

*The Causes and Consequences of
Concentrated Urban Poverty*

Catherine E. Kuhn

Community and Economic Development Occasional Papers • February 2005

Community and Economic Development Program,
School for Planning, Design, and Construction
Michigan State University

The Causes and Consequences of Concentrated Urban Poverty
By Catherine E. Kuhn

Table of Contents

Introduction	1
Causes of Concentrated Poverty	1
Economic Transformation	2
Economic Segregation	3
Racial Segregation	4
Urban Policies	5
Individual Level Cognitive Explanations	6
Consequences of Concentrated Poverty	7
Social Organization Effects: Type and Quality of Social Networks	8
Social Organizational Effects: Lack of Collective Supervision/Cooperation	8
Economic Effects: Spatial Mismatch	9
Institutional Effects	10
Conclusions: Implications for Policy	12
References	13

The Causes and Consequences of Concentrated Urban Poverty

By Catherine Kuhn

Introduction

As American cities have evolved, social scientists have become increasingly concerned with the development of concentrated poverty in many of the nation's urban areas. The 1987 publication of William Julius Wilson's *The Truly Disadvantaged* played a significant role in bringing this new issue to the forefront of American understanding of urban areas. Utilizing data from Chicago, Wilson reported that an increase in the spatial concentration of the poor during the 1970s had led to a dramatic transformation within urban areas. Wilson's main point was not to show that poverty itself had increased in urban areas, but instead to draw attention to changes in its spatial organization and its increasing concentration in inner city urban neighborhoods. Wilson showed that between 1970 and 1980, the number of people living in poverty areas, (defined as census tracts with poverty rates of at least 20 percent), rose by 40 percent in the five largest metropolitan areas and that the number of people living in high poverty areas, (defined as census tracts with poverty rates of at least 40 percent), grew by a shocking 69 percent. Subsequent studies not only confirmed Wilson's observations for the periods between 1970 and 1980, but also suggested that the trend continued into 1990 (Jargowsky, 1997; Kasarda, 1993; Massey & Kanaiaupuni, 1993). In addition, other research emerged that supplemented Wilson's analysis and indicated that due to the role played by racial residential segregation, the problem is particularly acute for the minority poor, particularly African Americans and Puerto Ricans (Darden, Bagaka's, & Li, 1997; Massey,

Gross,& Shibuya, 1994; Massey & Denton 1993; Zubrinsky, 2001a; Zubrinsky 2001b).

Increasing concern among policy makers and social scientists regarding the changing spatial development of urban areas has resulted in a proliferation of research that aims not only to explain the causes of concentrated poverty, but also to understand the implications that living in these areas might have for the well-being of low-income families. In an effort to identify and synthesize the abundance of urban research, part one of this paper will review some of the principle theories that scholars have proposed to explain the increases in concentrated poverty. Following the overview of theories explaining concentrated poverty, part two will provide a synopsis of the urban literature identifying some of the main social, economic and political impacts of living within an area of concentrated poverty. The paper will conclude with a description of some of the implications that the nature of research on concentrated poverty has for the types of policy solutions that are enacted to improve the quality of life of people living in these urban areas.

Causes of Concentrated Poverty

Since the publication of *The Truly Disadvantaged*, numerous theories have developed to explain the roots of the increase in concentrated poverty that is now seen throughout many of the nation's metropolitan areas. Although many researchers understand that the various hypotheses put forward by social scientists are not mutually exclusive and that the increase in concentrated poverty is likely the result of complex interactions between a

changing economy, racial segregation and economic segregation, many urban scholars admit that identifying the principle cause of the increase in concentrated poverty represents a “burning issue in the study of concentrated poverty” (Dreier, 2001). As Massey notes, although all of the hypotheses for the increases in concentrated poverty likely operate to influence the composition of specific neighborhoods, “the relevant issue for social scientists is which hypothesis is empirically most important in accounting for the geographical concentration of black poverty” (Massey, Gross, & Shibuya, 1994). Social scientists have yet to reach a consensus about the most important cause of concentrated poverty, and researchers have pointed to a wide range of forces that may be implicated in the increases of urban concentrated poverty. Some of these forces include economic transformations in the overall structure of the economy, increasing economic segregation between urban and suburban residents, persistent racial discrimination, poorly designed and implemented urban policies, and individual cognitive differences among urban residents. The following discussion will explain the ways in which social scientists connect each of these forces to the increased concentrated poverty seen in urban areas.

Economic Transformations

Most social scientists recognize that contemporary changes taking place in the structure of the American economy have economic implications for workers across the country. Some urban scholars, however, suggest that while many of these changes affect a broad array of workers, they may be especially hard on inner city residents. These scholars note that due their disproportionate negative impact on central cities and on minority populations living within cities, new changes in the structure of the

economy have led to increases in concentrated poverty within urban areas.

Jargowsky (1997) describes three simultaneous changes in the metropolitan labor market that have adversely affected the economic situation of urban minorities. First, he notes that the process of deindustrialization has led to a decrease in relatively well paying manufacturing jobs in many large cities, particularly in the North. Secondly, he notes that shifts in the overall job market have led to an occupational bifurcation in which more jobs are being created at the high and low ends of the job market, with fewer jobs being produced in the middle income areas. Finally, he points out central city areas have experienced a de-concentration of employment opportunities as many jobs have moved out of the inner city and into the suburban ring. According to Jargowsky and others, because these changes have had particular implications for poor and minority urban residents, they represent an important factor in the increase in concentrated urban poverty.

Many scholars have discussed the negative impact that deindustrialization has had on the well being of inner city families. Kasarda (1993, 43), for example, notes that deindustrialization has resulted in the loss of “many blue collar jobs that once constituted the economic backbone of cities and provided employment opportunities for poorly educated residents. These jobs have been replaced, at least in part, by knowledge-intensive white collar jobs.” Despite the educational gains that urban blacks made during the 1970s, Kasarda asserts that these gains have not been sufficient to keep pace with the increasing educational demands of city industries, thus increasing job loss and poverty among blacks living in central city areas.

Similarly, a number of other urban scholars point out that like the loss of manufacturing jobs in central city areas, the emergence of a two-

tiered labor market structure might also disproportionately affect minorities living in urban areas because they more often fall into the lower tier of jobs, thus potentially increasing neighborhood poverty in urban minority communities (Goldsmith, 1992; Jargowsky, 1997). Moreover, Jargowsky (1997, 127) notes that occupational bifurcation might also contribute to economic inequality within minority populations. He states that, “to the extent that some blacks make it to jobs in the upper tier and the rest are confined to the lower tier, upward pressure could be exerted on income inequality among blacks.” According to Jargowsky, the flight of middle income members from poor, urban neighborhoods may lead to increases in neighborhood poverty as well.

Finally, some scholars point out that the changing structure of the labor market is compounded by a growing “spatial mismatch” that exists between blacks living in the inner city and low skilled jobs located in the suburbs (Dreier, Mollenkopf, & Swanstrom 2001; Gould & Turner 1997; Stoll, 1999; Wilson, 1987). Although there has been some debate about the extent to which the increase in concentrated poverty can be attributed to a spatial mismatch between laborers and jobs, recent reviews of the literature have found either strong or moderate support for the spatial mismatch hypothesis and have noted that a combination of barriers including the inaccessibility of jobs by public transit, a lack of information about suburban jobs, long commutes, and discrimination keep urban blacks from suburban jobs (Gould & Turner, 1997; Holzer, 1991; Ihlanfeldt & Sjoquist, 1998). Because all three of these economic changes selectively disfavor residents of urban areas who have the least income, education, and skills, these researchers contend that they represent an essential component in understanding the increase in concentrated poverty within inner city neighborhoods.

Economic Segregation

Although most urban researchers acknowledge that changes in the economy have had negative implications for some urban residents, a number of theorists point out that at the same time that these economic changes have increased poverty for poor and uneducated minorities living in urban areas, they have also produced increased opportunities for middle income, better educated minority residents. This argument is perhaps most strongly articulated by the prominent urban theorist William Julius Wilson. According to Wilson (1987), increasing opportunities associated with changes in the economy, in conjunction with reductions in discrimination in the housing market, have provided opportunities for middle income blacks to move out of the inner city, thus leaving behind the poorest members of the African American population and exacerbating the extent of poverty in these areas. Increased class inequality within the African American population and the ability of upper income blacks to take advantage of their class privilege and move to higher income areas has contributed to the increase of concentrated poverty seen in inner city neighborhoods.

Wilson’s focus on the importance of class in producing the increase in concentrated poverty in urban areas has rekindled a heated debate among urban researchers regarding the relative impact of race and class variables in determining the spatial development of urban areas (O’Connor, 2001). Although Wilson acknowledges that the history of racial segregation in urban areas has contributed to the creation of high poverty areas, he questions the extent to which race can be used to explain the *increase* in poverty among urban blacks since the 1970s. In *The Truly Disadvantaged*, Wilson (1987, 11) argues that theorists who emphasize racism as an explanation for the current changes occurring in inner city poverty cannot account

for the deepening economic class divisions between the haves and the have-nots within the black community, “especially when it is argued that this same racism is directed with equal force across class boundaries in the black community.” Similarly, in *Poverty and Place*, Jargowsky notes that making a conceptual distinction between the role of racial segregation in contributing to current levels of concentrated poverty among blacks and the role of racial segregation in explaining current *trends* in concentrated poverty is important in understanding the principle forces involved in the increase in concentrated poverty. Like Wilson, Jargowsky (1997, 143) argues that because racial segregation has been declining during the same time period that concentrated poverty has been increasing, “it is hard to see how racial segregation could explain much of the recent increases in ghetto poverty.” As will be seen in the following section, however, many scholars assert in order to understand the current increase in concentrated poverty, it is essential that the role of racial residential segregation considered.

Racial Segregation

In *American Apartheid*, Massey & Denton (1993) provide an in-depth analysis of the continuing role of race in the shaping of inner city areas and strongly criticize Wilson for his assertion that the role of class has become more important than race in explaining current trends in inner city poverty. These authors argue that because residential segregation plays a special role in enabling all other forms of racial oppression, it represents the principal structural feature responsible for the perpetuation of urban poverty and racial inequality in the United States. Moreover, the authors assert that because residential segregation has confined African Americans to neighborhoods with few institutional resources and supports, they have

been least able to cope with the difficult changes in the economy, thus increasing the extent of poverty in segregated urban neighborhoods.

Massey & Denton further disagree with Wilson’s assertion that racial discrimination in housing markets has decreased for black residents since the 1970s, thus providing increased opportunities for middle class African Americans to move to middle income white areas. Instead, these authors argue that after the passage of the Fair Housing Act, identifying and prosecuting discrimination in the housing market was half-heartedly pursued and poorly enforced. As a result, racial discrimination has continued to play an important role in the spatial development of urban communities. Because discrimination limited their residential mobility, even middle income blacks who did move out of the inner city were only able to move to poor and racially segregated suburbs. At least for African Americans, therefore, racial segregation does not decrease among those with higher incomes, as would be suggested by the class analysis supported by Wilson.

Other urban scholars have supported Massey & Denton’s conclusion that economic differences in and of themselves are not an adequate explanation of the persistent levels of racial residential segregation. Zubrinsky (2001a), for example, finds that in her four city sample, White, Asian and African American renters and homeowners paid about the same price for houses and apartments, which suggests that that large numbers of all groups can afford housing in a wide variety of neighborhoods. She concludes that factors other than economic differences, therefore, must be influencing the spatial development of urban areas. Similarly, in their analysis of the uneven spatial development of Detroit, Darden, Hill, Thomas, & Thomas (1987, 8) show that “it is not sufficient to view residential patterns of the Detroit metropolis solely as reflections of

homeowner ability to pay. As important as class factors were during the period between 1940 and 1980, racial factors exerted far greater influence over both social relations and social policies.” Furthermore, Squires (1996) notes that racial discrimination in both the mortgage and property insurance markets have also contributed to residential segregation and uneven urban development in the nation’s metropolitan areas.

Although an inverse relationship between socioeconomic status and segregation may not explain residential patterns among blacks, a number of studies suggest that this relationship may still hold for members of other minority groups (Darden, 1989; Darden, Bagaka’s, & Li, 1997; Darden & Kamel, 2000; Zubrinsky, 2003). For example, in an analysis of residential patterns of Asians, Hispanics and African Americans in Los Angeles, Zubrinsky (2001b, 285) finds that although Hispanic segregation can be attributable to socio-economic status (SES), the same cannot be said about African American segregation. She concludes that that “black white segregation cannot be understood in terms of disparities in SES resources and therefore the continuing significance of race must be taken seriously.” Similarly, in their analysis of the largest 45 metropolitan areas in the United States, Darden, Bagaka’s & Li (1997, 191) find that unlike other minority groups, neither black homeownership nor the amount of rent paid by blacks reduce their level of residential segregation. The authors conclude “for Asian and Hispanic households, their socioeconomic characteristics matter in their level of residential segregation. For black households, their characteristics matter little. It is race that matters and not socioeconomic characteristics that define the level of black residential segregation in the 45 largest metropolitan areas.” According to these researchers, therefore, race represents a

fundamental component in explaining concentrated poverty, particularly among African Americans, and must be incorporated into research investigating the changing nature of urban development.

Urban Policies

In their analyses of the increases of concentrated poverty in urban areas, numerous scholars have highlighted the role that local, state, and federal policies have had in shaping urban America. Urban policy analyst Bruce Katz, for example, argues that “current growth patterns are not inevitable, but are rather the result of major government policies that distort the market and facilitate the excessive decentralization of people and jobs” (Orfield, 2002, xi). One such policy approach that some scholars have implicated in inner city disinvestment is the focus on homeownership programs (Crowley, 2003; Dreier, Mollenkamp, & Swanstrom, 2001; Jackson, 1985) In *Inside Game/Outside Game*, Rusk (1999, 86) notes that FHA insurance of low cost home mortgages not only inherently favored newer suburbs over older cities but also systematically discriminated against poor and minority urban neighborhoods. In addition, Rusk notes that pro-homeowner tax policies such as the home mortgage deduction have led homebuyers to “step up constantly in price and often step out of central cities and older suburbs as well.”

Similarly, other scholars have noted the impact that policies associated with urban renewal have had on the creation of ghetto poverty (Hirsch, 1983; Rusk, 1999; Sawers, 1984). While at first glance federal urban renewal programs may seem to have been a pro-cities measure, these programs often created dull and lifeless downtown areas as well as high-poverty, high crime public housing complexes—both of which had negative effects on the ability of cities to compete with suburbs.

In addition, scholars note that federal investment in highway and sewage construction subsidized the development of suburban areas, thereby contributing to a rapid decentralization of the country's urban centers (Darden, Thomas, & Thomas, 1987; Rusk, 1999). Not only have these investments made it more practical and affordable for middle and upper income urban residents to move to suburban areas, but they have also led to decreases in the provision of services for urban residents. Rabin (1997) notes that as a result of government investment in the construction of regional highway networks, public transportation systems have been forced to severely curtail service and greatly increase fares, which has reduced the number of jobs accessible to poor and minority inner city residents.

In addition to policies that subsidize suburban development at the expense of inner city areas, scholars also point to federal public housing policy in understanding the role of government policies in concentrated poverty and residential segregation (Massey & Kanaiaupuni, 1993; Schill & Wachter, 1995). A number of factors associated with public housing policy have been implicated in concentrated poverty. For example, the fact that the federal government allowed local officials to make all decisions regarding the placement of public housing led not only to its placement within inner city boundaries as opposed to suburban areas but also led to its placement in areas already heavily concentrated with poor and minority residents, thus increasing the concentration of poverty and residential segregation (Jackson, 1985; Rohe & Freeman, 2001; Vale, 2000). Moreover, the lack of federal oversight in local housing decisions allowed local political leaders and residents to incorporate racist ideologies in the determination of to what degree minority populations would be

integrated into the larger city and into the metropolitan region (Venkatesh, 2000).

Compounding the racism contained within the public housing program were policies that mandated that only the neediest families be served by public housing. Because funding for building maintenance was to come only from tenant rents, rapidly deteriorating public housing communities became a common sight in many urban landscapes, which provided increased incentive to middle class residents to flee these areas (Popkin, Buron, Levy, & Cunningham 2000; Venkatesh, 2000). In addition, scholars have also criticized the way in which the architectural design of the public housing increased concentrated poverty and social isolation among public housing residents (Jackson, 1985; Kotlowitz, 1991; Schill & Wachter, 2001; Schill & Wachter, 1995). In order to save money on land expenses, public housing was often built at extremely high densities, which increased social isolation among residents living in these housing developments and between public housing residents and the larger city. As this research suggests, understanding the increase in concentrated urban poverty requires an analysis of the role that urban policies have played in shaping the spatial development of inner city areas.

Individual Level Cognitive Explanations

In contrast to the more macro-level political, racial and economic explanations of urban spatial development, some scholars point to the potential role that individual level factors might play in understanding the spatial nature of urban poverty and segregation. Scholars have focused on two main ways in which individual level factors might contribute to residential segregation. First, some scholars question whether segregation continues not because of discrimination in the housing market, but instead

because of the preferences of blacks and whites to live with members of their own race. Thernstrom & Thernstrom (1997, 225), for example, state that although some discrimination in the real estate market may still exist, these biases “appear minor compared to the biases of real estate customers themselves.” The authors go on to assert that although the attitudes of whites toward residential integration have become increasingly liberal over the past several decades, African Americans have become less and less disposed to living in integrated areas. According to the authors, the decreasing desire to live in integrated areas is attributable to an increased desire by blacks to live among people of their own racial and class background.

In analyzing the causes for the changing preferences among blacks, however, Krysen & Reynolds (2002) find that changing attitudes among blacks toward living in integrated areas are driven not by a strong desire to live with members of their own race, but instead by fears of racial discrimination and hostility that they might encounter upon moving to an integrated or majority white area. These authors conclude that continued residential segregation cannot be contributed to “neutral ethnocentrism” of blacks, but instead must be understood in terms of continued racial discrimination and hostility on the part of whites. Similarly, Wilson & Hammer (2001) find that perceived discrimination does impact residential choice for blacks and is more important than preference for homogeneity in explaining segregation patterns among African Americans.

A second individual level dimension that has been identified as a potential contributor to residential segregation and concentrated poverty in urban areas relates to differences in knowledge about housing markets held by urban residents. In his analysis of residential segregation in Detroit, Farley, Steech, Jackson, Krysan, & Reeves (1993) tests the hypothesis

that residential segregation between blacks and whites is explained by different knowledge and perceptions of the suburban housing market. Farley *et. al.* (1993) finds that although blacks tend to overestimate the price of housing available in the suburbs, both blacks and whites share similar views about the affordability and desirability of housing in particular Detroit suburbs. Similarly, in her analysis of the housing market knowledge of blacks and whites in four U.S. cities, Zubrinsky (2001a) finds that racial groups across cities have similar knowledge of housing prices, and do not differ in their perceptions about desirable places to live, which suggests that residential segregation is not driven by differing tastes among blacks regarding places to live.

Consequences of Concentrated Poverty

The increase in concentrated poverty has not only led to a more fervent debate about the forces driving its development in urban areas, but has also sparked widespread discussion regarding the consequences that living in high poverty areas might have for urban residents. In their review of the literature describing the effects of living in racially segregated, high poverty neighborhoods, Small & Newman (2001) note that perhaps no single question in urban inequality has produced more research than whether neighborhood poverty affects the life chances of the poor. Researchers have identified a number of social, political, and economic effects that living in high poverty neighborhoods might have on urban residents. This section will review the most prominent theories regarding the role that living in high poverty neighborhoods may play in determining the social outcomes of urban residents.

Social Organization Effects: Type and Quality of Social Networks

A number of scholars document the impact of concentrated poverty on neighborhood social organization. Wilson (1996), for example, asserts that neighborhoods characterized by high levels of concentrated poverty and joblessness are more likely to experience low levels of social organization on a number of dimensions. Wilson notes that people living in concentrated poverty have weaker social networks than those living in more economically and racially integrated areas. Many scholars assert that the type and quality of social networks that a person has may play an important role in their ability to gain access to quality employment opportunities (Briggs, 1998; Newman, 1999; Rankin & Quane, 2000). Briggs (1998) notes that although the networks of minorities living in concentrated poverty may provide sufficient amounts of social support, which represents an essential resource in coping with conditions of living in concentrated poverty, they tend to lack social leverage, which can be an important resource in gaining access to opportunities and getting ahead. Although social support may be important for survival in harsh living condition of the inner city, it is essential that increasing social leverage of inner city residents be incorporated into policy discussions about how to improve the employment outcomes of urban residents. Similarly, Falcon & Melendez (2001) report that more than half of the jobs in the US economic are found through personal contacts. They go on to note, however, that due to residential segregation, poor minorities living in high poverty neighborhoods are more likely to rely on relatives and immediate friends to provide them with jobs, which tend to lead them to jobs that are of lower pay and in predominately minority labor markets.

Although most scholars tend to agree that the lack of social networks held by people in

concentrated poverty may ultimately lead to poor overall employment outcomes in these areas, many scholars note that the value of the social support networks that urban residents have should not be deemphasized. In her study of youth working low wage jobs in Harlem, for example, Newman (1999) finds that many inner city employers rely on social ties in making hiring decisions and that for youth, employment in even low skilled jobs may be an important resource in gaining access to other opportunities that will help them get ahead. Other scholars point out that the social support networks that of people living in urban areas provide essential resources that help them to survive on low wages or welfare (Edin & Lein, 1997a; Edin & Lein, 1997b; Seccombe, 1999; Stack, 1974). In their analysis of the survival strategies utilized by low income mothers, Edin & Lein (1997a) find that unlike middle and upper income families whose main income may come from one or two primary sources, the survival strategies of low-income, single mothers are characterized by a complex process of piecing together enough resources from various sources to survive. These forms of support come from friends, family members, and institutions and prevent low-income, single mothers from becoming poorer.

Social Organization: Lack of Collective Supervision/Cooperation

In the analysis of the way in which high poverty neighborhoods may impact social organization of these areas, Wilson and others also point out that living in high poverty neighborhoods may impact the extent to which people in these areas exercise collective supervision over other residents in the area (Anderson, 1999; Massey, 1996; Wilson, 1996). Wilson (1996, 62) argues that "the connectedness and stability of social networks in strong neighborhoods transcend the household

because the neighborhood adults have the potential to observe, report on, and discuss the behavior of the children in different circumstances.” Collective supervisions and cooperation can be beneficial to parents in helping to reinforce the discipline the child receives in the home, thus creating a less burdensome and more successful child raising experience for parents. Wilson goes on to note, however, that in areas of concentrated poverty, parents may find it more adaptive to become socially isolated rather than socially integrated, withdrawing from involvement in social problems that may occur in the neighborhood.

In his analysis of the Chicago Heat Wave of 1995, Klinenberg (2002) also describes how increasing social isolation among senior citizens living in high poverty urban areas led to a greater number of deaths among these residents. In his spatial analysis of deaths associated with the heat wave, Klinenberg found that areas that have good public resources and commercial action have better social interaction among people, which helped to save lives during the heat wave. However, increases in concentrated poverty and changes in the social conditions led seniors in these areas to become more socially isolated, which ultimately increased the number of deaths among seniors.

Although Wacquant (2002) warns against romanticizing the segregated ghettos of the past, he asserts that the experience of urban segregation today has changed in ways that make it more burdensome and alienating. He states that although the American ghetto of the 1960s was an oppressive place, it was a place where residents were able to establish a strong collective control. The ghetto of today, however, is now a “perilous battlefield” in which everybody is trying to escape. The loss of the collective informal support that was once seen among ghetto residents has led to an “advanced marginality” among urban residents

characterized by increased blight, segregation, isolation, and distress in the American ghetto.

Economic Effects: Spatial Mismatch

In addition to the impact that weak social networks might have on one’s ability to get a job, scholars have noted other ways in which residence in high poverty neighborhoods might lead to increased economic disadvantage. For example, numerous scholars have noted that due to a growing spatial mismatch between low skilled labor and low skilled jobs, those living in isolated urban areas may have a greater difficulty gaining access to jobs in the suburbs. O’Regan & Quigly (1996) find that approximately 21-25 percent of the employment gap between Whites and Hispanics is attributable to the spatial isolation of Hispanics. Approximately 30-35 percent of the gap between Blacks and Whites can be attributable to spatial isolation. The authors go on to conclude that even modest changes in spatial isolation may increase employment prospects among people living in high poverty neighborhoods.

Jencks & Mayor (1990) describe three mechanisms that may account for spatial mismatch. First, these authors note that issues associated with commuting to the suburbs might affect the ability of an urban resident to both find and keep a job in the suburbs. Research has found, for example, that urban residents not only face increased commuting costs in terms of time and money, but also face barriers in accessibility to jobs due to limitations in public transit services (Ihlanfeldt & Sjoquist, 1998).

Secondly, Jencks & Mayor believe that spatial mismatch may also limit access to jobs if knowledge of suburban job markets is decreased with increased distance from these markets. Falcon & Melendez (2001, 343) point out that newspaper advertisements for jobs in suburban areas may not reach inner city residents.

Moreover, “help wanted ads posted on storefronts or community bulletins will exclude anyone not frequenting the area.”

A third way in which spatial mismatch might limit access to jobs is through employer discrimination. For example, Brooks-Gunn, Duncan, & Aber (1997) note that the location of residence might affect how people are perceived by others, including teachers and employers. Similarly, in their interviews with urban and suburban employers, Jencks & Mayor (1990, 306) found that “space is a signal to employers: they have well-formed perceptions of certain neighborhoods, and draw inferences about the wealthy of workers from those neighborhoods...space is a signal associated with perceptions about race, class, worker skills and attitudes.” Urban job seekers who live in high poverty, segregated neighborhoods, therefore, may experience spatial discrimination when attempting to find work in suburban or lower poverty urban areas.

Similarly, a number of researchers have pointed out that racial discrimination of employers in largely white areas might also decrease the ability of minority residents to get jobs in the suburbs (Mills & Lubuele 1997; O'Connor, Tilly & Bobo, 2000; Stoll, 1999). For example, Tilly, Moss, Kirschenman, & Kennelly (2001, 333) note that the ways in which employers advertise for jobs often reflect their desires for white employees. They find that order to get white employees, employers in suburban Detroit advertise in papers circulated only in majority white areas. Moreover, in interviews with these employers, the researchers found that some employers justified their discriminatory recruiting procedures because they believe that residents in inner city areas have transportation problems getting to suburban jobs. The authors concluded that “by recruiting workers through newspapers in white suburban areas and counting out potential workers who

relied on public transportation, some employers in our sample acted on their perceptions of spatial patterns of race and class.” Similarly, in his study of Chicago-area employers, Wilson (1996) found that many employers considered inner-city workers—especially young black males—to be uneducated, unstable, uncooperative, and dishonest.

Institutional Effects

In “Negative Social Capital: State Breakdown and Social Destitution in America's Urban Core,” Wacquant (1998) argues that one of the major effects of concentrated poverty is the withdrawal of private institutions and the breakdown of public institutions. Numerous scholars have noted that due to the lack of spending power in areas of concentrated poverty, market oriented private institutions often quickly withdraw. This withdrawal, according to Wacquant, results in additional economic hardship for inner city residents and contributes to the deterioration of formal and informal social control. Eitzen & Smith (2003) note that the urban poor concentrated in the inner cities pay more for food and other commodities because supermarkets, discount stores, outlet malls, and warehouse clubs tend to bypass inner city neighborhoods. This withdrawal of market services is illustrated in analysis of central city supermarkets in large metropolitan areas throughout the United States (Swanstrom, Dreier, & Millenkompf (2002). Swanstrom, Dreier, & Millenkompf (2002, 362) state that “central cities are losing their large supermarkets. Between 1970 and 1992, Boston lost 34 out of 50 big-chain supermarkets. The number of supermarkets in Los Angeles County fell from 1068 to 694 between 1970 and 1990. Chicago did worse, losing half of its supermarkets.” Because many inner city residents do not have transportation to these supermarkets where prices are lower, they are forced to buy from

nearby stores, which give those businesses monopoly power to set high prices.

Eitzen & Smith (2003) goes on to note that inner city residents also suffer from various forms of predatory lending that take advantage of poor people living in concentrated poverty. Banks and savings and loans are rarely located in high poverty concentrated areas, which leaves more than 10 million poor families without bank accounts. These families are then forced to rely on a shadow banking industry that loans money or cashes checks for customers at enormous costs. In these and other ways, “the market not only fails people who live in poverty: it punishes them through the negative effects of concentrated poverty” (Swanstrom, Dreier, & Millenkopf, 2002, 360).

As Wacquant (2002) notes, however, people living in concentrated poverty experience the withdrawal of market institutions and the deterioration of public institutions. Swanstrom, Dreier, & Millenkopf (2002) indicate that because many of the city’s most important services such as police, fire, sanitation and public health are provided by local governments and because the poor live in areas that lack fiscal capacity, they often receive strikingly different public services than those that live in more economically integrated areas. Moreover, because public education represents perhaps one of the most important services provided by local government in determining social outcomes of urban residents, the lack of fiscal capacity in areas that may need the most funding has devastating results for the perpetuation of inequality in inner city areas.

In his analysis of schools in the five metropolitan areas in the United States, Kozol (1991) describes a number of ways in which urban and suburban school districts differ and the effects that these disparities have on the quality of education received in inner city areas. First, inner city schools receive much less

funding than schools located in suburbs. In Chicago in 1989, for example, Kozol (1991, 54) found that while the city spent \$5,500 per student, the suburbs spend between \$8,500 and \$9,000 per student. He notes that “this means that any high school class of 30 children in Chicago received approximately \$90,000 less each year than a suburban student.” Second, Kozol found that there are great differences between salaries paid to teachers in the city and in the suburbs. While the top salary for teachers in inner city Chicago is \$40,000, the top salary for teachers in the suburbs is \$60,000. This disparity in teachers’ salary has clear implications for the quality of teachers that inner cities are able to attract to teach in their schools. Third, Kozol found that the curricula in inner city and suburban schools differ in ways that may have implications for the future academic and economic outcomes of students. While the curriculum in inner city schools focuses on teaching basic skills, it lacks an academically oriented focus. Schools in the suburbs assume that students will go to college and therefore provide more sophisticated and academically oriented curriculum. Similarly, Wilson (1987, 103) argues that most inner city schools “train minority youth so that they feel and appear capable of only performing jobs in the low wage sector.”

Another way in which suburban and urban schools differ is in the value accorded to the high school diploma received from these areas. In “No Good Choices,” Raley (1999) reports on a survey done by a Chicago-based research center that found that of students from the eighteen poorest schools in the country, only 3.5 percent of the students graduate with reading skills at the national level. Raley goes on to point out that the poor quality of schooling in inner city areas can lead to other social problems such as teen childbearing. Many young women feel that because a diploma from a ghetto high

school does not translate to economic success in the United States, there is no reason not to have a baby while in school. Graduation from high school will not increase their prospects of getting out of poverty. It seems, therefore, that the withdrawal and deterioration of both private and public institutions from areas of concentrated poverty represents a neighborhood effect that could potentially have very negative impacts on people living in these areas.

Conclusion: Implications for Policy

It seems clear that the literature about the causes and consequences of increases in concentrated poverty is both abundant and widely debated. Although researchers have not come to any decisive conclusions regarding the causes or the consequences of increased concentrated poverty, it seems clear that this research has important implications for policy makers. Zubrinsky (2003) notes that determining the relative importance of class and race in explaining the increases in concentrated poverty clearly has implications for how we go about decreasing concentrated poverty. Those theories that assert that objective differences in class and acculturation across groups are responsible for the growth of concentrated poverty and the perpetuation of segregation would suggest a need for policies that focus on increasing the educational attainment and income of minority populations. Theories that focus on the persistence of prejudice and discrimination that act to constrain the residential mobility of minority groups would suggest a need for policies that focus on reducing barriers faced by minority residents in the housing market.

Similarly, deciphering the effects that neighborhoods have on social outcomes over and above familial and individual effects may also have implications for policy makers. If the quality of neighborhoods has independent effects on the social outcomes of those living in

concentrated poverty areas, policies that disperse families across the metropolitan area might be the best way to improve social outcomes. However, if social outcomes are more determined by individual and familial characteristics, simply dispersing families across metropolitan areas without addressing other forces that lead to negative outcomes will clearly not adequately address inequality.

As was shown in this paper, there are many complex and interrelated issues surrounding the increase of concentrated poverty in our inner city areas. Due to this complexity, urban scholars must be “interdisciplinary, qualitative and quantitative, and much broader in scope” (O’Connor, 2001) in order to offer effective policy recommendations that address the causes and consequences of concentrated poverty in urban areas. Urban scholarship that recognizes that seemingly polarizing concepts such as class and race or structure and culture are not alternatives but are instead mutually reinforcing explanations may have the greatest ability to inform policy and improve the quality of life of inner city residents.

References

- Anderson, E. (1999). *Code of the street: Decency, violence, and the moral life of the inner city*. New York: W.W. Norton & Company.
- Anderson, E. & Massey, P.S. (eds.). (2001). *Problem of the century*. New York: Russell Sage Foundation.
- Briggs, X. (1998). Brown Kids in White Suburbs: Housing Mobility and the Many Faces of Social Capital. *Housing Policy Debate*, 9(1), 177-221.
- Brooks-Gunn, J. Duncan, G.J. & Aber, J.L. (eds.). (1997). *Neighborhood Poverty: Context and Consequences for Children* (Vol. II). New York: Russell Sage Foundation.
- Castells, M. (1976). "Theory and Ideology in Urban Sociology." In C. Pickvance (Ed.), *Urban Sociology: Critical Essays*. (pp. 60-84). New York: St. Martin's.
- Crowley, S. (2003). The Affordable Housing Crisis: Residential Mobility of Poor Families and School Mobility of Poor Children. *The Journal of Negro Education*, 72(1), 22.
- Darden, J.T. & Hill, R.C. (1987). *Detroit: Race and Uneven Development*. Philadelphia: Temple University Press.
- Darden, J.T. (1989). Blacks and other Minorities: The Significance of Color in Inequality. *Urban Geography*, 10(6), 562-577.
- Darden, J.T., Bagaka's, J.G. & Li, S.J. (1997). Racial Residential Segregation and the Concentration of High and Low Income Households in the 45 Largest Metropolitan Areas. *Journal of Developing Societies*, 13(2), 171-194.
- Darden, J.T. & Kamel, S.K. (2000). Black Residential Segregation in Suburban Detroit: Empirical Testing of the Ecological Theory. *The Review of Black Political Economy*, 27(3), 103-123.
- Dreier, P., Mollenkopf, J.H. & Swanstrom, T. (2001). *Place matters: Metropolitcs for the Twenty-First Century*. Lawrence, Kansas: University of Kansas Press.
- Durkheim, E. (1964). *The Division of Labor in Society*. New York: Free Press.
- Edin, K. & Lein, L. (1997a). *Making ends meet: How single mothers survive welfare and low wage work*. New York: Russell Sage Foundation.
- Edin, K. & Lein, L. (1997b). Work, Welfare, and Single Mothers' Economic Strategies. *American Sociological Review*, 62(2), 253-266.
- Eitzen, D.S. & Smith, K.E. (2003). *Experiencing poverty: Voices from the bottom*. Belmont: Wadsworth.
- Engels, F. (1999). *The Condition of the Working Class in England*. New York: Oxford University Press.
- Falcon, L. & Melendez, E. (2001). "Racial and Ethnic Differences in Job Searching Strategies in Urban Centers. In O'Connor, A. (ed.), *Urban Inequality: Evidence from Four Cities*. New York: Russell Sage Foundation. 341-371.
- Farley, R., Steech, C., Jackson, T., Krysan, M & Reeves, K. (1993). Continued Racial Residential Segregation in Detroit: Chocolate City, Vanilla Suburbs' Revisited. *Journal of Housing Research*, 4(1), 1-38.
- Goldsmith, W. & Blakely, E.J. (1992). *Separate societies: Poverty and inequality in U.S. cities*. Philadelphia: Temple University Press.

- Gottdiener, M. & Feagin, J.R. (1989). The Paradigm Shift in Urban Sociology. *Urban Affairs Quarterly*, 24(2), 163-187.
- Gould Ellen, I. & Austin, T.M. (1997). Does Neighborhood Matter? Assessing Recent Evidence. *Housing Policy Debate*, 8(4), 833-866.
- Hirsch, A.R. (1983). *Making the Second Ghetto: Race and Housing in Chicago 1940-1970*. Cambridge: Cambridge University Press.
- Holzer, H.J. (1991). The Spatial Mismatch Hypothesis: What Has the Evidence Shown? *Urban Studies*, 28, 105-122.
- Ihlanfeldt, K.R., & Sjoquist, D. (1998). The Spatial Mismatch Hypothesis: A Review of Recent Studies and Their Implications for Welfare Reform. *Housing Policy Debate*, 9(4):849-892.
- Jackson, K.T. (1985). *Crabgrass Frontier: The Suburbanization of the United States*. New York: Oxford University Press.
- Jargowsky, P.A. (1997). *Poverty and Place*. New York: Russell Sage Foundation.
- Jargowsky, P.A. (2003). *Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s*. Washington DC: The Brookings Institution.
- Jencks, C. & Mayor, S. (1990). Residential Segregation, Job Proximity, and Black Job Opportunities. In L.E. Lind & M. McGeary. eds. *Inner City Poverty in the U.S.* Washington DC: National Academy Press.
- Kasarda, J. (1993). Urban Industrial Transition and the Underclass. In W. J. Wilson (Ed.), *The Ghetto Underclass: Social Science Perspectives*. Newbury Park, CA: Sage Publications. pp. 43-64.
- Klinenberg, E. (2002). *Heat Wave : A Social Autopsy of Disaster in Chicago*. Chicago: University of Chicago Press.
- Kotlowitz, A. (1991). *There are no children here: The story of two boys growing up in the other America*. New York: Double Day.
- Kozol, J. (1991). *Savage Inequalities: Children in America's Schools*. New York: Crown Publishers.
- Krysan, M. & Reynolds, F. (2002). The Residential Preferences of Blacks: Do They Explain Persistent Segregation? *Social Forces*, 80(3), 937-980.
- Martindale, D. & Neuwith, G. (eds.). (1958). *The City*. New York: The Free Press.
- Marx, K. (1970). *The German ideology*. New York: International Publishers.
- Massey, D.S. (1996). The Age of Extremes: Concentrated Affluence and Poverty in the Twenty-first Century. *Demography*, 33(4), 395-412.
- Massey, D.S. & Kanaiaupuni, S.M. (1993). Public Housing and the Concentration of Poverty. *Social Science Quarterly*, 74, 109-122.
- Massey, D.S., Gross, A.B. & Shibuyu, K. (1994). Migration, Segregation, and the Geographic Concentration of Poverty. *American Sociological Review*, 59(3), 425-445.
- Massey, S. & Denton, N.A. (1993). *American apartheid: Segregation and the making of the underclass*. Cambridge: Harvard University Press.
- Mills, E.S. & Lubuele, L.S. (1997). Inner Cities. *Journal of Economic Literature*, 35(2), 727-756.
- Newman, S. (1999). *No shame in my game: The working poor in the inner city*. New

- York: Alfred A. Knopf and The Russell Sage Foundation.
- O'Connor, A. (2001). *Poverty Knowledge: Social Science, Social Policy, and the Poor in Twentieth-Century U.S. History*. Princeton: Princeton University Press.
- O'Connor, A. Tilly, C. & Bobo, L.D. (eds). (2000). *Urban inequality in the United States: evidence from four cities*. New York: Russell Sage Foundation.
- O'Regan, K. & Quigley, J.M. (1996). Teenage Employment and the Spatial Isolation of Minority and Poverty Households. *The Journal of Human Resources*, 31(3), 692-702.
- Orfield, M. (2002). *American Metropolitics : The New Suburban Reality*. Washington, D.C: Brookings Institution Press.
- Palen, J. (2004). *The Urban World*. New York: McGraw Hill.
- Park, R.E., Burgess, E.W., & McKenzie, R.D. (eds.). (1967). *The City*. Chicago: University of Chicago Press.
- Popkin, S.J., Buron, L.F., Levy, D.K. & Cunningham, M.K.. (2000). The Gautreaux Legacy: What Might Mixed-Income and Dispersal Strategies Mean for the Poorest Public Housing Tenants? *Housing Policy Debate*, 11(4), 911-942.
- Rabin, Y. (1997). The Persistence of Racial Isolation: Government Action and Inaction. In J. a. R. Thomas, Marsha (Ed.), *Urban Planning and the African American Community: In the Shadows*. Thousand Oaks: Sage. pp.93-108.
- Raley, G. (1999). No Good Choices: Teenage Childbearing, Concentrated Poverty, and Welfare Reform. In Coontz (Ed.), *American Families* New York, NY: Routledge. pp.258-272.
- Rankin, B.H. & Quane, J.M. (2000). Neighborhood Poverty and the Social Isolation of Inner-city African American Families. *Social Forces*, 79(1), 139-164.
- Rohe, W. & Freeman, L. (2001). Assisted Housing and Residential Segregation: The Role of Race and Ethnicity in the Siting of Assisted Housing Developments. *Journal of the American Planning Association*, 67(3), 279-292.
- Rusk, D. (1999). *Inside game outside game: Winning strategies for saving urban America*. Washington, DC: Brookings Institution Press.
- Savage, M. & Warde, A. (1993). *Urban sociology, capitalism and modernity*. Basingstoke: Macmillan.
- Saywers, L. & Tabb, W. (eds.). (1984). *Marxism and the Metropolis : New Perspectives in Urban Political Economy*. New York: Oxford University Press.
- Schill, M.H. & Wachter, S.M. (2001). Principles to Guide Housing Policy at the Beginning of the Millennium. *Cityscape*, 5(2), 5-19.
- Schill, M.H. & Wachter, S.M. (1995). The Spatial Bias of Federal Housing Policy. *University of Pennsylvania Law Review*, 143, 1285-1342.
- Seccombe, K. (1999). *"So You Think I Drive a Cadillac?" Welfare Recipients' Perspectives of the System and its Reform*. Boston, MA: Allyn & Bacon.
- Small, M. & Newman, K. (2001). Urban Poverty After the Truly Disadvantaged. *Annual Review of Sociology* 27, 23-45.
- Squires, G.D. (1996). Policies of Prejudice: Risky Encounters with the Property Insurance Business. *Challenge*, 39(4).

- Stack, C.B. (1974). *All our kin: Strategies for survival in a Black community*. New York: Harper Row.
- Stoll, M. (1999). Spatial Mismatch, Discrimination, and Male Youth Employment in the Washington DC area: Implications for Residential Mobility Policies. *Journal of Policy Analysis and Management*, 18(1), 77-98.
- Swanstrom, T., Dreier, P., & Millenkopf, J. (2002). Economic Inequality and Public Policy: The Power of Place. *City and Community*, 1(4), 349-372.
- Thernstrom, A. & Thernstrom, S. (1997). "Cities and Suburbs". In *America in Black and White*. New York:: Simon and Schuster. pp.203-231.
- Tilly, C., Moss, P., Kirchenman, J. & Kennelly, I. (2001). Space as a Signal: How Employers Perceive Neighborhoods in Four Metropolitan Labor Markets. In A. O'Connor, C. Tilly, & L.D. Bobo (eds.), *Urban Inequality: Evidence from Four Cities*. New York: Russell Sage Foundation. pp. 304-340.
- Tonnies, F. ([1887] 1963.). *Community and Society (Gemeinschaft and Gesellschaft)*. New York: Harper & Row.
- Vale, L. J. (2000). *From the Puritans to the Projects : Public Housing and Public Neighbors*. Cambridge, MA: Harvard University Press.
- Venkatesh, S.A. (2000). *American Project: The Rise and Fall of A Modern Ghetto*. Cambridge: Harvard University Press.
- Wacquant, L.J.D. (2002). The Rise of Advanced Marginality: Notes on its Nature and Implications. In P. M. a. R. v. Kempen (Ed.), *Of States and Cities: The Partitioning of Urban Space*. New York: Oxford University Press. pp. 221-239.
- Wacquant, L.J.D. (1998). Negative Social Capital: State Breakdown and Social Destitution in America's Urban Core. *Netherlands Journal of Housing and the Built Environment*, 13(1), 25-40.
- Wilson, W.J. (1987). *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*. Chicago: University of Chicago Press.
- Wilson, W.J. (1996). *When Work Disappears: the World of the New Urban Poor*. New York: Knopf.
- Wirth, L. (1964). "Urbanism as a Way of Life." In *On Cities and Social Life*, Chicago,: The University of Chicago Press. pp. 60-83.
- Wilson, F. & Hammer, R. (2001). Ethnic Residential Segregation and its Consequences. In T. C. a. B. L. O'Connor A. (Ed.), *Urban Inequality: Evidence from Four Cities*. New York: Russell Sage Foundation. pp. 272-303.
- Zubrinisky, C.C. (2001a). Processes of Residential Segregation. In T. C. a. B. L. O'Connor A. (Ed.), *Urban Inequality: Evidence from Four Cities*. New York: Russell Sage Foundation. pp. 217-271.
- Zubrinisky, C.C. (2001b). Socioeconomic Status and Segregation: African Americans, Hispanics, and Asians in Los Angeles. In D. Massey & E. Anderson. (eds.), *Problem of the Century*. New York: Russell Sage Foundation. pp.271-309.
- Zubrinisky, C. C. (2003). The Dynamics of Racial Residential Segregation. *Annual Review of Sociology*, 29, 167-207.

Recent Publications

Michigan State University Community & Economic Development Program

- Laleah Fernandez, Naren Garg, and Rex L. LaMore. (2005). *The Dollars and Sense of Cultural Economic Development: Summary Report of Michigan's Cultural Capacity*
- Rex L. LaMore, Jimish Gandhi, John Melcher, Faron Supanich-Goldner, and Kyle Wilkes. (2005). *Metropolitan Michigan Knowledge Economy Indicators*.
- Community News and Views: Triple-Bottom Line*. (Summer 2005), Vol. 17, No. 3. (Electronic)
- Community News and Views: Cultural Economic Development*. (Spring 2005), Vol. 17, No. 2.
- Community News and Views: Community Food Systems*. (Winter 2005), Vol. 17, No. 1.
- Creative Communities and Economic Innovation: Working for Michigan's Future (2004)*. Summer Institute Report.
- Gretchen Archer and Kristin Huber. (2004). A Study of Michigan Public Housing Commissioners.
- Rex L. LaMore, John Melcher, Faron Supanich-Goldner, and Kyle Wilkes. (2004). *Michigan Knowledge Economy Index: A County-Level Assessment of Michigan's Knowledge Economy*.
- LeRoy Harvey and John Victory. (2004). *The Creative Community Handbook: A Leap to Possibilities Thinking*.
- Community News and Views: Technology-Led Economic Development*. (Summer 2004), Vol. 16, No. 3.
- Community News and Views: Creative Communities and Economic Innovation*. (Spring 2004), Vol. 16, No. 2.
- The People's House: Reflections from Public Housing Residents and Partners*. (Winter 2004), Vol. 3, No. 1.
- Rex L. LaMore and Terry Link. (2004). *Renewing People and Places: Institutional Investment Policies that Enhance Social Capital and Improve the Built Environment of Distressed Communities*. Michigan State University Institute for Public Policy and Social Research.
- Community News and Views: Michigan Land Use*. (Winter 2004), Vol. 16, No. 1.
- Rex L. LaMore. (2004). *What are the Political Effects of Technology in Affordable Housing Construction in the Development of Social Capital by Community-Based Organizations*, for HUD/PATH and the National Science Foundation.
- Facts, Fads and Fantasies of Economic Development in a Knowledge Economy (2003)*. Summer Institute Report.
- Jason Camis, Juane Bustamante and Kanthi Karipineni. (2003). *Investing in Michigan's Future: Investment Policies for Michigan's Higher Education Institutions*.

For more information contact the MSU Community and Economic Development Program at (517) 353-9555, or visit us online at www.cedp.msu.edu.