

Do African Americans Prefer to Live in Segregated Communities?

BY ROBERT DeFINA

Following Hurricane Katrina, many people were shocked by the extent of racial segregation in the New Orleans housing market. And yet, New Orleans is far from an isolated case. Forty years after passage of the Fair Housing Act, racially segregated neighborhoods are all too common in the United States. The reasons usually offered for this continued segregation include discrimination in the real estate and housing markets. Recently, these reasons have been challenged by a theory claiming that segregation exists because African Americans prefer to live together for positive reasons, such as to share and support a common heritage. In this article, Bob DeFina examines the evidence and notes that it casts doubt on the viability of the so-called self-segregation hypothesis.

The devastation caused by Hurricane Katrina shocked the country and revealed glaring inadequacies in the infrastructure of New Orleans. Images of homes and stores inundated by floods, residents trapped on roofs, and stories of lost children gripped the nation and left many asking how such outcomes were possible.



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Perhaps just as surprising was another fact the storm laid bare. New Orleans, the country was to see, had a housing market sharply segregated by race. News stories of the storm's impact uncovered neighborhood after neighborhood overwhelmingly composed of African Americans. While the Crescent City obviously had white residents, they appeared to live in areas largely separate from African Americans.

New Orleans, it turns out, is not an isolated case. Forty years after the civil rights movement and the Fair Housing Act of 1968, racially segregated housing continues to be widespread. By most measures the extent of segregation has moderated somewhat

during the past several decades. Yet analysts, such as Douglas Massey, find that two-thirds of African Americans currently live in metro areas racially divided enough to be classified as "highly segregated" or "hyper-segregated."

The fact that housing segregation has persisted into the 21st century is not disputed. But the reasons it has endured are less clear. Beginning in the 1970s and continuing into the 1990s, there seemed to be broad agreement that racial segregation was mainly due to past and ongoing discrimination in the real estate and lending markets. This view was buttressed by the careful work of scholars such as Douglas Massey and Nancy Denton and John Yinger.¹

That thinking, however, has been challenged by an idea called the self-segregation hypothesis. Proponents, including Stephen and Abigail Thernstrom, and Orlando Patterson, argue that race relations have improved markedly over time. While discrimination may have underpinned housing segregation in the past, it no

¹ See especially Yinger's 1995 study. To a lesser extent, racial differences in wealth and income have also been implicated. That is, African Americans have fewer financial resources, on average, and so might not be able to afford to live in the same neighborhoods as more affluent white families. Some researchers, such as Charles Leven, James Little, Hugh Nourse, Robert Read, and David Harris, have also suggested that whites avoid living near African Americans for nonracial reasons, such as a desire to avoid the crime and high poverty rates correlated with a neighborhood's percentage of African Americans. Still, racial discrimination was widely considered the main driving force. Camille Charles's 2003 study contains a comprehensive review of theories and evidence related to housing segregation.

longer plays an important role. Rather, according to this hypothesis, current levels of segregation reflect the preferences of African Americans to live together. These researchers also assert that desires for same-race neighbors stem from positive and natural inclinations to live with one's own racial or ethnic group and to preserve and support a shared and unique culture. Put simply, segregation continues because birds of a feather flock together.

The self-segregation hypothesis portrays housing segregation in a relatively positive light. From an economic perspective, voluntary choices in any market lead to the most efficient outcomes for society unless individual decisions affect others who are not part of the transaction. That is, if everyone is already doing what they want, it is not possible to make anyone better off. So it is when African Americans voluntarily choose to live in segregated communities. Far from being a problem, segregation would represent a set of choices to be respected. Nothing can be done to improve matters, nor should anyone try. In fact, economists have pointed out that segregated neighborhoods might provide some social benefits, as well as social costs.²

² David Cutler and Edward Glaeser have identified some possible benefits to African Americans from living in racially segregated communities. For example, they note that segregation might keep high-income and low-income African Americans together, thus providing low-income residents with better role models and more effective social networks that can lead to better jobs and other services. At the same time, the authors suggest that racial segregation can impose external costs on those who live in segregated communities. Indeed, they present empirical evidence that racial segregation *per se* has led to less educational attainment and more out-of-wedlock births among African Americans than otherwise would have occurred. Segregation can also lead to a spatial mismatch in which residents of segregated communities are separated from jobs. On net, they conclude that the external costs of racial segregation exceed the benefits to African Americans. Under such circumstances, some policy response might be warranted even with self-segregation.

The process of self-segregation can be contrasted with one in which racial discrimination underpins segregation. With active discrimination, groups of individuals are unwillingly excluded from full participation in the market. This might result, for example, from racial "steering," whereby African Americans purposely are not shown properties in certain areas. It could also occur if African Americans are refused mortgage loans for reasons unrelated to their creditworthiness. In these cases, the prices and quantities transacted in the market will not

Initial statements of the self-segregation hypothesis provided little in the way of supporting empirical evidence.

fully incorporate the true demands for housing. The market will then be inefficient, and at least in theory, some people could be made better off by actions that eliminate the discrimination. Interventions would also be warranted since housing discrimination based on race is illegal.

Initial statements of the self-segregation hypothesis provided little in the way of supporting empirical evidence. But given the importance of understanding the sources of racial segregation and the different policy implications, researchers have spent considerable effort examining the theory. Their endeavors have included attempts at measuring African American preferences for same-race neighbors, explorations of the links between racial preferences and actual location decisions, and studies of the factors that underlie any preference for self-segregation. Taken together, the

evidence casts serious doubt on the self-segregation hypothesis. It appears that the sources of racial housing segregation lie elsewhere.

RECENT TRENDS IN RACIAL HOUSING SEGREGATION

Housing segregation refers to a situation where different racial groups are concentrated in particular neighborhoods within a metropolitan area. The uneven distribution could take various forms. For instance, one racial group might be overrepresented in certain neighborhoods that are scattered throughout a city, forming a sort of checkerboard pattern. Or the neighborhoods in which we see overrepresentation could be packed closely together in the center of the city.

Economists use numerical indexes to summarize the extent of segregation. Segregation index values are normally calculated for metropolitan statistical areas (MSAs), since such areas are thought to constitute housing markets. An MSA contains a city with at least 50,000 people along with surrounding counties that are thought to be economically integrated. The Philadelphia MSA, for example, includes the city of Philadelphia and eight other counties, including three in New Jersey. Index calculations require detailed information on the racial compositions of neighborhoods within each MSA that is available only from the decennial census. As a result, index estimates are available only once a decade.

Several alternative indexes are available.³ Perhaps the one most fre-

³ Different indexes emphasize different dimensions of segregation, such as the racial composition of neighborhoods and their spatial pattern, as just mentioned. Many tend to be quite correlated in practice. In their 1988 study, Douglas Massey and Nancy Denton describe the calculation of more than 20 possible segregation indexes and analyze the degree to which they are correlated.

quently used is the so-called dissimilarity index. The index varies between 0 and 1, with higher values indicating a higher degree of segregation (see the appendix: *Calculating the Dissimilarity Index*). Estimates of the dissimilarity index for U.S. MSAs show that African American segregation has generally declined since 1980 (see the Table). For example, between 1980 and 2000, values of the dissimilarity index fell in 97 percent of MSAs.⁴ Furthermore, the decrease was at least 5 percent in 81 percent of the cases.

But despite the declines, the degree of segregation remains high. Researchers use a rule of thumb that dissimilarity index values greater than 0.6 indicate highly segregated MSAs. As explained in the appendix, this means that 60 percent of African Americans or whites would have to change neighborhoods to create an even distribution of races across neighborhoods. In 2000, two-thirds of all African Americans lived in an MSA in which the dissimilarity index had a value of at least 0.6. Indeed, the average value for all MSAs, weighted by their respective African American populations, was 0.64. Segregation tended to be higher in the Northeast and Midwest and lower in the South and West. Certain localities, such as the city of Philadelphia, had dissimilarity index values that approached 0.8.

According to the self-segregation hypothesis, these segregated housing patterns are best explained by people's preferences for same-race neighbors. This is a strong claim and one that has been investigated in a variety of ways.

⁴ David Cutler, Edward Glaeser, and Jacob Vigdor present historical estimates of the dissimilarity index from 1890 to 1990. Their data show that the average dissimilarity index for cities, weighted by their African American population, climbed from 1890 to 1970, after which it declined.

DO AFRICAN AMERICANS PREFER SEGREGATION?

Assessing the validity of the self-segregation hypothesis begins with an understanding of African American racial housing preferences. That is, do African Americans prefer to live in communities with a high percentage of same-race neighbors? Researchers have examined the question using surveys to elicit attitudes about the racial composition of neighborhoods.

One approach involves what has been termed a "show card" experiment. These experiments were first conducted in Detroit in 1976 and then again in Atlanta, Boston, Detroit, and Los Angeles in the 1990s. The procedure entails showing participants five cards. Each card contains 15 houses meant to represent a neighborhood (see *Survey Data on Racial Housing Preferences*). The houses are pre-colored to indicate a particular mix of African American and white homeowners. Neighborhood configurations range from having one African American neighbor out of 14 to having all 14 African American neighbors. Participants are told they have found an attractive, affordable home that they like and are asked to rank the five hypothetical neighborhoods from most to least desired.⁵

The results from these experiments consistently indicate that the neighborhood composition most fre-

⁵ The show-card approach has its critics. For example, in his 1978 study, John Yinger argues that it is hard to separate African Americans' attitudes about living in neighborhoods with different racial compositions from their preconceptions of the types and levels of public services in those neighborhoods. Thus, uncovering a person's pure preferences about the racial composition of neighborhoods using surveys is difficult. Proponents counter that the problem is adequately handled by telling respondents that they have found an "affordable and attractive home that they like." Doing so, in their minds, eliminates concerns about the different quality of services in the different neighborhoods that residents might encounter.

quently chosen by African American participants is one containing seven African American neighbors and seven white neighbors.⁶ A 50-50 split can be interpreted as considerable sentiment among African Americans for integrated neighborhoods. However, because African Americans comprised only about 13 percent of the population at the time, the desire for 50 percent African Americans required a sizable overrepresentation of same-race neighbors. Consequently, the preference for a 50-50 split might also be interpreted as an inclination toward self-segregation.

Also telling is that a fair number of African Americans specified a preference for either a mostly black neighborhood or one that is completely black. Keith Ihlanfeldt and Benjamin Scafidi, for example, found that between 35 percent and 45 percent of African Americans desired mostly black or all black neighborhoods. These data suggest that a desire for self-segregation, while not necessarily the whole story, might be a significant factor in observed patterns of housing segregation.

A shortcoming of the show card experiments is that participants face restricted choices. They are allowed to choose only among five different neighborhood configurations. The limited choices could force respondents to choose either more or fewer African American neighbors than they would ideally want. For example, a respondent might prefer to have 40 percent of neighbors be African American but might indicate that 50 percent is the most preferred ratio because the 40

⁶ Examples of studies include those by Reynolds Farley, Charlotte Steeh, Tara Jackson, Maria Krysan, and Keith Reeves; Lawrence Bobo and Camille Zubrinsky; Reynolds Farley, Elaine Fielding, and Maria Krysan; Keith Ihlanfeldt and Benjamin Scafidi; and Maria Krysan and Reynolds Farley.

TABLE

Trends in the Dissimilarity Index* (African Americans versus Non-Hispanic Whites)

		Dissimilarity Index		
Area	Number of MSAs	1980	1990	2000
All MSAs	330	0.727	0.678	0.640
Selected Areas	220	0.730	0.682	0.645
Region				
Northeast	31	0.779	0.766	0.739
Midwest	53	0.822	0.788	0.741
South	114	0.660	0.605	0.581
West	22	0.714	0.625	0.559
Philadelphia MSA	1	0.781	0.768	0.720
Philadelphia City	--	0.839	0.829	0.767

* Data for all areas except the city of Philadelphia are from John Iceland, Daniel H. Weinberg, and Erica Steinmetz, "Racial and Ethnic Residential Segregation in the United States: 1980-2000," U.S. Census Bureau, mimeo. Selected MSAs are those 220 with at least 10 census tracts and 3 percent or 20,000 or more blacks in 1980. Averages are weighted by the size of the African American population. Data for the city of Philadelphia come from the Lewis Mumford Center's website: <http://mumford.albany.edu>.

percent choice is not available. Choice is also restricted in that the hypothetical neighborhoods contain only African American and white families. Other racial and ethnic groups, such as Latino and Asian households, are excluded, and this too can skew conclusions about preferences for self-segregation. Even if African Americans do prefer to live apart from whites, they might want to live in neighborhoods with members of other racial and ethnic groups. Knowing about these preferences can shed additional light on the desire for self-segregation. This is especially true in the United States,

where the population has become increasingly diverse along racial and ethnic lines.

To get at this issue, researchers devised an alternative to the show card experiment, called the ideal neighborhood design approach (see *Survey Data on Racial Housing Preferences*). In this methodology, participants are given a card with 15 blank houses. They are asked to design their ideal neighborhood by indicating which of four racial and ethnic groups they would like to see in the neighborhoods' houses. The four groups are African Americans, whites, Latinos, and Asians. This

approach allows more complex and varied neighborhood compositions than does the show card experiment. It can also help decrease any pressure participants in the show card experiment might feel to identify what they believe are socially acceptable neighborhood configurations.⁷

As with the show card results, the ideal neighborhood design evidence reveals an openness to integration with a desire for an overrepresentation

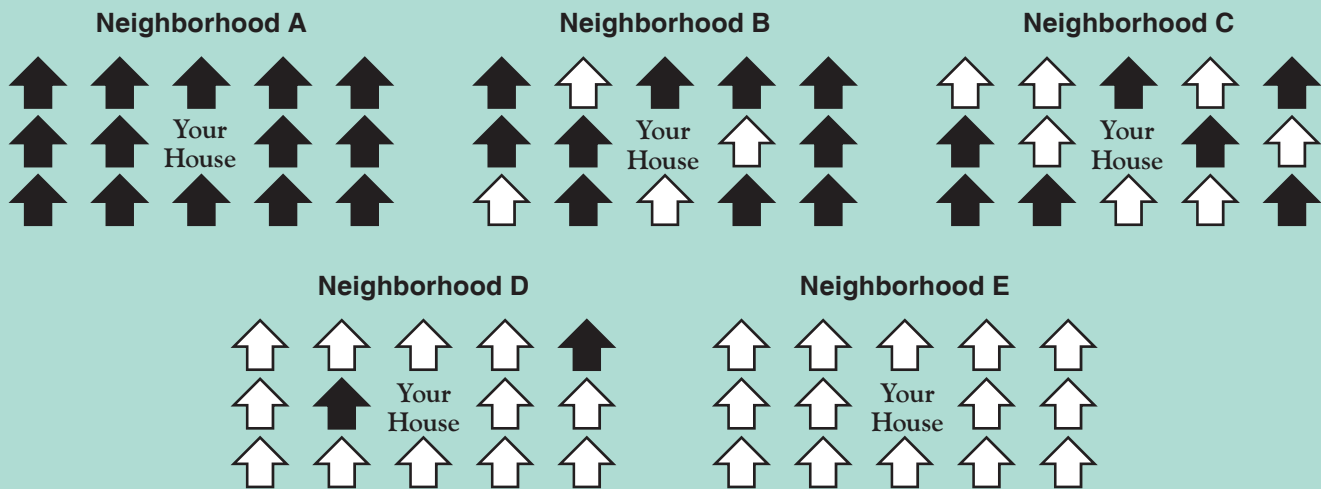
⁷ The 2001 study by David Harris and the one by Maria Krysan and Reynolds Farley discuss this concern.

Survey Data on Racial Housing Preferences

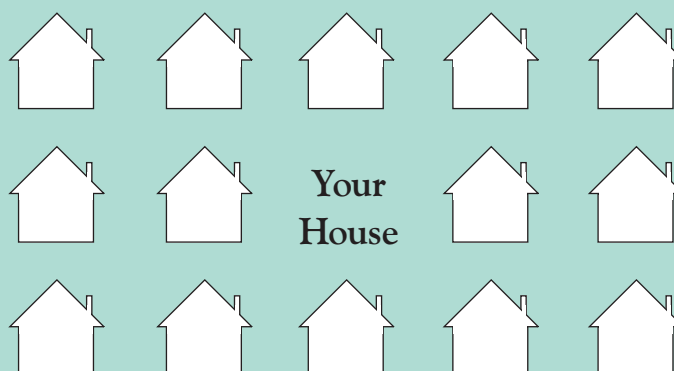
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urvey data on preferences or the desired racial composition of neighborhoods come primarily from the Multi-City Study of Urban Inequality (MCSUI). The MCSUI was conducted during the 1990s in four cities: Atlanta, Boston, Detroit, and Los Angeles. Questions elicited information about the socio-demographic attributes of the respondents and also their preferences and perceptions about neighborhood characteristics.

Two types of information on preferences about the racial composition of neighborhoods were obtained. The first is commonly referred to as a show card study. Here, respondents are shown five cards, each containing 15 houses. On each card, a certain number of houses are white and others black, indicating a particular proportion of African American and white households. Respondents are told that they are looking for a home and have found one they like and can afford in each neighborhood. They are then asked to rank the five neighborhood choices from most to least preferred. Respondents are also asked about their willingness to move into each of the neighborhoods regardless of their rankings. The five neighborhood choices shown to African American respondents are displayed below.



A second type of information comes from a variant of the show card strategy. Instead of being shown pre-designed neighborhoods, respondents are shown a single card with 15 blank houses and asked to place a letter in each. The letters stand for four racial/ethnic groups: A for Asian, B for Black, L for Latino, and W for White. The combination would then give the racial/ethnic composition of the neighborhood in which the respondent would most like to live. The “ideal neighborhood” approach was used in the Los Angeles phase of the MCSUI. The card shown to respondents is displayed below.



of African Americans (i.e., a fraction in the neighborhood greater than the MSA average). Camille Charles, a pioneer in using this approach, found that African Americans in Los Angeles prefer neighborhoods composed of 37 percent African Americans (see her 2000 study). Only 2.8 percent of African Americans wanted all African Americans in their neighborhoods. Of the four racial and ethnic groups that participated in the study, African Americans were most amenable to integration. That is, their desired own-group percentage was the lowest of the four groups. National data from the 2000 General Social Survey are broadly consistent: African Americans prefer 42 percent same-race neighbors, while about 6.5 percent prefer all same-race neighbors (see the 2003 study by Charles).⁸

Taken together, the survey evidence shows that African Americans tend to express a desire for integrated communities at levels that would coincide with an overrepresentation of same-race neighbors. For a non-negligible amount of respondents, the desired fraction of African American neighbors is high. Based on the diversity of preferences, it would be hard to conclude that desires for self-segregation can fully explain the extent of segregation that currently exists. But it would be likewise unreasonable to dismiss the possibility that they play some significant role.

Even if preferences for self-segregation are reflected in housing decisions to some degree, the question still remains as to what underlies them. A

⁸ The General Social Survey is taken by the National Opinion Research Center at the University of Chicago. The survey, which has been conducted almost every year for the past several decades, asks respondents questions about their attitudes concerning numerous social, economic, and political issues.

key part of the self-segregation hypothesis is that preferences for predominantly black communities stem from warm feelings toward other African Americans in general — what has been called positive in-group feelings or neutral ethnocentrism.

Economists have had little to

neighborhood's various attributes. In the end, racial preferences might take a back seat to the others. It is also possible that racial discrimination might prevent individuals from living where they would most like. Communities with higher fractions of white families might not be fully available to African

Economists have presented two types of evidence on the extent to which the racial mix of neighborhoods reflects housing preferences.

say about this issue thus far, although other social scientists, such as sociologists, have provided some evidence (see *What Do the Racial Preferences of African Americans Reflect?*). What economists have examined in-depth is the extent to which racial preferences influence individual location decisions.

DO PREFERENCES FOR SAME-RACE NEIGHBORS DRIVE LOCATION DECISIONS?

If self-segregation does play an important role, we would expect to see people distributed across neighborhoods of different racial compositions in ways that mirror their racial preferences. Segregated communities would be composed primarily of individuals with a preference for lots of same-race neighbors, while integrated communities would be home to those wanting a more even split.

A correspondence between racial preferences and neighborhood racial mix might occur, but there is no guarantee. Racial preferences could be a concern, but perhaps only one of many. Other neighborhood characteristics, such as school quality, closeness to work, crime rates, and local taxes, can also matter. Location decisions will likely reflect trade-offs among a

Americans who prefer such places. If such areas are not available, they might be forced to live in neighborhoods with a higher than ideal fraction of same-race families. Oddly enough, African Americans could end up in neighborhoods with racial mixes very different from their preferences even if preferences matter a lot and even if they can freely choose among different communities (see *Racial Tipping and Neighborhood Change*).

Economists have presented two types of evidence on the extent to which the racial mix of neighborhoods reflects housing preferences. One is indirect and uses market prices to infer the role of preferences in home purchases. The strategy is to examine home purchases and rentals by African Americans and to measure whether they paid more to live in predominately African American neighborhoods than in other, more integrated areas. This is done after accounting for other factors that might cause prices and rents to differ among neighborhoods. Again, those other factors can include things like school quality and the amount of public services. If, after controlling for other factors, they were willing to pay more, the logic goes, one can infer both that they had preferences for

What Do the Racial Preferences of African Americans Reflect?

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thnocentrism might explain racial housing preferences to some degree, but it need

not be the only underlying factor. A desire for segregation could also arise from fears of hostility and ill-treatment by those in other racial groups. That is, segregation could reflect a “circling of the wagons” and not “birds of a feather flocking together.” If so, the idea of voluntary choice about same-race neighbors would be seen in a different light, one at odds with the self-segregation hypothesis.

As one way to illuminate the issue, several sociologists have modeled the preferences of African Americans concerning neighborhood racial composition. In one set of studies, Charles (her 2000 article) and Krysan and Farley used results from the show card studies. In addition to the question asked about their most preferred neighborhood configuration, participants were also queried about how important racial group membership is to them and their future. Specifically, they were asked: “Do you think what happens to (respondent’s group) in this country will have something to do with your life?” If a respondent answered “yes,” he or she was asked: “A lot”? “Some”? Or “not very much”? Answers to this “common fate identity” question are taken to measure the strength of a respondent’s solidarity and identification with his or her own racial or ethnic group.

The researchers then investigated whether a respondent’s attitude about common fate identity was statistically linked to his or her preferences about neighborhood racial composition. That is, do those respondents who prefer the most African American neighbors also have the strongest in-group feelings? As always, the statistical models control for other factors that could influence those preferences. Neither Charles nor Krysan and Farley found any significant link.

A related study by Bobo and Zubrinsky came to the same conclusion using a different survey and an alternative measure of in-group affiliation. They conducted a telephone survey in Los Angeles that elicited information about African Americans’ willingness to live in neighborhoods that were 50 percent white. They also asked respondents to rate their feelings toward other racial groups, including their own. A statistical model that linked the strength of in-group feelings to preferences about neighborhood composition found no significant relationship, again accounting for other possible influences on preferences.

Finally, Krysan and Farley analyzed answers to open-ended questions about why respondents chose their most preferred racial composition in the show card studies. The answers were varied but only infrequently reflected ethnocentrism. Moreover, such concerns were voiced almost exclusively by respondents preferring completely segregated neighborhoods. But even for that select group (about 20 percent of the respondents), ethnocentrism was mentioned less than half the time.

more segregated communities and that they acted on those preferences.⁹

An early study by Thomas King and Peter Mieszkowski examined data on rental housing in New Haven, Connecticut. The authors determined that African Americans were willing to pay more to live in highly segregated areas compared with more integrated neighborhoods. Thus, segregation did seem to reflect racial preferences. However, subsequent work challenged that conclusion. In his 1978 study, John Yinger pointed out that King and Mieszkowski did not adequately control for the possibility that discrimination, not preferences, caused African Americans to pay more for housing in more segregated areas.¹⁰ After adjusting King and Mieszkowski’s model to fix the shortcoming, Yinger applied it to data on African American home buy-

⁹ Ideally, one would want to measure how a person’s willingness to pay changed as a neighborhood’s actual racial mix varied from the person’s preferred mix. If the actual percentage of African Americans was less than the preferred fraction, willingness to pay should increase as the actual percentage increases, since the neighborhood mix is moving closer to the person’s preferences. But if the actual fraction exceeds the preferred mix, further increases in the percentage of African Americans should decrease willingness to pay, since the neighborhood mix is moving further away from the person’s preferences. This means that the true relationship between a person’s willingness to pay for housing and a neighborhood’s percentage of African Americans could be nonlinear. The studies discussed in the following paragraph did not factor in the possibility of a nonlinear relationship, although it is not clear how the conclusions would change if they had.

¹⁰ Yinger suggests, for example, that there could be significant barriers facing African Americans who want to live in integrated areas, thus restricting them to segregated neighborhoods. As the population of African Americans grows, home prices in the segregated areas would rise as the restricted supply of houses confronted a rising demand. African Americans would have to pay these higher prices because they were prevented from moving into lower cost, more integrated areas. So higher prices need not reflect stronger preferences but rather discrimination and the resulting restricted choice.

Racial Tipping and Neighborhood Change

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ven if individuals give high weight to a neighborhood's racial composition and freely make decisions based on their preferences, they could end up in neighborhoods with racial compositions that are far from their desired mix. This possibility was raised by economist Thomas Schelling in a famous and influential article.

Schelling assumes that African Americans and whites each prefer a slight majority of same-race neighbors. He then posits that one type of family, say, African American, moves into a neighborhood that satisfies its preferences. Doing so tips the racial mix more toward an African American majority and away from a white majority. This causes a white family to move out, since the racial composition is now too different from its preferred

mix. The white family that moved out is then replaced by an African American family, since the neighborhood is now more consistent with African American preferences. This once again causes the fraction of African Americans to rise and leads yet another white family to move out. The process is repeated until the neighborhood ends up overwhelmingly African American. This happens even though each African American family preferred only a slight majority of same-race neighbors!

Schelling's message is that segregation could occur for a wide range of preferences concerning neighborhood racial composition as long as the preferences of African Americans and whites differ. His model has been studied and modified through the years, but the basic insight has held up. The study by Rajiv Sethi and Rohini Somanathan is a good example of recent work on the topic.

ers in St. Louis. He found no evidence that they were willing to pay more for housing in areas with higher fractions of same-race neighbors. George Galster further modified Yinger's approach to measure the relationship between house prices and racial composition even more precisely. His analysis confirmed Yinger's findings. More recently, Cutler, Glaeser, and Vigdor explored the issue using housing price data for a broader selection of cities and MSAs. Like Yinger and Galster, they conclude that African Americans have not been willing to pay relatively more to live in more segregated areas.

Other researchers have employed more direct tests that use responses from the show card experiments. Keith Ihlanfeldt and Benjamin Scafidi developed a statistical model of the actual percentage of African Americans in the respondents' neighborhood. Among the explanatory variables was each respondent's most preferred neighborhood configuration. If the self-segregation hypothesis is valid, the

correlation between preferences and the percentage of African Americans in the neighborhood should be positive. That is, respondents who prefer more same-race neighbors should live in more segregated areas and those who prefer fewer same-race neighbors should tend to live in less segregated areas. Their model takes account of numerous other variables that conceivably might affect a respondent's neighborhood selection, including the respondent's income, occupation, education level, and perceptions of white hostility, among others. Models were estimated using data for Atlanta, Detroit, and Los Angeles.

Ihlanfeldt and Scafidi determined that racial preferences of respondents were indeed positively correlated with the percentage of African Americans in their neighborhood of residence. They found some differences among the cities. For instance, the estimated links were stronger in Atlanta and Detroit than in Los Angeles. Nonetheless, the positive relationships between

preferred and actual percentage of African Americans in neighborhoods lend some support to the self-segregation hypothesis.

Of course, statistical significance is only one part of the story. Statistical significance means only that a researcher is reasonably sure that the impact of a variable is not zero. Also important is the amount by which preferences affect each city's racial composition. That is, a relationship could be statistically significant but have little practical importance.

To quantify the specific impact of preferences, Ihlanfeldt and Scafidi used their estimates to simulate what the racial composition of neighborhoods would be if all respondents preferred complete integration. Complete integration would occur if all neighborhoods had a percentage of African Americans that matched the percentage for the MSA as a whole. For the sample period studied, this would mean that each Atlanta neighborhood would have an African American

population share equal to 27 percent; the shares in Detroit and Los Angeles would be 25 percent and 22 percent, respectively.

The researchers found that even if all respondents preferred complete integration, the percentage of African Americans in the respondents' neighborhoods predicted by their models would remain high. Specifically, the average African American in Atlanta, Detroit, and Los Angeles would still live in a neighborhood where the African American population shares equal 65 percent, 83 percent, and 76 percent. So even if African Americans had housing preferences that were neutral with regard to race, the cities would continue to be marked by substantial segregation.

Lance Freeman took a somewhat similar approach. He first used the information from show card experiments to construct an index that indicated how receptive African Americans were to integration with whites. He then estimated models, comparable to those of Ihlanfeldt and Scafidi, which predicted the percentage of whites in the neighborhoods of the African American respondents. Consistent

with Ihlanfeldt and Scafidi, he found that preferences mattered in a statistical sense. However, he also determined that respondents' preferences had a relatively small impact on the actual racial compositions of their neighborhoods.

In sum, indirect evidence based on market prices fails to support the idea that racial preferences drive housing location decisions. More direct evi-


sults from preferences to live together based on positive feelings. If these preferences are important, the significance of racially separated neighborhoods would be less bothersome and the case for policy intervention much weaker. Researchers have examined the idea from numerous angles using different techniques and data sets. The evidence provided suggests that self-segregation, especially for positive

To the extent that preferences do get reflected in housing decisions, they do not appear capable of explaining anything close to current levels of segregation.

dence that uses survey responses about preferences indicates that they play at most a limited role. To the extent that preferences do get reflected in housing decisions, they do not appear capable of explaining anything close to current levels of segregation.

CONCLUSION

The self-segregation hypothesis suggests that the persistence of racial segregation of African Americans re-

asons, helps little in understanding racial housing segregation. The sources appear to lie elsewhere, and unfortunately, the other possibilities can be far from benign. These include ongoing discrimination in real estate markets and racial stereotyping (see Yinger's 1998 study). Forty years after the civil rights movement, it appears that much work remains to be done. 

Calculating the Dissimilarity Index

Housing segregation refers to the residential patterns of different racial and ethnic groups across neighborhoods within a larger area, usually a metropolitan statistical area (MSA). MSAs are the focus of segregation measurement, since they are generally thought to comprise a housing market. A commonly used measure of the degree of housing segregation is the dissimilarity index, although others exist.* The index is generally applied to two groups — say, African Americans and whites — and measures the fraction of African Americans that would have to move to achieve a perfectly even distribution across neighborhoods. The index ranges from 0 to 1, with 0 indicating perfect integration. So if an MSA was 20 percent African American, the dissimilarity index would be 0 if the population of each neighborhood within the MSA was 20 percent African American. An index value of 0.25 would indicate that 25 percent of African Americans or 25 percent of whites would have to move to a different neighborhood in order to be evenly spread across neighborhoods in the MSA. An MSA with a value of 0.6 or greater is generally classified as “highly segregated.”

The formula for the index is:

$$\text{Dissimilarity} = 0.5 \sum_{i=1}^N \left| \frac{\text{Black population in area } i}{\text{Black population in MSA}} - \frac{\text{White population in area } i}{\text{White population in MSA}} \right|,$$

for the N areas within the MSA. When the index is calculated, the areas within the MSA are often taken to be official census tracts, which usually contain about 4,000 people and are meant to represent neighborhoods.

As an example of how the dissimilarity index is calculated and interpreted, suppose that an MSA has 40 African Americans and 160 whites, for a total population of 200. So 20 percent of the population is African American and 80 percent is white. Also suppose that there are two neighborhoods. In the first, there are 20 African Americans and 40 whites. In the second, there are 20 African Americans and 120 whites. In this case, the dissimilarity index equals:

$$0.5 * \{|(20/40) - (40/160)| + |(20/40) - (120/160)|\} = 0.25.$$

Thus, segregation is low in the example. As mentioned, the dissimilarity value of 0.25 means that 25 percent of the African American population or 25 percent of the white population has to change neighborhoods to achieve an even distribution in which dissimilarity equals 0. The total African American population is 40, so 25 percent is 10 people. If 10 left neighborhood 1 and went to neighborhood 2, neighborhood 1 would have 10 African Americans and neighborhood 2 would have 30. The dissimilarity index would then equal:

$$0.5 * \{|(10/40) - (40/160)| + |(30/40) - (120/160)|\} = 0.$$

That is, there would be complete integration because the fraction of African Americans and whites in each neighborhood — 20 percent and 80 percent — equals their fractions for the population as a whole. A similar outcome would obtain if 25 percent of the white population, or 40 people, moved from neighborhood 2 to neighborhood 1:

$$0.5 * \{|(20/40) - (80/160)| + |(20/40) - (80/160)|\} = 0.$$

* For a thorough discussion of numerous segregation measures, see Douglas S. Massey and Nancy A. Denton, “The Dimensions of Residential Segregation,” *Social Forces*, 67 (December 1988), pp. 281-315.

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