

## Chapter 1

# Studying Neighborhood Poverty

Every large city in the United States, whether economically vibrant or withering, has areas of extreme poverty, physical decay, and increasing abandonment. Most city residents will go to great lengths to avoid living, working, or even driving through these areas. Usually, these neighborhoods are seen only on nightly news broadcasts after a gang-related shooting or drug raid, or they are depicted on television shows populated with every stereotype. But millions of Americans cannot keep a safe distance from them because they live in one. In these “deadly neighborhoods” (Jencks 1988), families have to cope not only with their own poverty, but also with the social isolation and economic deprivation of the hundreds, if not thousands, of other families who live near them. This spatial concentration of poor people acts to magnify poverty and exacerbate its effects.

In different times and different places, such neighborhoods have gone by a variety of names. Depending on the race and ethnicity of the residents, they might be called slums, ghettos, barrios, or a host of other, often derogatory names. Many books have been written about specific poor neighborhoods and the social and economic relationships that evolve within them. One of the great classics is *The Social Order of the Slum* by Gerald Suttles (1968), about the Addams neighborhood in Chicago. Lee Rainwater’s *Behind Ghetto Walls* (1970) concerns the now-demolished Pruitt-Igoe housing project in St. Louis. *Talley’s Corner*, by Eliot Liebow (1967), focuses

on the people who frequented a single street corner in Washington, D.C. In contrast, *The Truly Disadvantaged* by William Julius Wilson (1987), adopts a somewhat broader context by examining the growth of poor neighborhoods and the conditions within them in an entire metropolitan area—in his case, Chicago. Wilson's book has led to a resurgence of scholarly interest in poor neighborhoods and their residents. However, no book to date has presented a nationwide study of poverty at the neighborhood level, covering all regions and metropolitan areas. The purpose of this book is to fill that gap and provide, to the extent possible, a comprehensive portrait of neighborhood poverty in the United States.

Interest in the issue of neighborhood poverty seems to wax and wane in response, unfortunately, to outbreaks of urban violence. The riots that broke out in Los Angeles and a number of other cities after the initial Rodney King verdict in 1992 put the problem of poor neighborhoods back on the public agenda after years of relative neglect. Prior to that, the last major expression of public concern over the "ghetto problem" came after the urban riots of the 1960s. At the time, President Johnson responded to the "civil disorders" by appointing the Kerner Commission to investigate the causes of the violence. The commission's oft-cited conclusion was that "our nation is moving toward two societies, one black, one white—separate and unequal" (Kerner Commission 1968, 1). Stating that "it is time now to end the destruction and the violence, not only in the streets of the ghetto but in the lives of people" (p. 483), the commission's massive report included a detailed list of policy recommendations.

In March 1968, Tom Wicker was moved to write in the report's introduction, "Reading it is an ugly experience but one that brings, finally, something like the relief of beginning" (Kerner Commission 1968, xi). At that unique moment—shortly before the assassinations of Martin Luther King Jr. and Robert Kennedy—it was possible to hope that dramatic changes could occur, that the United States not only recognized its urban poverty problem but that it could also harness the nation's affluence and solve the problem outright through government policies and programs. Yet, the nation has not done that. Resources were drained by the expanding war in Viet Nam. Fear of violence and crime, fueled by the civil disorder-

ders that prompted appointment of the Kerner Commission, disillusioned many white Americans about issues related to race and poverty. The commission's recommendations were not adopted in any serious way. Neighborhood poverty has thus persisted over the past two decades, and in many cities grown worse.

As this book will show, the physical areas of urban blight have expanded rapidly and a greater proportion of the population lives within their borders. Social conditions in high-poverty neighborhoods have deteriorated, fueling more abandonment in a cycle of decay that, with few exceptions, seems immune to policy intervention or private initiatives. Visits to blighted urban neighborhoods, such as the South Bronx, have become a staple of presidential campaigns, just as neglect of urban issues has become standard operating procedure for the years between elections. The Clinton administration professed a deeper concern than its immediate predecessors about the plight of inner-city neighborhoods. As a nation, however, we are more disillusioned than ever by past failures and more bound by fiscal constraints. Although the Kerner Commission made the correct diagnosis, we now know enough to question some of the specific treatments it recommended. Can we adopt more cost-effective, less bureaucratic means to pursue the goals the commission laid out? Can we now find the courage and the resources to tackle problems identified so clearly in a report published nearly thirty years ago? Ultimately, how we as a nation respond to these problems will determine whether we can slow down or even reverse the decay of urban neighborhoods and its pernicious effects on our children, our cities, and our sense of community.

### **Why Study Neighborhood Poverty?**

The existence and expansion of blighted neighborhoods are matters of great concern for city planners. That city planners must contend with high-poverty neighborhoods does not, however, necessarily make the topic important for study in an academic sense. Indeed, an argument could be made that the real problem is poverty itself, which has its roots in the workings of the labor market and changing patterns of family formation. Poor people have to live somewhere. Variations in housing costs drive many to settle in public

housing projects or areas of cheap private housing, often located near the projects. In addition, if a substantial portion of the poor are members of minority groups, as is often the case, housing market discrimination and historical patterns of racial segregation further constrict the poor to a subset of neighborhoods where they are overrepresented. Whether the poor live tightly concentrated in a few neighborhoods or are dispersed, the argument continues, has little relevance to the problems that generate poverty. The logical conclusion is that poverty, not the neighborhoods poor people live in, should be the focus of scholarly attention and the target of public policies.

In certain ways, this line of reasoning is correct. First, the majority of the poor—even the majority of the black poor—do not live in high-poverty neighborhoods. Second, for those in two-parent families, the primary causes of poverty can be traced to the vicissitudes of the labor market, and for those in female-headed families to the lack of financial support from absent fathers (Bane and Ellwood 1986; Ellwood 1988). An undue focus on the poorest neighborhoods, particularly those exhibiting high levels of crime, drug use, out-of-wedlock childbearing, and other behaviors that rankle middle-class Americans, can deflect attention from the broader structural aspects of poverty. The seemingly intractable poverty in ghettos and barrios might also lead the public and policymakers to despair, and so overlook the important contributions to reducing poverty that could be achieved by straightforward measures like the Earned Income Tax Credit (EITC), which are not tied to specific locations, and better enforcement of child support.

Still, there are many reasons to be concerned with high-poverty neighborhoods *in addition to* the poverty of individuals. First among them is the premise that neighborhoods matter, that the economic and social environments of high-poverty areas may actually have an ongoing influence on the life course of those who reside in them. That is, poor neighborhoods have an independent effect on social and economic outcomes of individuals even after taking account of their personal and family characteristics, including socioeconomic status (Tienda 1991). Of greatest concern are the effects that harsh neighborhood conditions have on children, whose choices in adolescence can have lifelong consequences. If teenagers drop out of school or bear children out of wedlock in part because of neigh-

neighborhood influences, then the study of neighborhood poverty is important.

The relative importance and exact nature of neighborhood effects are, however, a matter of continuing debate in the economic and sociological literatures.<sup>1</sup> Here, it will suffice to say that there are many different channels through which such effects could operate—for example, a ghetto culture that stresses short-term goals (Anderson 1990, 1991); a lack of role models and stabilizing institutions to buffer social dislocation (Wilson 1987); or underfunded schools and reduced access to new jobs in suburban areas (Kain 1968, 1992). Through these and other channels, neighborhoods can influence the choices children make, the breaks they get, and the way they are treated by family, peers, and employers. In the extreme, if living in destitute neighborhoods leads children to adopt self-destructive values and behaviors, the result is a vicious cycle of poverty: children in such circumstances are “growing up . . . under conditions that make them better candidates for crime and civil disorder than for jobs providing an entry into American society” (Kerner 1968, 263).

Neighborhood effects are not the only reason to be concerned with high-poverty areas. Concern over the quality of schools and fear of crime are two major factors behind middle-class flight to the urban periphery. In neighborhoods with borderline poverty, often located at the periphery of high-poverty areas, the population is declining, with the nonpoor leaving faster than the poor (Gramlich, Laren, and Sealander 1992; Jargowsky and Bane 1991). This flight leads to more economic segregation and worsens fiscal tensions between central cities and suburbs. Metropolitan areas become economically “hollow,” with poor central cities at odds with rich and defensive suburbs. Moreover, recent studies suggest that central-city poverty has dynamic effects on the economic development of suburbs (Adams and others 1994; Voith 1994). While the evidence on the point is hardly definitive, it seems doubtful that a suburban ring can long prosper around a dying urban core. Such concerns have led several metropolitan areas—for example, Portland, Oregon, and Minneapolis–St. Paul—to take a comprehensive view of growth and development, one that explicitly recognizes the value of a stable, livable urban core (Orfield 1996; Pearce 1993; Rusk 1993).

Perhaps the most compelling reason to study poor neighborhoods is that the quality of life for their residents is often dreadful.

The conditions described by the Kerner Commission thirty years ago largely still hold, “The culture of poverty that results from unemployment and family disorganization,” stated the commission, “generates a system of ruthless, exploitative relationships within the ghetto.” People must live and work in “an environmental jungle characterized by personal insecurity and tension” (Kerner Commission 1968, 262). Journalists such as *Wall Street Journal* reporter Alex Kotlowitz and Leon Dash of the *Washington Post* have documented the conditions of life in some of the nation’s poorest African American ghettos (Dash 1989; Kotlowitz 1991). Anthropological and sociological research spanning many decades has given us detailed accounts of people’s struggles to survive in the midst of severely impoverished neighborhoods.<sup>2</sup>

Although some would characterize residents of high-poverty areas as members of an “underclass” who bring their poverty upon themselves, I will show in chapter 4 that most ghetto and barrio residents do not engage in the behaviors considered typical of the underclass. Moreover, the analysis in chapter 6 shows that neighborhood poverty is largely determined by the overall economic conditions prevailing in a metropolitan area and the levels of segregation by race and income. Since these metropolitan-wide factors account for most of the variation in neighborhood poverty, the characteristics of the residents and local culture of the neighborhoods play a secondary role, at best. Moreover, it would take a cold heart indeed to think of the children *born* into high-poverty neighborhoods as “undeserving,” regardless of their parents’ behavior. The fact that substantial numbers of children, most of whom are minorities, grow up in such profoundly harmful environments raises fundamental questions about the American ideal of equality of opportunity.

### **Neighborhood Poverty: Conceptual and Operational Issues**

Most people who live in metropolitan areas could tell you which neighborhoods they consider to be ghettos, barrios, or slums. Such notions, as commonly applied, are inherently subjective; what one person considers a slum, another may see as an up-and-coming neighborhood, ripe for gentrification. If one were conducting a

study in a single metropolitan area, one could rely on the local consensus, if there were one, concerning the specific areas that constitute “bad” neighborhoods. To conduct a nationwide study, however, a common metric is needed, one that can be applied in a consistent fashion to thousands of neighborhoods in hundreds of metropolitan areas throughout the United States.

Moreover, there are important conceptual issues that have to be resolved. Are we talking about race and ethnicity or are we talking about class? Terms such as ghetto and barrio clearly have racial and ethnic connotations, but not all African American and Hispanic neighborhoods are poor, nor are all poor neighborhoods exclusively minority. Yet, as currently used, the terms ghetto and barrio also have class connotations. Moreover, discussions of “the underclass” presume or imply certain types of behaviors and attitudes among the residents of the affected neighborhoods. In the sections that follow, I discuss the choices I have made in analyzing the data on neighborhood poverty and the rationale for them. Since the methodology can have a large effect on the portrait of neighborhood poverty that emerges, I am explicit about the choices I make in developing an operational definition of high-poverty neighborhoods. I also compare my approach with several alternatives that are commonly employed in the urban poverty literature.

### *Neighborhoods in the Census*

Before one can specify what a high-poverty neighborhood is, one has to clarify what is meant by the term “neighborhood” itself. Suzanne Keller (1987) described some of the term’s nuances and the difficulty in reconciling them:

The term “neighborhood,” most investigators agree, is not without its ambiguities. Essentially, it refers to distinctive areas into which larger spatial units may be sub-divided, such as gold coasts and slums, central and outlying districts, residential and industrial areas, middle class and working class areas. The distinctiveness of these areas stems from different sources whose independent contributions are difficult to assess: geographical boundaries, ethnic or cultural characteristics of the inhabitants, psychological unity among people who feel that [they] belong together, or concentrated use of an area’s facilities for shopping, leisure, and learning. Neighborhoods combining all four

elements are very rare in modern cities. In particular . . . the geographical and the personal boundaries do not always coincide (p. 87).

Michael White, in his census monograph on American neighborhoods, wrote that most uses of the term "have in common the meaning of physically bounded area characterized by some degree of relative homogeneity and/or social cohesion" (White 1987, 3). Despite this core concept, White noted that there is little agreement about the land area or population size that would constitute "sociologically meaningful" neighborhoods.

In a study of neighborhood poverty, it makes sense to find a definition of neighborhood that identifies the area within which concentrations of poverty might influence outcomes of individuals. Even this focus, however, provides little real guidance. To a preschooler, the potentially influential neighborhood may be the hallway of his floor in a housing project, while to his teenage brother it may be the local school district. Yet, to study neighborhood poverty, we need an areal unit that approximates what we mean by the term neighborhood and for which data is available for the nation as a whole.

Wilson's pathbreaking work made use of Chicago's "community areas," which are relatively large neighborhoods with identifiable names and clearly defined boundaries (Wilson 1987). Unfortunately, Chicago is one of the few cities to have established and maintained a system of defined neighborhoods. In most places, the exact names and boundaries of neighborhoods fluctuate over time and depend on whom you ask. For a national study, *census tracts* are the only realistic choice; they are defined by the Census Bureau as "small, relatively permanent statistical subdivisions of a county . . . census tracts usually have between 2,500 and 8,000 persons and, when first delineated, are designed to be homogeneous with respect to population characteristics, economic status, and living conditions" (U.S. Bureau of the Census 1992, appendix A).

Unlike Chicago's community areas, census tracts have been created nationwide, in cooperation with local planning officials, for all metropolitan areas and "other densely populated counties." The remaining counties are divided up into block numbering areas (BNAs) "using guidelines similar to those for the delineation of cen-



sus tracts" (U.S. Bureau of the Census 1992, appendix A).<sup>3</sup> As of 1990, there were about 60,000 tracts and BNAs, with an average population of about 4,000 persons. "Tracts," concluded White, "offer the best compromise with respect to size, homogeneity, data availability, and comparability" (White 1987, 19).

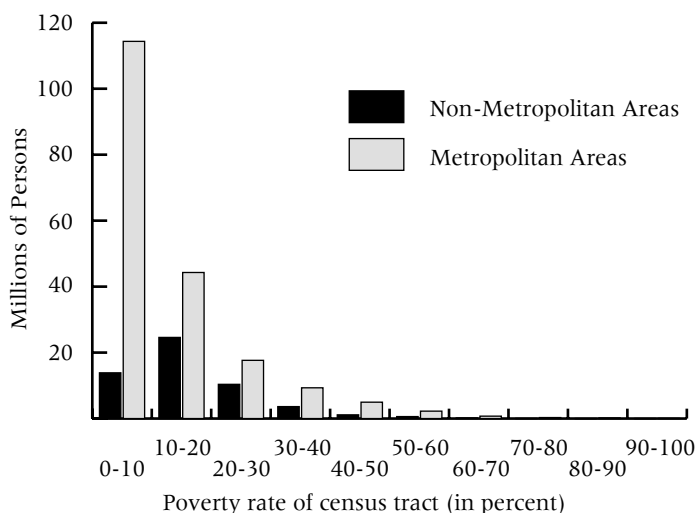
### *High-Poverty Neighborhoods*

When comparing census tracts, various measures are available for classifying neighborhoods by economic status. These include mean or median household income, the neighborhood poverty rate, and composite measures of socioeconomic status. Most researchers have favored a criterion based on the neighborhood poverty rate. Unlike mean or median income, the poverty rate of a neighborhood implicitly incorporates information about mean family income and the variance of the neighborhood income distribution. For statistical purposes, the Census Bureau defines a person as poor if their total family income falls below the federally defined poverty level, which varies by family size and is adjusted each year for inflation.<sup>4</sup> For example, the poverty threshold for a family of three was \$10,419 in 1990, the last census year. The *poverty rate* for a particular neighborhood is determined by dividing the number of poor persons who live there by the total of poor and nonpoor persons.<sup>5</sup>

Wilson, using community areas, focused on neighborhoods with poverty rates of 30 percent or more. As researchers began to extend Wilson's work beyond Chicago, the common practice was to use census tracts with poverty rates of 40 percent.<sup>6</sup> Initially, this level was chosen for a decidedly nonsubstantive reason: it was the highest rate for which the Census Bureau published aggregated figures in special topic reports on high-poverty areas in central cities (U.S. Bureau of the Census 1973, 1985). However, the acquisition and analysis of data on individual census tracts, since the late 1980s, allow any poverty rate to be chosen, and so the choice of a specific threshold level must be discussed and justified.

Figure 1.1 shows the distribution of the U.S. population in 1990 by a neighborhood's poverty rate. Two conclusions are immediately apparent. First, the distribution of neighborhoods by poverty rate is continuous, not bimodal (with one group of "nice" neighborhoods and a separate group of "bad" neighborhoods). Nor is there any

Figure 1.1 U.S. Population by Neighborhood Poverty Rate; Metropolitan and Non-Metropolitan Areas, 1990



Source: Census tract data for 1970–90 (see appendix A), tabulations by the author.

obvious place in the distribution to divide high-poverty areas from all other neighborhoods.

Second, almost no neighborhood is entirely poor. Out of nearly 60,000 census tracts, only sixty-seven had poverty rates of 90 percent or greater. Such tracts contained only two-hundredths of 1 percent of the U.S. population. Combining all neighborhoods with a 60 to 100 percent poverty rate yields 1.4 million persons, still less than 1 percent of the U.S. population. In contrast, if a 20 percent poverty threshold is used to define high-poverty areas, then such neighborhoods would contain more than one-fifth of the nation's citizens.

These examples show that neighborhood poverty can be made to look bigger or smaller depending on how it is measured. The poverty threshold is properly chosen when it achieves the greatest predictive validity—that is, it should come closest to identifying those census tracts that are considered ghettos, barrios, or slums by experienced observers of individual neighborhoods, such as city

planners and public officials, local Census Bureau officials, and workers in social service agencies. To address this question, Mary Jo Bane and I made site visits to a number of metropolitan areas across the country (see Jargowsky and Bane 1991).<sup>7</sup> According to that research, neighborhoods selected using a 40 percent poverty rate came closest to matching those that were subjectively identified by knowledgeable local individuals.

In our fieldwork, we found that such neighborhoods were predominantly minority. They tended to have a threatening appearance, marked by dilapidated housing, vacant units with broken or boarded-up windows, abandoned and burned-out cars, and men “hanging out” on street corners. In Philadelphia and Chicago, the housing stock consisted of high-rise public housing projects or multistory tenement buildings built right to the sidewalks. In Detroit, the high-poverty areas consisted of single-family homes built decades ago for auto workers earning the unheard of wage of \$5 a day; now old and undermaintained, some had simply fallen down and only rubble remained. In Jackson, Mississippi, such neighborhoods had tin-roofed shacks. In Pine Bluff, Arkansas, trailers sat rusting alongside tiny Depression-era houses.

In contrast, neighborhoods with poverty rates in the 20 to 40 percent range generally had a quite different look and feel. Fewer units were vacant or in disrepair. There was less litter and broken glass. Fewer people were “hanging out.” Such neighborhoods, although still showing signs of distress, appeared to be working-class or lower-middle-class communities. City planners and other local individuals usually did not call our attention to these neighborhoods, although they often bordered the main high-poverty areas.

The few census tracts we visited with poverty rates above 60 percent were dominated by public housing projects, where income was used as a screening device to select residents. Such artificially created neighborhoods lacked the economic heterogeneity of most other neighborhoods, even high-poverty areas. For these reasons, I use a 40 percent poverty rate to identify the high-poverty neighborhoods. In 1990, 3,417 census tracts or BNAs out of 59,678 (5.7 percent) had poverty rates at least that high.<sup>8</sup> The majority of these (2,886, or 84.5 percent) were located in metropolitan areas; the remainder (551) were in smaller towns and rural areas.<sup>9</sup>

At the margin, any threshold is arbitrary; there is little difference between a neighborhood with a 39.9 percent poverty rate and one with a 40.1 percent poverty rate. Moreover, the poverty rate in a census tract is an estimate based on a sample.<sup>10</sup> Thus, classification errors will occur in both directions. With the large number of tracts nationally and in the larger metropolitan areas, such errors will tend to cancel out; in smaller metropolitan areas, however, the misclassification of a few tracts seriously distorts the extent of neighborhood poverty. For this reason, I do not report the figures for the smallest metropolitan areas separately; they are included in aggregate regional and national figures.

### *Race Versus Class*

In prior research, a number of scholars including myself defined the term *ghetto* to refer all to high-poverty neighborhoods, regardless of the racial and ethnic makeup of the neighborhood's residents. A number of researchers have criticized this practice on the grounds that *ghetto* refers to neighborhoods formed by the residential segregation of racial and ethnic minorities, particularly African Americans (Kain 1992, 10).<sup>11</sup> In view of these concerns, it is worthwhile to review the conceptual meaning of the term *ghetto* and to clarify the terminology I will employ in this book to refer to high-poverty neighborhoods with differing racial and ethnic compositions.

Historically, *ghetto* referred to urban enclaves that were composed primarily of one racial or ethnic group, particularly the Jewish area of a city. Louis Wirth, in his 1928 book *The Ghetto*, stated without qualification that "the word 'ghetto' applies to the Jewish quarter of a city" (Wirth 1928, 1).<sup>12</sup> The *Oxford English Dictionary* suggests that the word derives from the Italian *getto*, meaning foundry, because the original Jewish quarter in Venice was on the site of a foundry (*OED* 1989, 491–92). In the United States, most large cities at the turn of the century had several neighborhoods in which persons of one nationality or race were highly concentrated, among them Irish, Italian, Polish, and black ghettos. To a certain extent, these concentrations were voluntary assemblages; new immigrants found many advantages to living in areas where they shared a language and culture with others (Forman 1971, 5). Of course, these ghettos were also maintained by active and often legally sanctioned housing discrimination, especially in the case of African Americans.

European-ethnic ghettos served as launching pads for later economic and residential assimilation. In most cases, these neighborhoods have disappeared or continue to survive mainly as tourist attractions. The vast majority of their former residents and especially their children have dispersed. In contrast, black ghettos emerged as an enduring feature of the metropolitan landscape (White 1987). In Northern cities at least, European immigrants were never as highly segregated as blacks became following the great northward migration during World War I. Racial segregation was enforced by zoning, restrictive covenants, and overt violence directed against anyone who dared cross the color line (Massey and Denton 1993, 32–42).

Because European immigrants and later black migrants from the rural South were usually quite poor, ghettos came to be associated with poverty. Writing in 1971, Forman described the difference between the ghettos and slums as follows:

Whereas residence in a ghetto is the result of racial or cultural characteristics, residence in a slum is determined primarily by economic factors. The typical slum resident lives in poor housing because he cannot afford to live in anything better. While *slum* implies poverty, this is not necessarily true of the ghetto. (Forman 1971, 3).

Forman proposed the awkward term “slum-ghetto” to refer to minority neighborhoods that are also poor and argued that the word ghetto should be applied to any minority neighborhood, regardless of economic level.

In the past, the issue was almost a distinction without a difference, because most minority neighborhoods were also poor. As a result, ghetto became a loose synonym for slum. In *Dark Ghetto*, for example, Ken Clark wrote that “the pathologies of the ghetto community perpetuate themselves through cumulative ugliness, deterioration, and isolation and strengthen the Negro’s sense of worthlessness, giving testimony to his impotence” (Clark 1965, 12). Without question, Clark conceives of the ghetto as a racial construct, but he also implicitly assumes a high degree of economic deprivation. In many other books and articles as well as in everyday speech, the trend for some time has been to use the term ghetto to refer to neighborhoods both segregated and poor. For the average

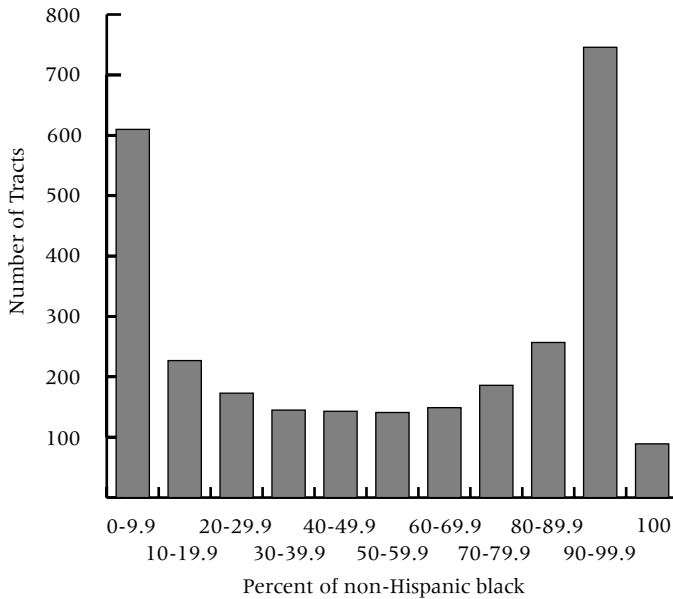
American, white or black, it has been true for some time that a song lyric about “life in the ghetto” or a statement like “he grew up in the ghetto” has both racial *and* economic connotations.

Further developments have served to highlight the economic sense of the term ghetto in common usage. First, since 1965 a substantial black middle class and nascent black affluent class have emerged. Second, the central cities of several large metropolitan areas have become majority black. As a result, many black professionals now live in highly segregated, but quite wealthy suburban communities (Dent 1992). These neighborhoods are not “ghettos” in the current sense of the term. Indeed, residents of such neighborhoods could argue that they moved out of the ghetto and are quite happy about it. Clark would not use phrases like “pathologies of ghetto communities” and “cumulative ugliness, deterioration, and isolation” in reference to such prosperous neighborhoods as Hamilton Heights in New York City, Baldwin Hills in Los Angeles, MacGregor Park in Houston, Cascade Heights in Atlanta, and Chatham in Chicago—even though these neighborhoods are predominantly black (*Ebony* 1987).

Based on this usage, I will use *ghetto* to refer to a neighborhood that is both predominantly black and also meets the 40 percent poverty threshold. Such neighborhoods are a subset of all high-poverty neighborhoods. Similarly, the term *barrio* will be used to refer to high-poverty neighborhoods that are predominantly Hispanic. For lack of a better term, I refer to predominantly white and non-Hispanic high-poverty neighborhoods as *white slums*. The remainder, neighborhoods where no one racial or ethnic group predominates, I call *mixed slums*.

The next step is to find out how many neighborhoods of each type exist and their relative populations. Very few high-poverty neighborhoods are composed exclusively of one racial or ethnic group—only 125 of the 2,866 census tracts.<sup>13</sup> Thus, in a sense, the vast majority of high-poverty neighborhoods are mixed to some degree. Figure 1.2 shows that the distribution of high-poverty census tracts by percent non-Hispanic black is bimodal. The largest categories are less than 10 percent black and more than 90 percent black. Yet about an equal number of high-poverty neighborhoods fall in a continuous distribution between the two peaks. Only about

Figure 1.2 High-Poverty Neighborhoods by Percent Non-Hispanic Black, 1990



Source: Census tract data for 1970–90 (see appendix A), tabulations by the author.

half of all blacks in high-poverty neighborhoods live in monolithic black ghettos (greater than 90 percent black). About 600,000 of all blacks living in high-poverty areas (14.4 percent) live in neighborhoods that are less than 50 percent black.

Table 1.1 shows the distribution of high-poverty neighborhoods in metropolitan areas by the existence of a dominant racial or ethnic group in 1990. While the exact cutoff for what constitutes a “dominant” group is arbitrary, I have used two-thirds for the purpose of illustration. In all, there are nearly three thousand high-poverty neighborhoods in the United States with about 8.5 million residents. Black ghettos are the most common neighborhood type and account for about half of all high-poverty neighborhoods and 42 percent of their residents. The next most common neighborhood

Table 1.1 Population of High-Poverty Neighborhoods

	Number of High- Poverty Tracts	Persons in High-Poverty Tracts (thousands or percent)			
		Total	Non-Hispanic		Hispanic
			White	Black	
Total	2,866	8,446	1,900	4,198	2,052
Neighborhood type					
White slum	387	13.7%	50.4%	2.1%	2.3%
Ghetto	1,329	42.4	11.1	76.9	5.5
Barrio	334	17.1	5.0	2.3	60.0
Mixed slum	816	26.9	33.6	18.7	32.2

*Source:* 1990 census, Summary Tape File 3A (CD-ROM), tabulations by the author.  
*Note:* Total persons include other races not shown separately. Percentages may not add to 100 due to rounding. Neighborhood types include only metropolitan census tracts in which the poverty rates are 40 percent or higher. *White slums* are census tracts in which the population is at least two-thirds white; *ghettos* are at least two-thirds black; *barrios* are at least two-thirds Hispanic. All other tracts are *mixed slums*.

type has no dominant group, in the sense that no group accounts for more than two-thirds of the neighborhood's residents. Finally, there are about equal numbers of barrios and white slums.

An interesting implication of table 1.1 is that it makes a difference whether you focus on blacks living in high-poverty neighborhoods or the residents of black ghettos. Most whites, blacks, and Hispanics residing in high-poverty neighborhoods live where their own group is dominant—white slums, ghettos, or barrios, respectively. But nontrivial proportions of those in poor neighborhoods are “off the diagonal,” living in neighborhoods where a different group is dominant or in mixed areas. Of the 4.2 million blacks living in some type of high-poverty area, nearly one-fourth live in barrios, white slums, or mixed slums. Half the non-Hispanic whites in high-poverty neighborhoods live outside white slums. Forty percent of Hispanics in high-poverty neighborhoods do not live in barrios.<sup>14</sup>

Since black ghettos are the most common type of high-poverty neighborhood, I sometimes use the term ghetto as a shorthand term for all high-poverty neighborhoods, particularly when refer-



ring to regions or metropolitan areas where most of the residents of such areas are African American. However, unless otherwise noted, all high-poverty neighborhoods, including ghettos, barrios, and both types of slums, are covered in the analysis.

*Neighborhood Poverty Versus the "Underclass"*

The concept of neighborhood poverty developed above is related to, but distinct from, the concept of the "underclass." That term has become a popular way to refer to the urban poor, particularly those who reside in the high-poverty neighborhoods. Thus, I want to digress for a moment to discuss the relationship between neighborhood poverty and the underclass and to emphasize that this book addresses the former rather than the latter.

In a metropolitan area at any given point in time, there is a fixed number of persons living in families or households with incomes below the federal poverty line, corresponding to an overall metropolitan poverty rate. Whatever the overall level of poverty in a metropolitan area, the poor can be more or less residentially segregated from the nonpoor. At one extreme, every neighborhood can have the same poverty rate as the metropolitan area. In this case, there would be no ghettos, barrios, or slums, unless the overall poverty rate was at least 40 percent, in which case the whole city would be considered a high-poverty area. At the other extreme, poor and nonpoor persons could live in completely separate neighborhoods, in which case some neighborhoods would have poverty rates of 100 percent and the rest 0 percent.

In reality, of course, cities fall somewhere in between, with a wide distribution of neighborhood poverty rates, and most cities have some neighborhoods that classify as ghettos or barrios. Within such neighborhoods, one may observe a greater or lesser degree of behaviors associated with the underclass, such as dropping out of school, having children out of wedlock, drug and alcohol abuse, welfare receipt, and low attachment to the labor force.

Thus, there are three conceptually distinct subjects that a researcher interested in urban poverty could choose to study. The first are the economic, institutional, and social processes that lead to some level of poverty within the metropolitan area and that determine differences in poverty levels among metropolitan areas

(Eggers and Massey 1991, 1992). The second is the extent to which poverty is concentrated in certain neighborhoods, the trends over time in this tendency, and the forces that drive them, which are the subjects of this book. The third potential subject is the way in which geographic concentrations of poverty cause certain behavioral responses. This is the study of the underclass.

Among journalists and the general public, the term underclass is used loosely to describe inner-city poor persons who exhibit any deviant or self-destructive behavior. However, when the term is used in academic research, it has a much more specific meaning. Mincy and Wiener (1993), for example, define underclass as “a group of people who have trouble entering and remaining in the labor force, who derive a large share of their income from sources other than legal employment, and who exist in a social context that prevents labor force attachment.”<sup>15</sup>

In *The Truly Disadvantaged: The Inner-City, the Underclass and Public Policy*, William Julius Wilson (1987) argues that when the poor are residentially isolated from the nonpoor, they are spatially and socially cut off from mainstream resources, opportunities, and role models. The result is “a disproportionate concentration of the most disadvantaged segments of the urban black population,” which creates a “social milieu” that fosters low labor force attachment, out-of-wedlock childbearing, drug and alcohol use, and other social pathologies (Wilson 1987, 58).

Years earlier, Oscar Lewis (1965) advanced the notion that, in such situations, a “culture of poverty” becomes self-sustaining, impervious to real changes in the structure of opportunities, and is passed from generation to generation. Wilson distanced himself from this extreme position, arguing that social isolation and community decline “magnified the effects of living in highly concentrated urban poverty—effects that are manifested in ghetto-specific cultures and behaviors.” But, Wilson continued, “as economic and social conditions change, cultural traits, created by previous situations, likewise *eventually* change even though it is possible that some will linger on and influence behavior for a period of time” (emphasis in the original; Wilson 1987, 138). In other words, in Wilson’s view, the underclass culture is primarily an effect of economic transformation and social isolation, rather than a major sustaining force of neighborhood poverty.

Ghettos and barrios are fundamental to the underclass debate in that they provide the social and economic context for the development of class-specific behaviors (Van Haitsma 1989). One can, however, study neighborhood poverty without taking a position on whether the residents of high-poverty areas, or some subset of them, form a distinct class in the social science sense of the word. As Hughes notes in his study of ghetto poverty, "what will be discussed [here] . . . as the dependent variable . . . could be used as the independent variable . . . in a study of individual behavior" (Hughes 1989, 191). In fact, as chapter 4 shows, high-poverty areas contain a great diversity of lifestyles and socioeconomic outcomes. Thus, if an underclass subculture does exist in the sociological sense, not all residents of poverty areas become ensnared by it.

#### *High-Poverty Tracts Outside Metropolitan Areas*

I have limited my attention to high-poverty neighborhoods within metropolitan areas. Yet many pockets of extreme poverty exist outside metropolitan areas, especially among blacks in the South. As of 1990, the entire country has been divided into tracts or BNAs. Before then, only metropolitan areas were so "tracted." Mincy and Wiener (1993) argue that these new areas, the BNAs, ought to be included to give a full national picture of neighborhood poverty.

I believe that urban and rural poverty areas pose separate problems and that the two have different histories, causal structures, and characteristics. Many issues, such as the suburbanization of jobs or the fiscal strains between city and suburbs, are of concern only in urban areas. Small-town and rural "pockets of poverty" differ from urban ghettos in other important ways. With regard to measurement issues, tracts and BNAs may not be comparable as proxies for neighborhoods. BNAs tend to be much larger, with nearly *thirteen times* the land area of the average metropolitan tract. At the same time, their average population is 15 percent lower. Hence, their population density is far lower, and the analogy to local neighborhoods can become quite strained. At the very least, BNAs capture a different meaning of neighborhood than do urban census tracts. Moreover, since comparable figures for such areas are not available for 1970 and 1980, it is impossible to chart trends over time for these areas, as I do for metropolitan neighborhood poverty in the next chapter.

*Metropolitan Summary Measures*

Identifying high-poverty neighborhoods is only the first step in evaluating neighborhood poverty. To facilitate comparisons among metropolitan areas, summary measures are needed to gauge the size and seriousness of a city's ghettos, barrios, and slums. Simply counting the number of high-poverty tracts or persons in them is inadequate because such measures would largely reflect a metropolitan area's total population. Measures are needed that give the relative size of the neighborhood poverty problem. The two key measures I use are the neighborhood poverty rate and the concentration of poverty.

The *neighborhood poverty rate* (also called the level of neighborhood poverty) is the percentage of a metropolitan area's total population that resides in ghettos, barrios, or other high-poverty census tracts. Just as the overall poverty rate is the proportion of persons in a given area who live in poor families or households, the neighborhood poverty rate is the proportion of persons living in high-poverty neighborhoods. This measure indicates the fraction of the population that is "at risk," in terms of the negative effects associated with high-poverty neighborhoods: crime, bad schools, lack of role models, and so on. It will often be useful to examine this statistic separately by race. The black neighborhood poverty rate is the proportion of the African American population in a metropolitan area that lives in high-poverty neighborhoods; since most blacks in high-poverty neighborhoods live in highly segregated ghettos, I also refer to this statistic as the level of ghetto poverty. Similarly, the neighborhood poverty rate among Hispanics can be referred to as the barrio poverty rate.

The *concentration of the poor* is the percentage of a metropolitan area's poor population that resides in high-poverty neighborhoods, which also can be computed separately by race. The difference between the level of neighborhood poverty and the concentration of poverty can be illustrated with the following example. Suppose a hypothetical metropolitan area has a poverty rate of only 1 percent, but all of the poor persons live in one high-poverty census tract that has an equal number of nonpoor residents. The neighborhood poverty rate would be 2 percent, because both the poor

(1 percent of the population) and the nonpoor persons in the high-poverty tract (another 1 percent of the population) are included in the numerator and the total population is in the denominator. But the concentration of poverty would be 100 percent, since all the poor reside in a high-poverty neighborhood.

Both measures are useful, but they answer different questions. The former measure gives a sense of the relative size of a metropolitan area's ghetto, barrio, or slum problem, while the latter is useful when thinking about the constraints and opportunities faced by poor persons. In particular, the concentration of poverty indicates the percentage of the poor who not only have to cope with their own poverty, but also that of those around them.

The term *concentration* in this context does not refer to density. Ghetto neighborhoods are often less dense in terms of persons per areal unit because of high vacancy rates and abandoned buildings. Indeed, in 1990, high-poverty census tracts averaged 2,947 persons, compared with 4,432 persons per nonghetto census tract. Rather, concentration of the poor refers to the tendency of the poor to live in neighborhoods where many of their neighbors are also poor, rather than diffused broadly among the population.

#### *Drawbacks to the Methodology*

The poverty rate–census tract methodology is subject to several criticisms. First, because the cost of living varies by region and metropolitan area, the poverty line, in effect, varies. A family in New York City with a poverty-level income is likely to be much worse off than a family with the same income living in Tulsa.<sup>16</sup> By extension, a neighborhood with 40 percent of its households below the poverty line is worse off in New York than in Tulsa. (It may or may not be a “worse” neighborhood in a social sense.) The same issue applies to a comparison of poor neighborhoods between 1970 and 1980 because of the known defect in the consumer price index, which results in an overestimation of inflation during that period. An upward bias in inflation may cause poverty levels to be overstated, and neighborhoods that are objectively less impoverished may end up classified as high-poverty areas.

A second criticism is that the poverty rate, which is based on cash income, ignores differences between regions and cities in the

availability of in-kind benefits, such as food stamps, Medicaid, and certain forms of housing and energy assistance. Fortunately, these benefits tend to be higher in the same areas that have a higher cost of living, so the two errors may be partly offset.

Third, the census undercounts income and people. The undercount of people is particularly worrisome since “the largest undercounts of the 1980 census occurred in central cities with large minority populations”; moreover, the undercount seems to be closely related to a city’s crime rate, so the undercount is likely to be greatest in ghetto neighborhoods (Erickson, Kadane, and Tukey 1987, 111). On the other hand, the census’s undercount of income tends to inflate the number of poor. Again, these two errors may offset each other, but the net effect is impossible to determine.

An ideal methodology would develop price deflators for all metropolitan areas; develop estimates for in-kind benefits; adjust the base population of census tracts to correct for the undercount; estimate the “real” distribution of income within each neighborhood; divide household incomes by an equivalence scale to get the rate of income to needs for each household;<sup>17</sup> compute the distribution of needs-adjusted household income within tracts; and select neighborhoods based on a characteristic of this distribution. Such a methodology is, however, computationally complex and impractical; it might also introduce more errors than it would fix. Each step would involve making assumptions, some of which would, of necessity, be arbitrary. For these reasons, the Bane and Jargowsky approach of using a 40 percent poverty rate has been adopted here.

### **Alternative Approaches to Measuring Ghetto Poverty**

Other researchers measure ghetto poverty and the concentration of poverty in different ways. Some of the major variants are Massey and Eggers’s exposure measure, Ricketts and Sawhill’s underclass measure, and Mark Hughes’s concept of impacted ghettos.

#### *The Exposure Measure*

Massey and Eggers (1990) criticize the measures used by Jargowsky and Bane and by Wilson because they do not “make full use of data

on the spatial distribution of income" (p. 1155).<sup>18</sup> They argue that "asking whether the concentration of poverty has grown simply asks whether minorities' probabilities of interclass contact have risen" (Massey and Eggers 1990, 1159–60). "Interclass contact" refers to the likelihood that members of one income group share a neighborhood with members of another income group. Probabilities of "residential contact" are typically measured by the exposure index ( $P^*$ ). Massey uses the exposure of the poor in a given racial or ethnic group to poverty as his measure of the concentration of poverty. For example, the concentration of the black poor would be the average tract poverty rate experienced by members of that group.

Use of the exposure measure does avoid having to classify poverty areas, as Massey and Eggers claim, and does use information from the entire geographic distribution of poor persons. But this is a weakness rather than a strength. One of the chief concerns about ghettos and barrios is whether there are threshold effects, so that moving from a neighborhood with a 30 percent poverty rate to one with a 40 percent poverty rate is much worse than moving from a neighborhood with a 10 percent poverty rate to one with a 20 percent poverty rate. In other words, the experience of the poor in relatively low-poverty areas is of much less concern than those in "bad" neighborhoods. Moreover, the exposure measure does not identify specific neighborhoods, which can then be mapped and studied in detail. In short, the concentration of poverty is *not* simply about "minorities' probabilities of interclass contact," but rather about the degree to which minorities inhabit areas of extreme deprivation, with the attendant possibility that the social milieu is qualitatively different from that of the rest of society.<sup>19</sup>

#### *"Underclass" Measures*

Ricketts and Sawhill (1988), on the other hand, explicitly set out to measure the underclass from a behavioral perspective. They propose to identify "a subgroup . . . that engages in behaviors at variance with those of the mainstream" (p. 318). Yet their method is also geographic in that they seek to delineate "underclass neighborhoods" (again, census tracts) where large numbers of persons act in deviant ways. Specifically, they select all census tracts that are simultaneously one standard deviation above the national mean on

four characteristics: the percentage of families with children headed by females; the percentage of adult males who worked fewer than twenty-six weeks or were not in the labor force in the previous year; the percentage of households receiving public assistance; and the percentage of older teenagers not in school and not high school graduates (dropouts).<sup>20</sup> They use the overall tract score on these indicators, not race-specific measures.

Their definition has several problems. First, the second condition groups those who were not in the labor force with those who had long spells of unemployment, thus confusing behavior with economic outcomes (Wilson 1988). Even labor force participation is partly determined by economic conditions; "discouraged workers" do not participate in the labor market because they do not expect to find work. This criterion is not strictly a measure of behavior unless it is obvious that jobs are plentiful, such as when the economy is near full employment.

Second, their methodology is highly sensitive to the multiple correlations among the four characteristics. Anything that affects the correlation of one of these variables with any of the others can have a large effect on which tracts are designated as underclass. For example, since welfare benefit levels are lower in the South, families must have lower income levels to be eligible for the program. Thus, the correlation of public assistance and the other three variables is lower in the South and fewer tracts there qualify as underclass by the Ricketts and Sawhill method.

The empirical results of Ricketts and Sawhill's approach differ somewhat from the census tract-poverty rate approach. Out of more than 40,000 census tracts, 880 met their definition of underclass areas in 1980. About 5 percent of the U.S. poor lived in underclass areas, whereas about 13 percent of the poor lived in census tracts with poverty rates of at least 40 percent (Ricketts and Sawhill 1988, table 2). "Virtually all" of the underclass tracts are located in the Northeast's urban areas (p. 322).

In 1980, more than 60 percent of Ricketts and Sawhill's underclass tracts were also high-poverty tracts. But most high-poverty tracts (72 percent) were not underclass tracts, even though the characteristics of the two are quite similar, except for the proportion of high school dropouts (see table 1.2). In a related study,



Table 1.2 Characteristics of Underclass and High-Poverty  
Census Tracts, 1980

Average Tract Characteristic	Type of Tract	
	Underclass	Ghetto
Families with female head	60%	59%
Households with public assistance	34	33
Adult males, less than 26 weeks worked	56	57
16–19-year-old high school dropouts	36	19

Source: Ricketts and Sawhill (1988), table 2.

Tobin (1993) shows that this factor explains most of the divergence between ghetto poverty and underclass figures. Dropping out is less correlated with the other three characteristics than they are with each other. For this reason, Kasarda (1993) defines a new measure called “distressed neighborhoods,” which follows the same basic approach but omits the dropout rate (see chapter 3).

Further work by Ricketts and Mincy (1989) indicates extremely rapid growth of the underclass between 1970 and 1980. Underclass tracts quadrupled between 1970 and 1980; the underclass population increased 230 percent. In contrast, Mincy and Wiener (1993) show little change in the underclass between 1980 and 1990. In both cases, the trend is very different from the results obtained with the neighborhood poverty approach used here. Part of the explanation lies in the way underclass standards are applied. The means and standard deviations that constitute the thresholds are derived for the nation as a whole in 1980 and then applied to the other years. In other words, a 1970 census tract had to be one standard deviation above the 1980 means on all four characteristics. Yet, given the general increase in female-headed households in all segments of society and a general decrease in men’s labor force participation, few census tracts in 1970 were very far above the 1980 means.

This approach seems to bias the analysis in favor of finding a large growth in the underclass. Between 1980 and 1990, however, the dropout rate generally declined, having the opposite effect. In fact, Tobin’s sensitivity analysis shows that the supposed growth of the underclass is entirely the result of using 1980 thresholds for the other years (Tobin 1993, 13). Both underclass and neighborhood

poverty measures can tell us interesting things about poor inner-city neighborhoods. But the underclass measures devised so far seem to suffer from an instability inherent in their construction and the limitations of census data.

### *Impacted Ghettos*

Mark Hughes proposes a somewhat different concept—that of *impacted ghettos*, neighborhoods “so distressed that they define a new level of neighborhood deprivation” (Hughes 1989, 192). He defines census tracts as impacted ghettos if they are sufficiently worse off than metropolitan norms, specifically if they are above twice the metropolitan median on the same four characteristics used by Ricketts and Sawhill. Hughes (1989) distinguishes his work from that of Ricketts, Sawhill, and Mincy as follows:

[By] measuring deprivation relative to metropolitan norms rather than national norms, it allows us to focus on the concentration of deprivation within certain neighborhoods as distinct from . . . relative norms of the metropolitan area and the nation. Second, by measuring deprivation relative to current norms rather than benchmark [1980] norms, the definition allows us to focus, again, on the concentration of deprivation within certain neighborhoods as distinct from changes in the “normal” levels of the characteristics between time periods. (192)

Hughes also criticizes the Ricketts and Sawhill approach on the grounds that almost any distribution, no matter how compact, will have some observations more than one standard deviation above the mean (p. 193). Census tracts more than one standard deviation above the mean may or may not have extreme values on that characteristic in a socially meaningful sense; it depends on the mean and standard deviation of that characteristic.

In contrast, it is quite possible that no census tract in a metropolitan area would have a value on a characteristic that was twice the metropolitan *median*, the standard Hughes employs. But the “twice the median” rule has its own problems. For example, if the median value for a variable expressed as a percentage, such as percent on public assistance, were greater than 50 percent, no census tract could possibly have twice the median value.

Hughes employs twice the median as a measure of “statistical distance” or “extremeness” (p. 193). Yet, the median is not a measure of dispersion, nor is twice the median or any other multiple of it. In contrast, a tract that is one or more standard deviations above the mean—as in the Ricketts and Sawhill measure—is statistically extreme at least in comparison to other census tracts. A better way to address Hughes’s concern (that outliers so identified may not be extreme enough) would be to set the cutoff points based on subjective notions of what values of the characteristics are extreme enough to qualify as “underclass.”

At the metropolitan level, Hughes (1989) defines the extent of “impacted ghetto formation” as the increase in the number of impacted ghetto tracts (p. 194). He finds that the highest levels of “impacted ghetto” poverty are in the Northeast and North Central regions, as are the largest increases. He also finds decreases in some cities, most of which are in the South and West (Hughes 1989, table 1). Comparison of census-tract maps (Hughes 1989, figures 1–6) show that Hughes’s criteria tend to select a subset of the census tracts identified as ghettos by Jargowsky and Bane (1991 and unpublished maps).

### **How to Approach Neighborhood Poverty**

This discussion of alternative measures of neighborhood poverty and underclass highlights a key decision for researchers: Should the focus be on the geographic concentration of the poor or on concentrations of underclass behaviors? Some measures, such as Massey and Eggers’s exposure of the black poor to poverty or those I proposed above, focus on the spatial organization of the poor. Others, such as Ricketts and Sawhill’s measure and its variants, add a social and behavioral element.

Each approach has its advantages and disadvantages. Whereas underclass researchers try to focus on neighborhoods exhibiting social pathologies, the census does not measure and report on alienation, crime, and drug use—the key components of most underclass characterizations. Even if underclass measures were able to overcome these problems, the approach is conceptually unsound because it assumes a causal process. Underclass theory suggests that

concentrations of extreme poverty give rise to social pathologies that exacerbate poverty. That is an empirical question; to answer it, we must look at *all* concentrations of extreme poverty to learn the extent to which such pathologies are due to neighborhood effects. This book provides a systematic and comprehensive overview of neighborhood poverty in metropolitan America and analyzes the causal forces behind it in the hope that a more effective set of policies can be devised to slow down or reverse the spread of urban blight through our nation's cities.