment, which is especially devastating during slack labor markets; the revitalization of poor urban neighborhoods, including the elimination of abandoned buildings and vacant lots, to make them more attractive for economic investment that would help improve the quality of life and create jobs in the neighborhood; promoting job training programs to enhance employment opportunities for ghetto residents; improving public education to prepare inner-city youngsters for higher-paying and stable jobs in the new economy; and strengthening unions to provide the higher wages, worker protections, and benefits typically absent from low-skilled jobs in retail and service industries.

In short, this new agenda would reflect a multi-pronged approach that attacks inner-city poverty on various levels, an approach that recognizes the complex array of factors that have contributed to the crystallization of concentrated urban poverty and limited the life chances of so many inner-city residents.