From *Gautreaux* to MTO:
Racial Discipline and Neoliberal Governance in Housing Policy

DISSE rtATrON

Presented in Partial Fulfillment of the Requirements for the Degree Doctor of Philosophy
in the Graduate School of The Ohio State University

By
Christy Lee Rogers

Graduate Program in Geography

The Ohio State University

2011

Dissertation Committee:
Mary Thomas, Advisor

Mathew Coleman
Becky Mansfield
Wendy Smooth
Copyrighted by

Christy Lee Rogers

2011
Abstract

This dissertation explores the shift in public housing voucher policy from the residential integration remedy of the 1976 Supreme Court case *Hills v. Gautreaux* to the Congressional poverty deconcentration and research program, *Moving to Opportunity* (1994-1998). The shift away from racial integration as a policy goal occurred in tandem with the large scale privatization of affordable rental housing and the rapid expansion of the secondary mortgage market. This dissertation argues that the “deracialization” of public housing policy was closely related to its privatization, and to the increasing policy and academic focus on neighborhoods of concentrated poverty.

The analysis utilizes the work of Michel Foucault to link these developments in U.S. housing policy. Foucault argues that one of the ways the neoliberal state can recede from direct governance is to help identify and expel “weaker” populations to the discipline of the private market. For Foucault, weakness can be expressed in terms of race, but also in terms of other markers of difference. In contrast, critical race theorists maintain that race is still tied to, and expressed in, an historical landscape of racist exclusions and segregations. I argue that race in the U.S. is anchored in particular, historically enacted spaces of color and exclusion, but must also be theorized in a neoliberal age as the documentation/creation of economically non-normative populations as objects for intervention.
Using this conceptual framework, I review the federal role in the creation of racially segregated neighborhoods and credit markets. I address the *Gautreaux* ruling in its contemporaneous context (the War on Poverty, the Moynihan and Kerner Reports, and the Fair Housing Act), to show the motivation to address racial residential segregation in *Gautreaux* focused largely on the need to improve black male access to jobs. I review the sociology studies of concentrated poverty, including the MTO findings. I find that the problem that *Gautreaux* was supposed to solve was rearticulated in MTO as immersion in problematic space, neighborhoods of concentrated poverty. The implicit neoliberal policy logic is that these neighborhoods are socio-spatial collections of individuals exhibiting economic choices in need of reform. The spatial threat of the “weaker species” is illustrated early on by Civil Rights-era policies like the Fair Housing Act, which was intended to allow middle-class black families to escape to the suburbs, and later by the “neighborhood effects” research on those left behind.

Although Civil Rights-era policymakers and sociologists often called for expanded, affirmative government intervention to integrate black male job seekers into mainstream labor and housing markets, a limited framing of racialized opportunity and a focus on concentrated poverty neighborhoods was used to subsequently shrink government activity to the point that the state in many ways retreated from integrated housing, and indeed, from public and affordable housing altogether. I conclude that the limited goals of smaller housing mobility programs like MTO are continually rendered insignificant by contradictory private market housing policies that increase racial
segregation and exploitation, paralyzing or punishing many people attempting to “move to opportunity” or to buy a home.
Acknowledgments

This dissertation would not have been written without the support, encouragement, humor and dedication of my advisor, Mary Thomas. Mary managed to combine a light touch with unwavering intellectual rigor, a skill I find truly wondrous. I thank my committee members Mathew Coleman, Becky Mansfield, and Wendy Smooth for their patience and fortitude, and I thank the full committee for the examples they set as scholars and as teachers.

My degree was financed in 2003-2004 by the Department of Geography and from 2005-2011 by the employee tuition benefit program of The Ohio State University. Since joining The Kirwan Institute for Study of Race and Ethnicity in 2004, my colleagues have shown unwavering support for my work and for this endeavor. Special thanks to Jason Reece, Tara McCoy, Andrew Grant-Thomas, and john powell. Thank you also to Brookes Hammock, J.D., for giving me useful feedback during the bell lap. A special thanks to Gary Dymski at the University of California, Riverside, who sat me down at a conference and told me To Finish.

My family held education in high esteem; despite occasional worries about the length of time I have taken to educate myself, they have always been proud of me. My sister Debbie has been a supporter and movie date par excellence. My mom has been a critical on-call child care provider, when she is not raising the bar for adventurousness.
To my cousin Laura and to friends and colleagues who said, you can do it, and you must: thank you!

Above all, my husband Pete supported me in myriad ways so that I could have quiet conversations with myself about Foucault, without ever doubting my commitment or my ability to finish. My daughter Isabelle, who is the same age as this dissertation, is a joy and a delight, and finishing this dissertation is a gift to her, Pete and myself: I now have my weekends back!
Vita

June 1986 .............................................. Athens High School

1990..........................................................B.A. English, Carleton College

1993..........................................................M.A. English, Ohio University


2003 to 2004 ...........................................Graduate Teaching Associate, Department of Geography, The Ohio State University

2004 to present .......................................Research Appointment, The Kirwan Institute for the Study of Race and Ethnicity,

The Ohio State University

Fields of Study

Major Field: Geography
# Table of Contents

Abstract.................................................................................................................................................. ii

Acknowledgments....................................................................................................................................... v

Vita........................................................................................................................................................... vii

Chapter 1: Introduction ............................................................................................................................... 1

Public Housing Vouchers from *Gautreaux* to MTO............................................................................. 1

*Parents Involved* and the Search for a “Proxy” for Race ................................................................. 7

Overview of the Dissertation .................................................................................................................. 10

Chapter 2: Methods: Race and Privatization through a Foucaultian Lens............................................ 16

Introduction ............................................................................................................................................... 16

Housing Vouchers: from Affirmative Integration to Poverty Deconcentration................................. 20

Public Housing Policy in the Neoliberal Era: HOPE VI and LIHTC ...................................................... 28

The Critique of Neoliberalism.................................................................................................................. 31

Critical Race Theory Asserts the Importance of History and Law .......................................................... 34

Foucault on Biopolitics, Race and Neoliberalism.................................................................................... 40

*Foucault on biopolitics and race* ............................................................................................................. 41

*Foucault on neoliberalism* ....................................................................................................................... 46

Foucault and Critical Race Theory: Irreconcilable Differences?......................................................... 49
Chapter 1: Introduction

Public Housing Vouchers from Gautreaux to MTO

In 1976, in the landmark fair housing advocacy case Hills v. Gautreaux (425 U.S. 284, 96 S. Ct. 1538, 47 L.Ed.2d 792) (“Gautreaux”), the U.S. Supreme Court ordered the U.S. Department of Housing and Urban Development (“HUD”) to move thousands of black families in public housing from the inner city to outlying affluent, white, suburban neighborhoods. This judicial order was the remedy for HUD’s past racial discrimination in the provision of public housing in the City of Chicago. The remedy was implemented at a regional scale, and it was race-conscious: at least 75% of the participating families had to relocate to the Chicago suburbs, and no more than 25% of the families could move to a neighborhood that was over 30% African-American (Rubinowitz & Rosenbaum 2000: 40).

The 1976 Gautreaux decision was followed a few years later by the publication of Wilson’s landmark sociology book, The Declining Significance of Race: Blacks and Changing American Institutions (Wilson 1980), in which a leading African-American academic separated race from class in policy analysis by arguing that class was, at this point in history, more important than race for black families’ upward mobility. Wilson advanced this argument in his follow-up book, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (Wilson 1987), in which he argued that inner-city
black communities suffered greatly from the flight of upper- and middle-class black families to the suburbs. He recommended race-neutral, structural, macro-economic policy interventions, in order to economically stabilize the black community and the black family, both of which suffered from the loss of male industrial employment. Wilson’s influential characterization of the social problems plaguing inner cities and his call for large-scale policy intervention shaped subsequent social science research on the correlations between neighborhoods, social structure, and economic attainment, known as the “neighborhood effects” literature.

Initially, researchers studying neighborhood effects tested for correlations between the concentration of poverty in racially isolated urban environments with social outcomes, such as crime, adolescent delinquency, and infant mortality (Brooks-Gunn et al. 1993; Dietz 2002; Jencks & Mayer 1990; Sampson, Morenoff & Gannon-Rowley 2002). When the Gautreaux program began, this research was in its infancy and relied on static census data, not results from programs that moved families from one environment to another. Therefore, researchers decided to track the outcomes of the Gautreaux families who moved to the suburbs, asking, do life outcomes change when poor African-American families move from high-poverty urban areas to majority white, affluent suburbs?

Over a twenty-year period (1978-1998), about six thousand families moved with the program (Rubinowitz & Rosenbaum 2000: 67). Researchers interviewed a random sample of families in 1982 and again in 1989, finding that people who moved to the suburbs were significantly less likely to drop out of school, significantly more likely to be
in a college track academic program and attend a four-year college, more likely to be employed if not in college, more likely to earn more than $6.50 per hour, and more likely to have employee benefits than those who stayed within the city (Rubinowitz & Rosenbaum 2000: 163).

Despite the apparently successful race-conscious remedy, subsequent rulings in fair housing cases by lower District Courts often ordered poverty deconcentration, not racial integration, as a means of remedying racial segregation. For example, the remedy for racial housing discrimination in New Jersey (cases collectively known as Mt. Laurel I-III, litigated from 1975 to 1983) was an order for economic integration (Roisman 1997; Wish & Eisdorfer 1997). In Dallas, the Circuit Court ruled that to remedy past racial discrimination by the Dallas Housing Authority, the Authority had to use race-neutral Section 8 vouchers to disperse public housing tenants (cases collectively known as Walker I-V, litigated from 1985 forward, with some related cases still active) (Popkin, Richer & Herbig 2000).

As the Gautreaux program drew to a close, HUD began implementing a housing mobility policy and research program developed by Congress known as Moving to Opportunity (“MTO”). MTO policy documents referenced Gautreaux, but MTO set out to differentiate itself in two ways. First, MTO randomly assigned its volunteers to three different neighborhood contexts (including a control group who stayed in place) to address criticism that Gautreaux suffered from selection bias by assigning volunteers to suburban neighborhoods on a first-come, first-serve basis, and therefore did not have a true control group (Orr et al. 2003). Second, the MTO program design never mentioned
racial demographics. It used neighborhood poverty rates to characterize neighborhoods of advantage and disadvantage. In short, MTO was a poverty deconcentration program, whereas *Gautreaux* was a racial integration program.

MTO was slated to run in five cities (Baltimore, Boston, Chicago, Los Angeles, and New York City) across the US for ten years, but was de-funded five years into the program after a political protest against the program in Baltimore resulted in the election of Senator Barbara Mikulski, who halted the program (Dreier & Moberg 1995; Moberg 1995). MTO thus only ran from 1994-1998. In 2003, a comprehensive intermediate study was released. The findings were somewhat disappointing to researchers: although families did move to safer neighborhoods (addressing the participants’ most important criteria for success), researchers found little improvement in earnings, employment, or education outcomes (Orr et al. 2003: ix - xii), unlike the results in *Gautreaux*. Researchers cautioned, however, that in not requiring moves to majority white neighborhoods, families did not move as far, therefore staying within the same service districts (such as public school districts), and that the program did not last long enough for earnings or employment changes to reasonably occur (Orr et. al. 2000).

At the same time that judicial remedies for racial discrimination in public housing were ordering the dispersion of tenants, Congress funded the demolition of the most severely distressed public housing high-rises and mandated their replacement with smaller, mixed-income housing units through the HOPE VI program, begun in 1992. This program has been very active across the country: as of 2004, HUD had awarded 446 HOPE VI grants in 166 cities, demolishing 63,100 severely distressed units (Popkin et.
al. 2004); as of 2007, HUD had invested over $6 billion in the program. Congress also repealed the requirement that new construction replace demolished units on a one-for-one basis, resulting in a net loss of tens of thousands of actual units (Popkin et al. 2000).

In fact, federal public housing policy was shifting away altogether from the previous era of constructing public housing high-rises, and towards issuing rental subsidies (known currently as Housing Choice Vouchers or “HCVs”). President Nixon’s 1973 moratorium on public housing construction had marked the point at which high-rise public housing complexes had become politically untenable, criticized as ugly, costly, high-crime, segregated “monoliths” (Orlebeke 2000: 498). HOPE VI tore down those monoliths and mandated a very different landscape in their place: low-rise, mixed-income developments.

Of all the tools developed between the 1970s and the 1990s to address public and affordable housing needs, only one program directly incentivizes large-scale affordable housing construction, and it does so through a tax subsidy granted to developers, moving the production of affordable housing away from traditional providers of public housing and into the realm of the private (tax credit) market. This program is known as the Low Income Housing Tax Credit program, or LIHTC. A 1989 amendment to the LIHTC program awards a bonus for siting units in a minority or low-income area. Because of this, LIHTC has, with few exceptions, been working directly, and at a much larger scale, against the stated intent of the smaller public housing poverty deconcentration and mixed-income development programs, by clustering poor families together in public housing in low-income or racially isolated neighborhoods (Freeman 2004; Orfield 2005;
The LIHTC program has produced over a million units nationwide -- whereas mobility programs work on the order of hundreds or thousands of units in a few metro areas, and HOPE VI has torn down under 100,000 units. These smaller government housing mobility and mixed-income programs (HOPE VI, MTO) occur within a larger, contradictory move towards privatization, one that often reinforces residential racial and income segregation.

Recently, debate regarding the various Gautreaux and MTO results has escalated, as has disagreement over the interpretation of MTO results themselves. However, there is no meta-analysis of the differences between Gautreaux and MTO within the broader arc of contemporaneous housing policy change. By ignoring the conceptual and programmatic shift in housing vouchers from racial integration (Gautreaux) to poverty deconcentration (MTO), scholars are missing an opportunity to understand the displacement of race in public housing policy and the ascension of a proxy – in this case, concentrated poverty. This dissertation steps into that breach, showing that the shift from Gautreaux to MTO holds clues to the broader-scale privatization and re-segregation of affordable housing writ large -- which ultimately ends, disastrously, with the subprime lending and foreclosure crisis. I show that privatization, quantitative monitoring, and race “neutrality” in policymaking are connected. These connections occur under neoliberal governance, from the 1970s forward. I make these discoveries by synthesizing the relevant critical social theories on neoliberalism and race, and by using Foucault’s startling and innovative work on neoliberalism, race and the state to stitch together those phenomena previously considered parallel or reinforcing: privatization, quantitative
studies, and the malleability of “race.” Rather than run in parallel or merely exacerbate one another, I show how they mutually contribute to a new era of neoliberal, racialized rule.

*Parents Involved and the Search for a “Proxy” for Race*

As an illustration of the importance of these trends, one needs only to refer to the recent ruling by the Supreme Court in *Parents Involved in Community Schools v. Seattle School District No. 1 et al* (No. 05-908, decided June 28, 2007, “*Parents Involved*”). Communities in Seattle, Washington, and Louisville, Kentucky had implemented voluntary school district integration plans that took into account the race of individual students and the racial composition of schools in drawing up school assignment plans, in order to avoid racially isolated school districts. A few parents in each community filed separate lawsuits against the school districts challenging the constitutionality of the plans, and the cases were ultimately consolidated in the *Parents Involved* case that came before the Supreme Court. Plaintiffs (the parents) argued that the school district plans violated the Fourteenth Amendment’s equal protection guarantee.

The Equal Protection Clause of the 14th amendment of the U.S. Constitution prohibits states from denying any person within its jurisdiction the equal protection of the laws. In the *Parents Involved* decision, the Court succinctly summarized the legal standard of review under the Equal Protection Clause for the school integration plans; that is, that they must be narrowly tailored to achieve a compelling government interest. Before the cases came to the Supreme Court, the District and Circuit Courts in both
regions had affirmed that in using race in their assignment plans, the school districts had proven a compelling interest and that the plans were narrowly tailored to serve that interest. However, a 5-4 Supreme Court majority reversed the earlier decisions. It held, among other things, that the plans were not narrowly tailored, in that the school districts had not adequately considered race-neutral alternatives (Parents Involved, Opinion of Roberts, J.: 27).

In a rare majority concurrence, Justice Kennedy wrote that there could be situations in which “race-conscious” remedies were appropriate, but they had to avoid classifying individuals by race. Justice Kennedy wrote, “School authorities…are free to devise race-conscious measures to address the problem in a general way and without treating each student in different fashion based solely on a systematic, individual typing by race” (Parents Involved, Opinion of Kennedy, J.: 8). Justice Kennedy suggested the use of spatial demographic analysis as a proxy measure, i.e., “drawing attendance zones with general recognition of neighborhood demographics” (Parents Involved, Opinion of Kennedy, J.: 8).

Because of the ruling, many school districts across the country are now searching for a “proxy” for race to meet the goal of racially integrated schools. The search for a proxy often revolves around socio-economic status or more specifically, residence in a poor neighborhood. For example, opponents of the contested Seattle and Louisville plans advocated for the use of eligibility for free and reduced lunch as a proxy measure for race. However, studies show that integrating schools by income does not necessarily integrate students by race (Reardon et. al. 2006).
Parents Involved has enormous potential to affect current fair housing litigation. Currently, the remedy for the most significant housing litigation in the last 25 years, Thompson v. HUD (220 F. 3d 241), stands before the District Court in Baltimore. In 2005, the presiding judge, Hon. Marvin J. Garbis, ruled that HUD failed to adequately consider a regional approach to the desegregation of public housing in the Baltimore region. The opinion echoed the landmark Supreme Court Gautreaux opinion, by emphasizing that public housing had to be provided outside of the City of Baltimore in order to racially desegregate it.

In the remedy phase of the litigation, parties debated various means of implementing a regional public housing plan, including a proposed region-wide mobility program. The Plaintiff’s proposed remedy, to which I contributed research, insisted that the remedial order be race-conscious, in part because it has been shown that when race-neutral vouchers are used, people who use the vouchers tend to land in racially segregated and economically declining neighborhoods, thus ultimately reconstituting the clustering of poverty and racial isolation that the vouchers were intended to alleviate (Cunningham & Popkin 2002; Herbert & Brown 2006; Orr. et. al. 2003; Smith 2002; Thompson 2006). This segregation pattern places doubt on whether any race-neutral remedy the Judge might remit could even be effective. The remedy has not yet been released, and the effect of the Parents Involved ruling remains to be seen.

The shift from race to concentrated poverty as a proxy for opportunity indicates a consensus that poverty deconcentration, not racial integration, is the best way to raise one’s chances in life. Public policies that are race-conscious (like the Gautreaux housing
mobility program) admit the possibility that race is a meaningful social category in the United States, that racial discrimination exists and should be addressed, and that racism can be an impediment to achievement. The move away from race, conversely, indicates that race is not as meaningful as it once was under our shameful history of slavery and legal segregation, that racial discrimination has largely ended, and that racism is no longer an impediment to success. This set of assumptions is best encapsulated in the “post-racial” view asserted by many in the wake of the election of President Obama. In a post-racial or “color-blind” society (the argument goes), there are better measures for assessing barriers or constraints to opportunity. Therefore, integration by income becomes a preferred goal of public policy, rather than integration by race.

This dissertation suggests that while race and concentrated poverty are not easily traded proxies, they are connected, and their connection is intentional, complex, gendered, and perpetually, failingly “managed” in space, and that this management is occurring more and more in the context of privatization. I show in the context of housing policy that racialization, spatial segregation, and financial exploitation support and enable one another. Continual failed reform of spaces of segregation and poverty ultimately expands, with the subprime lending crisis, to capture people in or near racialized space, regardless of their income or color.

Overview of the Dissertation

In this dissertation, I argue that the policy and sociology focus on male labor and on black family behaviors in neighborhoods of extreme poverty helped shift policy goals
from racial desegregation to poverty deconcentration. I also argue that the shift from *Gautreaux* to MTO is important to understand within broader context of housing market privatization, which has decreased housing integration and stability overall for low-income families of color.

In Chapter 2, I review the relevant literature on neoliberalism, privatization and race in post-Civil Rights era housing policy. I conclude that neoliberal critics largely and woefully under-theorize race, while some critical race theorists too easily subsume neoliberalism under the umbrella of racism. I argue that we need to utilize Foucault to bridge the gap between neoliberal theory and critical race theory. Using Foucault’s work on biopolitics, neoliberalism and race, I build a hybrid critical apparatus to explore the post-Civil Rights shift in housing policy, and more broadly, to consider the interplay between the processes of racialization and privatization under neoliberalism. I show that under neoliberalism, the state uses the private sector to find effective means of governance of racialized populations. While Foucault maintains a rather open-ended flexibility with regards to the meaning of race (for him, race equates to “species weakness”), I maintain that critical race theorists have clearly shown the specific, historical anchoring of racism to the subjugation of people of color, their exclusion from housing and labor markets, and the attempted reform of their “behaviors” in the U.S. Therefore, racialization in the U.S. at this time is both specifically tied to the attempted reform of poor people of color in space, and flexibly adapted to include the people around them, regardless of their “color.”
In Chapter 3, I begin with the historical context of the federal role in the creation of racialized space. Next, I introduce the context of the Gautreaux remedy. I find that in the Gautreaux ruling and in previous, topically related federal documents, including the Moynihan Report, the Kerner Report, and the Fair Housing Act, the “race problem” was largely construed as the lack of black male access to jobs, understood to be the result of individual racial discrimination and spatial segregation from labor opportunities. I conclude that while the Moynihan Report, the Kerner Report, the Fair Housing Act and the Gautreaux ruling all grappled affirmatively with at least some of liberalism’s exclusions, they also contributed to a narrow framing of race and racism. This narrow framing, largely in terms of black male labor reform, helped shift later housing policy away from considerations of structural racial discrimination, and towards small-scale poverty deconcentration demonstration programs intended to disrupt the “culture” of poverty and connect black men to positive role models and jobs.

Next, I show that sociologist Wilson’s analysis of the problems of, and policy solutions for, the black “underclass” helped midwife the proxy of concentrated poverty for race. If, as Wilson described, racism is understood as (largely historical) overt discrimination or spatial separation from job markets, then government policy must remedy the effects of racism primarily by connecting black men to jobs. If race is understood as largely relevant to masculine labor opportunities, and if racism is understood as overt discrimination with intent, then labor outcomes can be privileged, and race and racism can be bracketed, or withheld from policy design, as it is in MTO.
In Chapter 4, I review how, in the 1990s, the “race-neutral” attack on concentrated poverty in inner cities begins in earnest, with the HOPE VI program and Moving to Opportunity. This attack armed itself with the outpouring of sociology studies on concentrated poverty initiated by Wilson’s widely read work, including *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (1987). I show, from a Foucaultian perspective, the significance and connections of the state’s race-blindness, sociology studies on concentrated poverty, and MTO’s obsession with quantitative outcomes. The shift to a focus on concentrated poverty in housing policy is very much about managing and studying individuals and populations in space, or biopolitics.

Moreover, the ostensibly race-neutral poverty deconcentration housing policies continue to shore up racialized communities and identities. That is, the re-concentrations of racial and income segregation in every “race-neutral” housing policy occurs even in a policy context of what is often understood to be state withdrawal.

Foucault posits that under neoliberalism, the private market is the preferred site of experimentation to find efficient techniques of governing (Foucault 2008: 320), signaling the interplay between public and private markets in state knowledge and decision-making. I use Foucault’s insights to show that the naturalization (i.e. a move away from a complex social construction) of race goes hand in hand not only with the shrinking of domains for state action, but also with the move to privatization, market discipline, and an obsession with measuring quantitative outcomes. Further, this effective governance by markets is connected to the early framing of race and racial segregation explored in Chapter 3. The move from racial isolation to concentrated poverty in housing policy (and
the proxy of neighborhood demographics for race alluded to in the *Parents Involved*

ing ruling) is driven by the narrow construction of race in the post-Civil Rights era, the

bipolitical interest in observing the outcomes of certain population behaviors in space,
the implied and permanent critique of government action that accompanies the fixation
on outcomes, the emphasis on capturing individual labor, and the push to privatize many
public goods, including low-income housing.

Foucault suggests that sovereign power can govern less in accordance with the
naturalness of phenomena (Foucault 2008: 328). To become naturalized and subject to
market discipline, race was defined in narrow and alienable terms: specifically, in terms
of male labor outcomes. Second, the effects of racial segregation were expressed in
terms of measurable aspects that conformed to ideas of scientific validity (labor outcomes
by race; indices of racial segregation; counts of female-headed families, income
comparisons, etc.). Racial isolation and concentrated poverty were studied in a
“quantitatively rigorous” way, de-emphasizing questions of historical and present day
systems of exclusion and marginalization that defy quantitative representation. Then
these measurable outcomes that unfolded in private markets could be monitored to find
new effective ways of governing. This quantitative monitoring, Foucault argues, embeds
an a-priori and permanent critique of government action -- in this case, of the investment
in housing vouchers.

Bringing this framework to the immediate present, I show in Chapter 5 how the
subprime lending and foreclosure crisis is racialized in the way I theorize with Foucault’s
insights: anchored in a particular gendered material and historical context, yet abstracted
and expanded out to “color-blind” financial markets, so that people of color and many whites near them are subject to a racialized market discipline of “weaker” populations. I critique the recent federal proposals to address the foreclosure crisis and reform housing finance. I conclude that with respect to housing policy, the state has more of a capital markets policy than a true housing policy, and that we have to confront the “fiction” of housing policy (and the fiction of subprime lending being a housing crisis) at the same time that we recognize its devastating material exploitation. Foucault’s theoretical sketches of racialized population management have come to dangerous life under housing policy privatization: I conclude that federal housing policy writ large disproportionatelypunishes our most vulnerable families.
Chapter 2: Methods: Race and Privatization through a Foucaultian Lens

Introduction

From the late 1970s onward, public housing vouchers went from a tool to implement an affirmative integration remedy (*Gautreaux*) to a market-driven poverty deconcentration program, one with a quantitative research component (MTO). In the most recent academic sociology debate over the differences between *Gautreaux* and MTO, there is no meta-analysis of the shift, either locating the two programs within the broader arc of housing policy change, or locating the shift in the key academic literatures on neoliberalism and race. By ignoring the conceptual shift in housing vouchers from achieving racial integration to supporting poverty deconcentration, scholars are missing an opportunity to trace the displacement of race in public policy and the ascension of a proxy – in this case, concentrated poverty.

In this chapter, I introduce the *Gautreaux* and MTO programs, but save detailed exploration of the programs for Chapters 3 and 4. Rather, I situate the program shifts within a larger arc of public housing policy change. The key policy background shifts are privatization and the loss of explicit attention to racial dynamics. Privatization is evidenced by the use of the housing vouchers themselves (as opposed to the government funding the construction of new public housing units) and the creation of the Low Income Housing Tax Credit (LIHTC) program, a much larger program that shifts the bulk of
affordable housing production into the private sector. The loss of attention to race is seen in the emphasis on poverty deconcentration, such as with the de-construction of public housing high-rises and their replacement with mixed-income communities in the HOPE VI program, as well as with the increase of race-neutral remedies to fair housing violations.

I try to explain these shifts through the contributions of critical theorists on neoliberalism and race. I find that the shift in housing policy towards tenant-based assistance, devolution of funds to state and local governments (i.e. with locally implemented Community Development Block Grants), and outsourcing to private or non-profit actors (i.e. the tax credit market) is emblematic of neoliberal policy, ideology, and rationality (Chouinard 2006; Crump 2002, 2003; Hackworth 2005; Hackworth & Moriah 2006; Kortegweg 2003; Trudeau & Cope 2003; Hanlon 2010). Unfortunately, most critiques of neoliberal policy conclude that racially disparate outcomes are derivative; that is, they do not explicate the ways in which racialization could be imbricated with neoliberalism. For example, one of the most insightful and influential critics of neoliberalism gives race relatively short shrift in his treatise *A Brief History of Neoliberalism* (Harvey 2005). Harvey argues that neoliberalism increases social inequality, exposing vulnerable people and places to increasing marginalization. Harvey theorizes that increasing *class* inequality is the fundamental core of neoliberalism; therefore, this class conflict exacerbates already existing inequalities and vulnerabilities, racialized or otherwise.
On the other hand, critical race theorists hold race central to shifts in the shape and scope of government policy, as exemplified by Omi and Winant’s (1987) book on race and neoliberalism. Omi and Winant argue that neoliberalism is a racial project, because it utilizes a narrow concept of racial identity to shrink the scope and scale of government action. From the critical race perspective, the story of the housing policy shift goes like this: the state was deeply involved in the creation of segregated space, a claim was brought that acknowledged this and rearticulated the scope of government activity to act on behalf of a racialized population (the Gautreaux ruling and subsequent housing remedy), then this victory “decayed” as neoliberals rearticulated race as an individual characteristic (albeit one we are not to look at with respect to individuals, see Parents Involved). The loss of attention to racial dynamics is a political battle lost; a successful rearticulation of race to “class” that shrinks the scope of government activity.

While this is helpful, Omi and Winant theorize race and class without a thoughtful consideration of the spatiality of racialized poverty. They argue that race has been misunderstood as class, ethnicity, and nation. However, for the Supreme Court in Parents Involved, it seems to matter less if you are poor or black; what matters is whether the people around you are poor or black. Indeed, the critical race theory literature deconstructs the notion of race; it refers instead to its historical, political and spatial contingencies, slippages, and contested systems of meaning – not clean lines. Second, we still do not have a clear picture of how we got to this particular neoliberal policy discourse and practice in public housing policy. To recognize that things shift is not to understand how they shift. For Omi and Winant, state intervention (and racial identity)
seems to oscillate between two poles, restrictive/individualist and collective/empowered. Third, and related to the first two points, we are missing the full explanation of the contribution and framing of the academic studies on concentrated poverty, research which underlies much of the focus on poverty deconcentration (rather than racial integration) as a public housing policy goal.

To breach this gap in understanding, I review key insights from the French political philosopher Foucault, and put them together in a new way to show how racialized space, governance, and privatization intersect under neoliberalism. I utilize key passages on neoliberalism from The Birth of Biopolitics (Foucault 2008), on race and the state from Society Must Be Defended (Foucault 2003), and on biopolitics and population reform in the contemporaneous essays of the Collège de France lectures, to argue that Foucault in fact posits something as powerful as it is bleak: under neoliberalism, the state uses the private sector to find effective means of governance of racialized populations. While Foucault maintains a rather open-ended flexibility with regards to the meaning of race (for him, race equates to “species weakness”), I maintain that critical race theorists have clearly shown the specific, historical anchoring of racism to the subjugation of people of color, their exclusion from housing and labor markets, and the attempted reform of their “behaviors” in the U.S. Therefore, racialization in the U.S. at this time is both specifically tied to the attempted reform of poor people of color in space, and flexibly adapted to include the people around them, regardless of their “color.”
Housing Vouchers: from Affirmative Integration to Poverty Deconcentration

In 1976, the Supreme Court ruling and remedy in *Hills v. Gautreaux* compelled the Chicago Public Housing Authority to desegregate public housing throughout the Chicago metropolitan region, using housing vouchers that required affirmative integration of tenants. Public housing residents were able to move into affluent, majority white suburban neighborhoods across the region. The remedy was implemented at a regional scale, and was race-conscious: at least 75% of the participating families had to relocate to the Chicago suburbs, and no more than 25% of the families could move to a neighborhood that was over 30% African-American (Rubinowitz & Rosenbaum 2000: 40).

The 1976 Gautreaux decision was followed a few years later by the publication of sociologist Wilson’s *The Declining Significance of Race: blacks and Changing American Institutions* (1980). In this book, a leading African-American academic effectively separated race from class by arguing that class was, at this point in history, more important than race for black families’ upward mobility. Wilson advanced this argument in his follow-up book, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (1987), in which he argued that inner-city black communities suffered greatly from the flight of upper- and middle-class black families (and their social capital) to the suburbs. He recommended race-neutral, structural, macro-economic policy interventions, in order to economically stabilize the black community and the black family, both of which suffered from the loss of industrial employment. Wilson’s influential characterization of the social problems plaguing the “ghetto” and his call for
large-scale policy intervention shaped subsequent social science research on the
correlations between neighborhoods, race, social structure, and economic change, known
as the “neighborhood effects” literature.

Initially, researchers studying neighborhood effects studied the correlations
between the concentration of poverty in racially isolated urban environments with social
outcomes, such as crime, adolescent delinquency, infant mortality, etc. (Brooks-Gunn et.
al. 1993; Dietz 2000; Jencks & Mayer 1990; Sampson et. al. 2002). When the Gautreaux
program began, this research was in its infancy and relied on static census data, not
results from programs that moved families from one environment to another. Therefore,
researchers decided to track the outcomes of the Gautreaux families who moved to the
suburbs, asking, do life outcomes change when poor African-American families move
from poor urban areas to white, affluent suburbs?

Over a twenty-year period (1978-1998), about six thousand families moved with
the program. Researchers interviewed a random sample of families in 1982 and again in
1989, finding that people who moved to the suburbs were significantly less likely to drop
out of school, significantly more likely to be in a college track academic program and
attend a four-year college, more likely to be employed if not in college, more likely to
earn more than $6.50 per hour, and more likely to have employee benefits than those who
moved within the city (Rubinowitz & Rosenbaum 2000: 171).

Despite the apparently successful race-conscious remedy, subsequent rulings by
lower District Courts in fair housing cases often ordered economic integration (or poverty
decomcentration) as a means of remediying racial segregation. For example, the remedy
for racial housing discrimination in New Jersey (cases collectively known as *Mt. Laurel I-III*, litigated from 1975 to 1983) was an order for economic integration (Roisman 1997; Wish & Eisdorfer 1997). In Dallas, the Circuit Court ruled that to remedy past racial discrimination by the Dallas Housing Authority, the Authority had to use race-neutral Section 8 vouchers to disperse tenants (cases collectively known as *Walker I-V*, litigated from 1985 forward, with some related cases still active) (Popkin, Richer & Herbig 2000).

As the *Gautreaux* program drew to a close, HUD began implementing a Congressional housing mobility program known as “Moving to Opportunity.” MTO policy documents referenced *Gautreaux*, but MTO set out to differentiate itself in two ways. First, MTO randomly assigned its volunteers to three different neighborhood contexts (including a control group who stayed in place) to address criticism that *Gautreaux* suffered from “selection bias” by assigning volunteers to suburban neighborhoods on a first-come, first-serve basis, and didn’t have a true control group (Orr et. al. 2003). Second, the MTO program design never mentioned racial demographics. It used neighborhood poverty rates to characterize neighborhoods of advantage and disadvantage. Although the Congressional Committee authorizing the program was “mindful” that *Gautreaux* was a remedy for unconstitutional racial discrimination, it “focused [MTO] on very low-income families residing in public housing in areas of high concentrations of persons in poverty…[and will] enable them to move to areas with low concentrations of persons in poverty” (Goering 1996: npn).

MTO was slated to run in five cities (Baltimore, Boston, Chicago, Los Angeles, and New York City) across the US for ten years, but was de-funded five years into the
program after a protest against the program in Baltimore resulted in the election of a Senator who halted the program (Dreier & Moberg 1995; Moberg 1995). Maryland Senator Barbara Mikulski killed the expansion of MTO in her role as chair of the subcommittee overseeing HUD, and moved the funding into “Choice in Residency.”

MTO thus only ran from 1994-1998. In 2003, the first interim report of MTO outcomes was released (Orr et al. 2003), accompanied by additional studies undertaken by the assigned research teams, studies that continue to be released today (Kling, Liebman, & Katz 2007; Leventhal & Brooks-Gunn 2003, 2005). The authors summarized the project design and implementation, noting that of 4,608 eligible families, 3,169 were offered vouchers and 1,676 successfully moved. The interim study did not reference that the Gautreaux remedy was specifically race-based, while MTO was poverty-based. They did, however, note that racial integration did not occur, even for families who moved to lower poverty areas (Orr et al. 2003: vii). Further, they found that many families moved to neighborhoods where the poverty rate was increasing between 1990 and 2000 (Orr et. al. 2003: vii), indicating that even if their poverty rates were lower, they were in transition into a higher-poverty neighborhood. Although the Fair Housing Act of 1968 -- by that time in place for almost three decades -- explicitly outlawed residential racial discrimination and segregation, and although the voucher program was billed as a poverty de-concentration program, the MTO moves often revealed a racial and socioeconomic re-segregation of voucher families.

The interim report summarized that in the short to mid-term, MTO did result in improved housing, neighborhood conditions, and safety, improvements in adult and child
health, and mixed effects on youth delinquency and risky behavior. The authors cautioned that with respect to education, employment, and economic self-sufficiency, it was expected that results in these domains would take longer than four to seven years to become evident. They also noted that the control group was not static, attributed to the economic boom of 1990s and welfare policy changes. Therefore, experimental group movers may not have shown much of a relative gain to an improving control group.

However, Orr and his colleagues also found that at the midpoint, MTO showed only small impacts on children's education, with the caveat that “at the time of the interim evaluation, nearly three quarters of the children in families in the experimental group who leased up with program vouchers were attending schools in the same school district they were in at baseline” (Orr et. al. 2003: xii). Further, the results showed no effects on employment or earnings, and no impacts on receipt of public assistance. At best, the researchers concluded, "there is at least modest evidence that the impacts of the demonstration are becoming more favorable over time, at least for public assistance…if this holds for other outcomes, we might expect more and larger impacts in the final evaluation, 10 years after random assignment" (Orr et. al. 2003: xv).

In a qualitative counterpart to MTO’s quantitative interim report, researchers found that physical and mental health problems actually appeared to pose the greatest barriers to advancing economic opportunity: almost a quarter of the voucher recipients were on disability or SSI (Popkin 2002). This study also highlighted the immediacy and primacy of positive health outcomes for children when they moved: “Youth commented poignantly on their changed prospects, with some boys saying that 'they might have been
dead' if they stayed in public housing” (Popkin 2002: 53). Respondents noted that they and their children were physically safer: “I can walk down the street and go to the store. I can send my little son up there on the corner to the store. And knowing he's going to come back safely” (Popkin 2002: 52).

In fact, the overwhelming responses from residents regarding the benefits of the move refer to personal and family safety: "[a]dults believe that they have literally saved their children by removing them from the dangerous environment in public housing." (Popkin 2002: 111). As one resident told the interviewers:

I can walk down the street and go to the store. I can send my little son up there on the corner to the store. And knowing he's going to come back safely....I feel like we can go out in the street and be safer over here than we could over there.

Because I remember one time that we were at the swimming pool in Stateway and they just got to shooting. My son, right here, I must have went crazy on those people. Are you all crazy? Shooting and my baby is right here. I said, Jesus, let me leave here...I love being away from Stateway. I love it…I don't have no stress on my back. I feel great (Popkin 2000: 52).

Another resident said, "I feel more secure. I can feel like the babysitter could come to my home and she don't feel like she's in danger" (Popkin 2002: 97). People are relieved because they do not have to fear for the life of their babysitter. In subsequent chapters, I critique some of the policy assumptions behind MTO, but I want to acknowledge that this program was, in the words of residents who used the vouchers to move to safer neighborhoods, literally a lifesaving policy option for some families.
Recently, debate regarding the differences between the results from the Gautreaux program and MTO studies has escalated in sociology journals, as has disagreement over the interpretation of MTO results themselves. For example, the various readings of the MTO results were the subject of a 2008 symposium in the American Journal of Sociology. Clampet-Lundquist and Massey (2008: 138) argue that MTO merely “shuffled families around within the confines of racially segregated neighborhoods, exposing them to a limited range of resources and opportunities.” Ludwig et. al. (2008) counter that MTO had important effects on the well-being of adults, adult mental health, some physical health outcomes, and violent behavior among young people. Therefore, they argue, the intervention was not weak or uninformative. Ludwig and his colleagues defend the methodology behind MTO, noting that

\[\text{[t]he key problem plaguing nonexperimental approaches is classic omitted-variable bias: people } \textit{choose} \text{ or in other ways end up in neighborhoods for reasons that are difficult to measure and that may also correlate with their outcomes} \]

(Ludwig et. al. 2008: 149; emphasis on choice added). They continue that a second problem is "our lack of knowledge of which neighborhood characteristics matter for particular outcomes, in addition to our inability in most data sets to capture anything other than the coarsest measures of neighborhood environments" (Ludwig et. al. 2008: 150).

A randomized mobility project, the authors argue, solves both problems: "something" is changed (and we can estimate the total impact) because we changed it, not because they "chose" it. Then the authors take issue with Clampet-Lundquist and
Massey’s argument that mobility programs need to offer racially desegregative opportunities, citing the work of Wilson: “The precipitating event in the Wilson model is the flight of black working- and middle-class families during the 1960s and 1970s, a ‘profound social transformation’ that contributed to high prevalence rates among the remaining families of crime, out-of-wedlock births, female-headed families, and welfare dependency (Wilson 1987: 49). MTO as implemented would seem to provide an almost perfect test of this theory -- it helped families move out of some of the most unsafe neighborhoods in America into neighborhoods with substantial shares of middle-class minority residents who could potentially serve as role models” (Ludwig et. al. 2008: 163). Ludwig et. al. go on to note that "there is not a very strong empirical basis at present for suggesting that a large change in neighborhood racial composition is a necessary condition for affecting behavioral outcomes" (Ludwig et. al. 2008: 165, italics in original). I highlight the language on choice and behavioral outcomes to signal that this framing will become important in understanding the critique of the Gautreaux research and the purported improvements of MTO, discussed at length in Chapter 4.

Reviewing both articles and conducting his own research on the data, Sampson (who succeeded Wilson as the chair of the Harvard sociology department in 2003) argues that by not considering or intervening in racial segregation, the program did little to change resident environments (Sampson 2008). Sampson concluded that in MTO, unlike Gautreaux, “[p]oor people moved to inequality” (Sampson 2008: 213). Because of the durable hierarchies of race and class in the Chicago metropolitan area, Sampson argued, the “experimental” families moved to neighborhoods too similar to the “control” families
for any significant neighborhood changes to show up. Sampson defines the concentration of disadvantage as including, but certainly expanding beyond, poverty rates: "MTO induced residential outcomes over the long run that differ in poverty but not necessarily in racial integration or the constellation of factors that define the concentration of disadvantage" (Sampson 2008: 202).

Sampson also problematized the assumption that random controls could bracket structural factors, or that choice is ever truly “free”: “Relying on randomization as valorized by the experimental paradigm, even if logistically possible, as in MTO, brackets knowledge of how causal mechanisms are constituted in a social world defined by the interplay of structure and purposeful choice” (Sampson 2008: 216). And Sampson reaffirms the role of race in its own right, one that cannot be captured purely by poverty measures. In fact, Sampson argues, there is no true “control group” for racially segregated urban neighborhoods: "concentrated disadvantage is a different treatment than simple poverty and one experienced almost solely by Chicago's black population" (Sampson 2008: 221). Whether or not this reinscription of race and racial dynamics takes root in the sociology studies of concentrated poverty and housing policy is an open question. However, the critical observation that I make is that the debate does not provide a meta-analysis of the shift and what it means for policy, race, and governance.

*Public Housing Policy in the Neoliberal Era: HOPE VI and LIHTC*

*Hills v. Gautreaux* wound its way through the court system from 1966 until the Supreme Court issued its final ruling in 1976. Meanwhile, the Fair Housing Act was
passed in 1968, which forbade racial discrimination in housing. President Nixon’s 1973 moratorium on public housing construction marked the point at which high-rise public housing had become politically untenable, with urban complexes criticized from all quarters as ugly, costly, high-crime, largely segregated monoliths (Orlebeke 2000: 498). Over the next two decades, federal public housing policy shifted to the use of housing choice vouchers, tax-credit programs, and local block grants.

Housing vouchers are income supplements used in the private market, while housing block grants channel monies to local governments to spend as they deem appropriate in the provision of public housing. Only the LIHTC program directly incentivizes large scale affordable housing construction, and it does this through a tax subsidy, effectively moving the production of affordable housing out of the traditional providers of public housing and into the realm of the private (tax credit) market. These three instruments together rely on income supplements, devolution, outsourcing, and privatization to accomplish the goal of providing public and affordable housing.

LIHTC, created in The Tax Reform Act of 1986, awards tax credits for affordable housing rehabilitation and construction, with a 1989 amendment that provides a bonus for siting units in a “qualified census tract or difficult development area.” LIHTC is a state-administered program, so states set the goals and guidelines of the program. Civil rights attorneys and academics have been trying to call attention to the potentially re-segregative nature of LIHTC for at least fifteen years. Over ten years ago, Roisman concluded that the program was producing "separate and unequal housing,” demonstrating that more than half the units nationwide were in central cities and that of
the ones in the suburbs, half of them are in high-poverty suburbs (Roisman 1997-98: 1020). In 2004, Lance Freeman found that LIHTC neighborhoods had disproportionate shares of black residents (Freeman 2004). In an ironic twist, a recent study of LIHTC in Florida showed that housing voucher users are concentrated in the units built by LIHTC in poorer neighborhoods, even in a state where the vast majority of LIHTC units are not in poor neighborhoods (Williamson et. al. 2009).

These findings show that LIHTC has, with few exceptions, been working directly, and at a much larger scale, against the stated intent of the smaller public housing poverty deconcentration programs. Oddly enough, just a decade after the rental subsidy voucher program began, a much larger “bricks and mortar” construction program was created. The LIHTC program has produced over a million units nationwide -- whereas mobility programs work on the order of hundreds or thousands of units in a few metro areas, and HOPE VI has torn down under 100,000 units.

HOPE VI, begun in 1992, tore down high-rise, racially isolated public housing buildings and replaced them with low-rise, mixed-income units. This policy shift depends upon the theory, bolstered by the neighborhood effects literature, that environments matter for people’s lives, and that high concentrations of poverty depress all resident outcomes, regardless of the individual desire to escape poverty. As of 2004, HUD had awarded 446 HOPE VI grants in 166 cities, demolishing 63,100 severely distressed units (Popkin et. al. 2004); as of 2007, HUD had invested over $6 billion in the program.
At the same time, Congress repealed the “1-for-1” rule, which had required replacement construction for every unit of public housing demolished, resulting in a net loss of tens of thousands of actual units. In addition, tenant-selection changes opened up public and assisted housing to higher-income families, and housing authorities were granted the ability to quickly expel tenants and their families from existing public housing complexes when implicated in criminal activity (the “one-strike” rule). Lastly, welfare policy changes required housing policy recipients to comply with welfare reform in The Quality Housing and Work Responsibility Act (QHWRA) of 1998 (Hunt et. al. 1998; Popkin et al. 2000). Thus, the 1937 program of public housing built for the temporarily unemployed (Orlebeke 2000) was turned inside out by 1998: people in public housing are not the unemployed; they must work to qualify.

The Critique of Neoliberalism

The shift from public housing construction to tenant-based rental vouchers aligns with neoliberal assumptions that political subjects are entrepreneurial, enterprising, and innovative, strategically choosing among various options (Foucault 2008; Brown 2003; Larner 2000; Burchell 1993). The burden of risk and responsibility falls upon the individual, regardless of the constraints on that individual; the benefits granted by the state are minimal. Rather, the market is the preferred arbiter of the benefits and burdens allocated to people and their communities. For example, the individual has to choose where to use the housing voucher; any constraints on that voucher use (i.e. not knowing
the options across a large region; lack of a car; need to be near family; discrimination by landlords and neighbors; lack of available family units, etc.) are rendered invisible.

Another implication of the assumption of self-entrepreneurship is that it chills collective action; rather, individuals are encouraged to navigate existing options (Brown 2003; Hackworth 2005). Laurie and Bonnett (2002) similarly argue that neoliberalism frames issues of equity and identity in individual and socially atomizing terms. Burchell (1991) posits that neoliberal individuals ask less of government, as they will be expected to make their own luck. Rose and Miller describe neoliberal subjects as “bearing a kind of regulated freedom” (Rose & Miller 1992: 174). Indeed, Hackworth (2005) argues that the atomization of public housing units by deconcentration effectively hinders collective action.

The public housing policy shifts towards devolution to local governments (i.e., Community Development Block Grants) and outsourcing (to non-profits, the private market, or some sort of hybrid) shows that while neoliberalism may nominally mean less government, it does not necessarily mean less governance (Larner 2000: 12). Neoliberal governance does not simply withdraw -- it involves active decision-making regarding where the direct and indirect governance occurs. That is, neoliberalism structures private markets in certain ways just as surely as it structures public policy, but it obfuscates its hand in structuring or expanding private markets. The lesson to be drawn from this is that where and how the state manages housing may not be revealed only in its management of explicit government housing programs; it may also be revealed in its management of private markets (i.e. tax credit markets). The neoliberal state can
withdraw from explicit governance in some areas because it is utilizing the market to discipline in other areas.

Burchell writes that neoliberalism "becomes a question of constructing the legal, institutional and cultural conditions which will enable an artificial competitive game of entrepreneurial conduct to be played to best effect" (Burchell 1993: 274). Peck and Tickell (2002) argue that the Reagan-Thatcher era of “roll-back” neoliberalism pushed as much activity outside direct government action, and into the private markets, as possible, then considered the markets to be outside further government intervention. In the “roll-out” phase, the current phase, the government intervenes deeply, and punitively, in aspects of social welfare, like immigration, welfare, and prison policy. Peck and Tickell write:

neoliberal processes of economic management…are increasingly technocratic in form and therefore superficially "depoliticized"...Meanwhile, a deeply interventionist agenda is emerging around "social" issues like crime, immigration, policing, welfare reform, urban order and surveillance, and community regeneration” (Peck & Tickell 2002: 389).

Here is where race often re-emerges in the neoliberal critique: all of these social policies manage racialized populations. Indeed, although Peck and Tickell acknowledge the management of racialized populations in neoliberal policies, most scholars have not looked at race as a potential driver of certain aspects of neoliberal policy, like devolution. One exception comes from housing policy historians, who have argued that the devolution of housing policy authority from federal to local municipalities was an
intentional means of allowing local racist practices to continue unabated in the face of federal anti-discrimination law (Hirsch 2000b). Hirsch argues that local governments feared a community backlash if they integrated public housing, as it would indirectly accelerate the educational integration suggested by Brown v. Board of Education in 1954. Hirsch observes that federal housing policy devolution “provided the framework within which national agencies and state and local authorities could accommodate demographic change, a budding civil rights revolution, and majoritarian racial sensibilities all at the same time” (Hirsch 2000a: 159).

Largely, however, most neoliberal critics assume that neoliberalism simply exacerbates existing inequalities, such as racial or gender inequalities. Existing neoliberal scholarship rarely addresses the concomitant loss of attention to racial dynamics, instead reading racialized outcomes as derivative. In order to get explanatory power regarding race in a neoliberal era, we turn to critical race theory.

**Critical Race Theory Asserts the Importance of History and Law**

According to Delgado and Stefancic (1993), critical race theory began with the belief that “new tactics and theories were needed to understand and come to grips with the complex interplay among race, racism, and American law” (Delgado & Stefancic 1993: 461). Critical race theorists reject the idea that “race” and “law” are abstract, unrelated concepts. Rather, critical race theorists show how the law has been used to construct and harden the lines of racial identity in space. For example, Harris shows how the law was used to link whiteness, freedom, and rights together during the time of
legalized slavery in the U.S. (Harris 1993). Harris argues that the law still protects property-related freedoms and rights grounded in white privilege.

In an exploration of how the courts have actively intervened in racial identities, Lopez (1995) discusses court cases at the turn of the 20th Century that revolved around whether or not a person was “white” in order to be naturalized. (In 1790, Congress had limited naturalization to “white persons,” a law which remained in force until 1952.) Lopez finds that the courts used two main rationales to justify racial divisions: “common knowledge” and “scientific evidence.” For a time, these two means of racial division were aligned comfortably for the court – that is, people who “looked” white were also labeled as “genetically” white. However, when Western and Southern Asians were determined to be genetically Caucasian, the Supreme Court argued for a common knowledge definition of race rather than a scientific one – Asians did not “look” white to them. In any case, only whites, however defined by the court, could be naturalized citizens.

What Lopez underscores is not only the role of the law in deciding white identity, but the fact that racial identities are constructed to meet dominant expectations of them. The court’s vacillation between common knowledge and scientific evidence as the basis for recognizing a person’s race signaled both an ambivalence about racial identities and a casual sense of prerogative about when to use or discard “expert” knowledge. These ambivalences around race and expert knowledge are present in debates over housing policy, and indeed in wider policy debates around poverty, race, and opportunity in America yet today.
While critical race theorists highlight the use of the law to exclude and stigmatize based on race, they also undermine the rigid conceptions of “race” upon which the law was often based (i.e. the “one drop” rule). Instead of understanding race in terms of skin color or genetics, critical race theory “pointed instead to a system of cultural meanings and a political and social economy organized to produce certain forms of power and privilege” (Mahoney 1999-2000). Mahoney draws from the critical legal geography literature to emphasize that race “derives some of its meaning from its spatial construction in contemporary society” (Mahoney 1999-2000: 1322). Critical race theory defines racism not just as an individual, discriminatory act, but as the use of power and privilege to distribute benefits and burdens along racialized lines, in and across space.

The spatial construction of racialized identities is explored in depth by critical geographers, including a critique of the relationship between colonial geographic exploration and various practices of racialized oppression. Kobayashi & Peake (2000) argue that the geography agenda itself is complicitly or directly racist in several ways, including its centrality in Britain's imperial history: "geography received its own legitimization as a result of the inimitable relationship established between colonial power and the map" (Kobayahi & Peake 2000: 399). Kobayashi and Peake define racialization (as opposed to racism) as "the process by which racialized groups are identified, given stereotypical characteristics, and coerced into specific living conditions, often involving social/spatial segregation and always constituting racialized places" (Kobayahi & Peake 2000: 393).
“Whiteness” for critical geography scholars often involves the ability to control dominant values and institutions, and to occupy privileged spaces in a segregated social landscape (Kobayahi & Peake 2000: 393). It is this broader understanding of racial identity and power -- as grounded in property rights, the ability to utilize (or deny) expert knowledge, and majority control of institutions and processes -- that brought forth a retelling of U.S. housing policy in the first half of the twentieth century in terms of racial exclusion, stigmatization, and whites’ control of land, housing, and credit. I review part of this history in Chapter 3.

Considering the history of segregation in public and private housing and credit markets, legal critical race theorists largely conclude that “race-neutral” housing policies simply preserve “existing patterns of neighborhood advantage polarized by race” (Anderson 2004: 846). For these legal scholars, government helped create unequal spaces segregated on the basis of race; therefore, government should help un-make such spaces by being conscious of race in their policies, programs, and judicial remedies. Legal scholar Richard Thompson Ford writes: "racial segregation is a consequence of law and policy…it can be changed by law and policy and…there is ample precedent…for the types of changes that would dramatically decrease the degree of segregation in America" (Ford 1994: 1918).

The withdrawal of governmental remediation of its own creation of segregated space, as when courts order poverty deconcentration as a remedy for racial discrimination, is significant to critical race theorists. As Anderson points out, if the government does not help to racially integrate neighborhoods, but instead turns to the
private market to do so, the market cannot be held liable for its failures: “segregation under a market-led housing model is excused as merely the result of multitudes of diffuse, private actions” (Anderson 2004: 878). With this argument, Anderson notes the intersection of racial segregation and neoliberalism also explored at length in Omi and Winant’s work.

In Racial Formation in the United States, Omi and Winant (1987) argue that neoliberalization is a racial project because the neoliberal focus on individual rights and market freedoms negates the idea of race as a collective, historical, and social construction, therefore diluting the ability of the state to intervene in any collective (or structural) racisms that hurt and exploit people of color. (A joined chain of racial projects is the “racial formation” of the title. Racial formations both explain racial dynamics and redistribute resources.) The state is thus limited to intervening in individual racist acts, largely through anti-discrimination legislation.

Omi and Winant argue that the Civil Rights movement was a successful racial project. It enlarged the scope of government activity by rearticulating race as a collective subjectivity with historical, political, and social dimensions. They argue that “the movement’s greatest triumphs…did not lie in its legislative accomplishments, but rather in its ability to create new racial ‘subjects.’” The black movement redefined the meaning of racial identity, and consequently race itself, in American society” (Omi & Winant 1987: 99; italics in original). In response, the equally successful racial project of neoliberalism diminishes the scope of government activity by rearticulating race as an essentialist (binary, natural) characteristic that we can “get beyond.” According to Omi
and Winant, neoliberalism is both a political strategy to win back white voters, and a
cultural initiative that posits race as divisive, which results in a “centrist framework of
moderate redistribution and cultural universalism” (Omi & Winant 1987: 147). For Omi
and Winant, the neoliberal shift is not just a political battle lost, but a setback with respect
to the understanding and meaning of race. For Omi and Winant, race has been misread in
the past as ethnicity (common culture and descent), as nation (i.e. pan-African diaspora),
and as class. In their view, in contrast, “[r]ace is a concept which signifies and
symbolizes social conflicts and interests by referring to different types of human bodies”
(Omi & Winant 1987: 55).

By making neoliberalism a contested racial project, Omi and Winant provide a
useful counterpoint to the theorizations that consider racial (and other) hierarchies as
simply exacerbated by neoliberalism (i.e. Herbert & Brown 2006; Trudeau & Cope
2003). I agree with Omi and Winant regarding the loss of meaning of both race and
political power under the neoliberal project, but note that their explanation does not
adequately explore the affirmative governance of neoliberal privatization, nor does it help
us understand the rise in sociology studies on concentrated poverty and thus the social
science experiment aspect of MTO. I still do not have complete answers to my primary
research questions: How did a government housing vouchers morph from a tool of
affirmative integration to one of poverty deconcentration? What is the significance of this
shift happening within the larger, contradictory processes of affordable housing
privatization and re-segregation?
Foucault on Biopolitics, Race and Neoliberalism

Foucault offers much that is useful with respect to both neoliberalism and race; however, most scholars use either one line of work or the other. Stoler (1995), for example, engaged with Foucault’s work on race to argue that the colonizing practices of the European empire were key to the manifestation of biopower. Critical social theorists and geographers make use of the work on neoliberal governmentality to explore the consequences for space, democracy and freedom (see, for example, Brown 2003; Brown 2006; Larner 2000; Burchell 1993; Rose & Miller 1992). However, few scholars engage a Foucaultian perspective on race and neoliberalism (see Mitchell 2006 for a thoughtful exception). I propose to read these two lines of thought together, as pieces of a meaningful whole.

Foucault (2008) argues that neoliberalism reads all choices through the lens of economic choice. Neoliberals thus understand social and political decisions such as marriage and childbearing as purely economic. Neoliberals also have a particular concern with measuring policy outcomes, which imbues an a-priori, permanent critique of governance as wasteful and inefficient until proven otherwise. When the neoliberal state does directly collect knowledge regarding populations to feed into policy design, it does so, Foucault argues, by observing outcomes in the private market. These outcomes are fed back into public policies that re-construct experiments in the private market, outcomes are observed, policy design is tweaked, etc.

Secondly, for Foucault (1991), modern state power is diffuse and dependent upon the collection and creation of knowledge regarding people and individuals. The state
uses its knowledge of the behavior of certain populations to intervene in these populations through experiments in the private market. Relatedly, race is a flexible concept for the state (Foucault 2003). Racism is a critique of weakness that people carry within themselves; individuals and other loci of power use the state to help cleanse the population of its weaker elements. Weak, that is, “racialized,” populations are intended for annihilation, but because they are a useful disciplinary fiction, they are continually created and intervened in, set up for a series of perpetual failed reforms. In the next section, I discuss this body of work and how it will relate to my study more fully.

Foucault on biopolitics and race

In *The Birth of Biopolitics* (2008), Foucault argues that the ability to manage life forms collectively arose with 18th Century liberalism, which, paradoxically, focused on individual legal subjects and free enterprise. Contemporaneous with these lectures (1978-1979), Foucault concludes *The History of Sexuality* (1978) with the idea that *biopower* balances the management of the collective and individual bodies. Biopower depends on statistical and medical knowledge of individuals and collections of individuals (populations). State actors gain this knowledge through epidemic surveillance, life insurance calculations, the collection of mortality and morbidity statistics, fertility rates, and the like. New techniques of gauging, charting, and guiding the human species opens up multiple sites for state and non-state actors with “expert” knowledge to act. *Governmentality* signifies both the diffusion of sites of contact with
sovereign power, and ways of thinking about government that encourage a secure future for the human species (Foucault 1991).

This new subject of sovereign interest, the health and functioning of the population, is born from and shaped by the tools and mentalities used to define it, such as statistics, maps, and medical knowledge. What is fascinating to me is the way in which populations, according to Foucault, are constructed specifically for interventions.

Gordon (1980) underscores Foucault’s long-running interest in the emergence of "discourses which construct programmes for the formation of a social reality...whose object-domains are defined simultaneously as a target area for intervention and a functioning totality to be brought into existence" (Gordon 1980: 245). Gordon writes that for Foucault, society is disciplinary with respect to a norm. The importance of the norm is that it results in its opposite, a pathology, which is thus naturalized and “knowable.”

Gordon refers to Foucault’s related work on the reform of pathological populations in Discipline and Punish: “what Foucault illustrates here is a curious anti-functionality of the norm: the failure of prisons to fulfill their planned functions as reformatories, far from precipitating their breakdown, acts instead as the impulse for a perpetual effort to reform the prison which continually reinvokes the model of its original, aborted programme” (Gordon 1980: 250).

I read this simultaneous creation of a target for intervention and a totality to be brought into existence as the biopolitical “reality” (a population suffers an intervention) and biopolitical “fiction” (brought into existence by observers) of creations for state intervention; in this dissertation, such biopolitical population-targets include “the
underclass” and “the black family.” This is a critical point, because combined with Foucault’s work on neoliberalism and his work on race, I show that, with respect to housing policy, racialized populations are inadvertently set up for continual, failed “reforms” – and in the neoliberal age, these reforms increasingly take place in the market.

In *Society Must Be Defended* (2003), Foucault posits an unusual definition of race and the use of racialization by the state. Foucault argues that after the 17th Century, sovereign power is exercised not on behalf of itself as an end, but to define and defend society: “the State is no longer an instrument that one race uses against another: the State is, and must be, the protector of the integrity, the superiority, and the purity of the race” (Foucault 2003: 81). There is only one race, with stronger and weaker elements, and the weaker elements threaten the nation’s health. Foucault argues that racism is the targeting and elimination of weak, non-normative elements of society that threaten the health of the larger population. The weaker race is no longer conceptualized as external or invading, an outsider, but as coming from within, “a race that is permanently, ceaselessly infiltrating the social body, or which is, rather, constantly being re-created in and by the social fabric” (Foucault 2003: 61). Racism is exercised as State-sanctioned judgment regarding fitness for society, and can be defined by ethnicity, homosexuality, insanity, or illness.

Racism is also the way in which the state can introduce the power to kill into biopower, which is largely productive, or about regulating life. The state becomes an agent of population wellness, and is thus not viewed as itself threatening the population through overt displays of power. “Actual racism” had always existed, Foucault
acknowledges, but it is inscribed in state-making through the deployment of biopower, which grounds racism in an evolutionary imperative (i.e. “survival of the fittest”). Although the biopolitical state invokes an evolutionary history, it is one lodged in “nature,” and it begins with a present accounting of the health of the species. In the governmentality lectures, Foucault argues that shifting sites and strategies of power arise from the “immanence” of a population and its needs, not from any fixed worldview (Foucault 1991).

Stoler’s (1995) reading of Foucault’s biopolitics lectures stresses the theme that “traditional” powers of the Sovereign state, particularly the right to kill – reemerge, albeit transformed, with racism: “Racism is the condition that makes it acceptable to put [certain people] to death in a society of normalization [TM: 54]” (Stoler 1995: 85). In other words, racism is a way of moving from the ability of the Sovereign to kill because it can to the ability of the Sovereign to kill because it should, to protect the race. In a biopolitical era, racialization is naturalized – because population weakness is understood in terms of an essentialized biology. This effaces the historical, social construction of race.

In sum, for Foucault, non-normative populations are brought into being in order to intervene in them; that is, their construction and documentation occur at the same time that the state determines a need for intervention. The target objects of intervention inevitably set up a cycle of failed reforms, because it is useful to maintain them as disciplinary objects for the “normal” population. Racialized populations are constructed as objects of intervention, associated with biological or evolutionary weakness, and
subject to endless, failed reforms. Because racism is the only way the state can kill in a biopolitical regime, the state constructs racialized populations in order to annihilate them – both literally, through the right to kill, and figuratively, through this endless series of failed disciplinary reforms.

In Foucault’s view, the state helps set norms to which the population conforms, and uses to discipline itself, using modern knowledge of individuals and populations to do so. Population classifications therefore help meet sovereign objectives in a productive and efficient way. How to classify populations is largely a matter of efficiency; from a Foucaultian perspective, some classification schemes must be more useful to the state than others. Justice Kennedy’s preference for neighborhood demographics in Parents Involved reveals that the Court is making a useful biopolitical means of classification.

From a Foucaultian perspective, the shift that we have observed from race to concentrated poverty as a proxy for opportunity (or lack thereof) is a shift in identifying, describing, and targeting for intervention the “weaker” race. Because sovereign power protects us from ourselves, or helps protect the stronger from the weaker race, it is useful for the state to have an elastic concept of strong and weak (race, poverty, sexuality, etc.) It can be adaptive, yet keep the ability to label, parse, segregate, and ultimately, kill. Dillon (2007) argues that Foucault’s work suggests that the "unimproved life" or "the poor" have become a species threatening to life. In my reading as a critical social geographer, “weak” is broadened to include not just the racialized poor, but anyone who lives near them – via the policy and sociology focus on concentrated poverty. Further,
the focus on poverty concentration is particularly useful for neoliberal rule: economic
inequalities belong in the realm of the market, not more state-intervention.

Foucault on neoliberalism

Foucault’s consideration of neoliberalism in The Birth of Biopolitics (2008) reverberates through critical social theory today. Foucault posits that under neoliberalism, as under liberalism, the state is always seeking to rule less directly; rather, it utilizes a naturalized market to find effective governance. American neoliberalism is of interest for Foucault because of three main characteristics or tendencies: it assumes a particular entrepreneurial subjectivity, it assigns a market rationality to all human endeavors, and it highlights the importance of policy outcomes as an embedded critique of governance itself (Foucault 2008). This particular lens will help us read the obsession with the scientific reliability of results in the MTO program in Chapter 4.

Foucault differentiates liberalism from the previous era of raison d’Etat, in which the state wanted to grow itself. In contrast, Foucault observes, “liberal rationalization starts from the premise that government … cannot be its own end…In this respect, liberalism breaks with the ‘raison d’Etat’ that…sought in the existence and strengthening of the state the end which could justify an expanding governmentality and regulate its development” (Foucault 2008: 318). In brief, liberalism started with the principle that one always governs too much (Foucault 2008: 319).

Foucault observes that in America, unlike in European countries, “the demand for liberalism founds the state rather than the state limiting itself through liberalism;”
therefore, “liberalism has been at the heart of all political debate in America” (Foucault 2008: 217). Foucault resurrects Bentham to claim that under liberalism, the role of the market is “that of a ‘test,’ of a privileged site of experiment in which one can pinpoint the effects of excessive governmentality and take their measure” (Foucault 2008: 320). Foucault indicates that under liberalism, you can govern less in accordance with the “naturalness” of phenomena (Foucault 2008: 328).

Foucault claims a particular interest in two aspects of American neoliberalism, the theory of human capital and the analysis of criminality (Foucault 2008: 219). For my purposes, I need only focus on the former. Foucault argues that neoliberal economists understand labor as economic conduct, versus understanding labor as something that is alienable and sold at a market price. Under liberalism, economic man was a partner of exchange; under neoliberalism, man is an entrepreneur of himself (Foucault 2008).

Because of this framing, neoliberals “are led to study the way in which human capital is formed and accumulated, and this enables them to apply economic analyses to completely new fields and domains” (Foucault 2008: 227). Foucault asked:

What does it mean to form human capital, and so to form these kinds of abilities-machines which will produce income, which will be remunerated by income? It means, of course, making what are called educational investments…But the neoliberals lay stress on the fact that what should be called educational investment is much broader than simple schooling or professional training… Experimentally…we know it is constituted by, for example, the time parents devote to their children outside of simple educational activities strictly speaking…Time spent, care given,
as well as the parents’ education…This means that we thus arrive at a whole environmental analysis, as the Americans say, of the child’s life which it will be possible to calculate, and to a certain extent quantify, or at any rate measure, in terms of the possibilities of investment in human capital…[P] In the elements making up human capital we should also include mobility, that is to say, an individual’s ability to move around, and migration in particular…What is the function of this cost [of migration]? It is to obtain an improvement of status, of remuneration, and so on, that is to say, it is an investment. Migration is an investment; the migrant is an investor. He is an entrepreneur of himself who incurs expenses by investing to obtain some kind of improvement” (Foucault 2008: 229-230).

Therefore, neoliberals read all choices as primarily economic, including marriage, childbirth, and moving. Second, neoliberals use a lens of economic utility “to test governmental action, gauge its validity, and to object to activities of the public authorities on the grounds of their abuses, excesses, futility, and wasteful expenditure. In short, the economic grid …involves anchoring and justifying a permanent political criticism of political and governmental action” (Foucault 2008: 246, emphasis mine). Foucault continues: “economics can therefore be defined as the science of the systematic nature of responses to environmental variables” (Foucault 2008: 269). In the 18th century, economic man had to be left alone to pursue his interests; but neoliberal economic man is eminently governable through a modified environment (Foucault 2008: 270). So neoliberal governance “will act on the environment and systematically modify its
variables” (Foucault 2008: 271). In Chapter 4, we see that the MTO program’s implicit assumption is that labor is economic conduct, and that this conduct can be reformed through changing the environment of the individual (at least, this is what MTO is testing for). Migration – the use of housing vouchers – is an investment in the economic reform of the individual. And because MTO does not move people to where there are necessarily more jobs (this is not measured), but to neighborhoods with less concentrated poverty, that investment is in being surrounded by different (less poor) people.

_Foucault and Critical Race Theory: Irreconcilable Differences?_

There is a tension between the Foucaultian deconstruction of the law and the critical race theorists’ careful consideration of its role in racial subjugation. In addition, Foucault’s work on state power grapples with the concept of race in a very different way from the critical race theory perspective. Foucault theorizes that race is central to state power as a tool to divide people and pit them against each other as the state recedes from view. For Foucault, race is an elastic concept – far beyond critical race theory’s comparatively modest elasticity as contested and constructed. Race for Foucault can be stretched to any marker of difference (“the sick, the deviant, the madman”) (Foucault 2003: 83).

In contrast, Omi and Winant argued that the state itself is racialized and the biggest site of racial conflict. And race is not an entirely elastic concept; in fact, for Omi and Winant, race has been falsely elastic – inaccurately equated with class, ethnicity, and nation. Omi and Winant argue that the definition of race in the U.S. tends to oscillate
from an individualist, genetic, and reductionist view to a collective subjectivity with historical, political and social dimensions, and back again. As a result, the scope of state action is diminished and widened through these definitions: if racism is understood as individual, personal discrimination against a phenotype (and an outdated one at that), the argument goes, there is no need for government involvement, except for anti-discrimination laws to ensure that personal discrimination is not translated into economic or educational discrimination. In contrast, if race is understood to have historical, political, and collective aspects, and if the government has participated in the very construction of collective racial identities and has distributed benefits and burdens accordingly, then there is a role for the state to remedy its past actions.

Omi and Winant locate the very emergence of racial difference in colonialism: “It was only when European explorers reached the Western hemisphere…that the distinctions and categorizations fundamental to a racialized social structure, and to a discourse of race, began to appear” (Omi & Winant 1987: 61). They provide a brief archaeology of racial difference and domination, from religion, to science (which locates race in biology), to politics (i.e. the Civil Rights struggle). Omi and Winant, like Foucault, argue that a scientific or biological conception of race always tries to detach from this history of racial construction and dominance. Scientists “employ an essentialist approach which suggests instead that the truth of race is a matter of innate characteristics” (Omi & Winant 1987: 64). For Omi and Winant, a racialized, political neoliberal state is utilizing a perspective that defines race in a particular way in order to minimize government action.
For Foucault, race is an elastic means of separating out the “strong” from the “weak” in a state that has partially effaced its actions from public view; for Omi and Winant, concepts of racial identity have been tied up with the scope and sphere of state action itself. While both theoretical views underscore the diffusion of power among people and institutions and acknowledge that racial identities are also constructed and contested outside of the traditional state (for example, in media, medicine, etc.), Omi and Winant still accord the state a strong role in maintaining or deconstructing a particular racial order, in contrast to Foucault’s consideration of the state as being able to diffuse more elastic concepts of weakness and fitness. For Foucault, a non-racialized state, acting through diffuse people and institutions, uses modern technologies of surveillance, including mapping and statistics, to construct, label and exploit differences for efficient population management.

Is there a way in which these tensions can be productively used together to explore the puzzle of the relationship between neoliberalism and racialization, and less ambitiously, to speak to the puzzle of the shift in housing policy from racial integration to poverty deconcentration and from public to private venues? I propose that we utilize the critical race theory perspective on racism in the U.S. as historically contingent, often strengthened by state policy, and supported by material and discursive chains of linked binary exclusions (blackness/slavery/exclusion/segregation) along with Foucault’s conception of race as expansive and used to delineate a biologically “weaker” part of the species. By this I mean that racism has both a particular and a flexible meaning. It can be set in motion by state policy, yet can operate without the state’s explicit intervention; it is
both fiction and reality. It is used to discipline people individually, and in populations – and in particular, as we shall see, modern markets are racialized.

We also must hold in mind Foucault’s observation that target populations are brought into being as objects of intervention, and that this sets up a cycle of failed reform. This is in fact related to Foucault’s ideas of the construction of race. Racialized populations are constructed as objects of intervention (or normalization), and this sets up perpetual failed experimentation and “reform.” And we must pay close attention to Foucault’s work on how neoliberals use the idea of economic choice: both to read social decisions (marriage, childbearing) as economic, and to construe a permanent critique of government. Only in this way will we truly understand the shift from Gautreaux to MTO.

What the next chapters reveal is my consideration of how we transitioned from Civil Rights-era housing policy to one that utilizes a racialized discipline that is both anchored in high poverty communities of color and is expanding to capture anyone living near it (i.e. the reference to “neighborhood demographics” in Parents Involved). I suggest that by looking at how a particular public housing policy tool shifted from racial integration to poverty deconcentration, we can find clues to how this shift was effected, and see how it is based on both the fixing and obfuscation of race, the “scientificity” of social science knowledge, and the importance of privatization to neoliberal governance.
Chapter 3: Gautreaux: Grappling with Liberalism’s Exceptions

There will not be a great influx of all the Negroes in the ghettos into the suburbs -- in fact, the laws of supply and demand will take care of who moves into what house in which neighborhood. There will, however, be the knowledge by Negroes that they are free -- if they have the money and the desire -- to move where they will. --Senator Mondale, speaking in support of the proposed Fair Housing Act of 1968 (Sidney 2001: 198)

Introduction

In this chapter, I briefly illustrate the history that led to the Gautreaux ruling. I tell this story to show the federal government’s egregious role in the creation of segregated housing and credit, which makes the Gautreaux fair housing lawsuit and subsequent remedy so unprecedented and important. I want to be clear that there is a true loss when fair housing remedies shift from racial integration to poverty deconcentration, despite the fact that I critique the progressiveness of Gautreaux in this chapter. Second, this history matters deeply to the recent subprime lending and foreclosure crisis, which I explore in Chapter 5. Third, while I talk at length about the neoliberal era as a break from a different era, as many critical scholars do, I want to acknowledge that housing policy has always had a thread of privatization, notably with the creation of public-private hybrids in the New Deal era.

I next explore the Gautreaux ruling in its contemporaneous context (the War on Poverty, the Fair Housing Act, the Moynihan and Kerner Reports), to show how a certain framing of race accommodated the alienation of race from co-constitutive and related
processes, and facilitated the shift of racialized discipline to the private market. I show that in the Moynihan and Kerner reports, the problem of segregation was largely construed as the lack of black male access to jobs, itself understood to be the result of intentional racial discrimination and spatial segregation from labor opportunities. As a result, according to the Moynihan and Kerner reports, the lack of black male employment critically endangered the black family, resulting in divorce, female-headed households, illegitimate children, and welfare dependency. Poor black families were associated with “civil disorder” (Kerner 1968: 14). They threatened the health of the black middle class, who were forced to live close to the black poor, due to racial residential segregation. The Moynihan and Kerner reports directly addressed housing policy because segregated housing confined middle-class blacks to live near poor blacks. Segregated housing also isolated black men from job opportunities, which were increasingly available in the suburbs, rather than in the urban job centers of the industrial post-World War II expansion. Therefore, the portfolio of state responses to job segregation included prohibiting housing discrimination through the Fair Housing Act, affirmative action in employment, and the affirmative integration of black families into job-rich areas, such as in the Gautreaux remedy.

Earl supporters of Fair Housing Act assured nervous white politicians and their constituents that the market would take care of “who moves into what house in which neighborhood” (Sidney 2001: 198). Supporters promised that the freedom for black families to move was now tied only to “money and desire” (Sidney 2001: 198). An early relationship is thus demonstrated between the neoliberal belief in the market’s ability to
sort people into deserving and undeserving groups, and weakened anti-racism policies. I conclude in this chapter that while the Fair Housing Act and the *Gautreaux* remedy both grapple affirmatively with at least some of liberalism’s exclusions, they also contribute to a narrow framing of race and racism which inadvertently helps shift later housing policy away from considerations of structural racial discrimination, and towards a poverty deconcentration program largely intended to disrupt the “culture” of poverty and connect people to proximate jobs.

Racial segregation conceptualized simply as a linear barrier prevented any policy consideration of the potential co-constitutive relationships among race, space, poverty, education, and the like. As I show in Chapter 4, while policymakers refer to areas of geographic interest, such as place, space, neighborhoods, and environments, what they mean is the people in such places, and their characteristics. The more complex understanding of the relational aspects of space, place, identity and community advanced by critical social geographers make nary a dent in the sociological understanding of neighborhoods, with the exception of Gotham (2000a, 2000b, 2001, 2003), who intentionally connects his work to that of critical social geographers.

Next, I show that while sociologist Wilson’s analysis of the black “underclass” is often an evocative exploration of the *intersections* of race and class (and a continuing turn to structural, rather than personal, causes for poverty), Wilson’s work often facilitates the analytical *separation* of class from race, which then launches “race-neutral” policymaking directed at concentrated poverty. His work contains other frustrating contradictions: he implies that racism is largely a historical artifact, while class plays out
in the present, yet he decries a permanent racialized underclass. Wilson admits that most of the black poor are women and children, yet focuses policy on the employment status of black men. Wilson consistently and meaningfully connects racialized opportunities to social, structural, and economic shifts, yet asserts that these factors are separate from, and more important than race. In *The Declining Significance of Race*, Wilson (1980) argues that racial isolation and antagonism moves to the “sociopolitical order” (schools, local political offices, and housing), which “has far less effect on individual or group access to those opportunities and resources that are centrally important for life survival than antagonism in the economic order” (Wilson 1980: 153). In *The Truly Disadvantaged*, Wilson maintains that full employment, balanced economic growth, and manpower (sic) training and education are race-neutral -- “available to all members of society who choose to use them, not just to poor minorities” (Wilson 1987: 152).

This conceptualization helps midwife the concept of race-neutral policy and judicial decisions. If racism is understood as (largely historical) overt discrimination with intent, then race can be held apart, extracted, withheld from policy decisions. This alienation of race also allows subsequent social scientists to ostensibly control for (i.e. run statistical tests to gauge the impact of) race in their studies of concentrated poverty. As a result, contemporary sociologists often carry forward Wilson’s concern with concentrated disadvantage apart from race, and apart from the wider structural factors that Wilson continually called attention to.

In the following chapter, I ask, if *Gautreaux* had such good outcomes, why did MTO policymakers feel the need to distance themselves so clearly from *Gautreaux* and
its terms? I discuss how anxiety over the state’s need to distance itself from race and its obsession with quantitative outcomes characterize late-modern neoliberal policy, and how this happens at the same time as the push to privatize the construction of public housing. However, ostensibly race-neutral housing policies play out in an uneven, racialized landscape, which ultimately worsens and deepens racialized poverty. I show in the final chapter on subprime lending and foreclosure how, as theorized, the subprime lending crisis is both anchored in a particular material and historical context, and abstracted and expanded out to “color-blind” financial markets, so that people of color and the people around them are subjected to a racialized market discipline of “weaker” populations.

Background: Racialized Housing Policies from Reconstruction to the 1960s

The legal segregation of housing and credit based on race in the U. S. in the first half of the 20th Century has been well documented by critical sociologists, housing policy historians, and critical race theorists. Scholars have shown that African-Americans in the rural South lost 98% of the land they were allotted after the Civil War through legalized racial discrimination (Mitchell 2000). African-Americans were then tied to whites’ land as workers by debt peonage and sharecropping, and by laws which controlled their labor (Wiener 1979). The few black farmers who owned land were disadvantaged by their
exclusion from the agricultural machinery and technology networking of their white neighbors.¹

As African Americans were pushed from the agricultural society of the South and pulled to jobs in the industrialized North, their migrations strained the social and physical infrastructure of newly urbanizing cities (Kusmer 1976). Between 1910 and 1920, “whiteness” was coalescing from the previous separation of European ethnic immigrant enclaves, while the black community was becoming more spatially segregated and confined to certain neighborhoods (Kusmer 1976: 164). These spatial and cultural movements were exacerbated by the “separate but equal” doctrine established in the Court decision *Plessy v. Ferguson* (1896), and the new "scientific" racism.

By the eve of Great Migration of 1916-1919, whites had largely stopped selling residential property to migrating blacks. After the Supreme Court ruled in 1917 that zoning ordinances that separated people by race were unenforceable, the use of racially restrictive covenants began. In a racially restrictive covenant, a white buyer agrees, as part of the purchase contract, that they will not re-sell their home to a person of color. In this way, residents themselves “zone out” people of color. The Supreme Court then declared racially restrictive covenants unenforceable in 1948 (*Shelley v. Kraemer*), but such covenants were being recorded as late as 1962 (Gotham 2000a). In spite of the

¹ While the focus of housing policy history, including my own, is often urban, scholars have also shown how blacks were displaced from rural landholdings in the post-New Deal period. After legal land thievery by whites in the post-Reconstruction period, land reform policies were defeated twice between 1933 and 1965 (Gilbert & O'Connor 1996). A broader political-ideological framework had emerged, one which looked to economic growth and modernization, not land ownership, as the solution to poverty (Gilbert & O'Connor 1996).
Supreme Court rulings that made racist zoning ordinances and covenants unenforceable, the construction of segregated neighborhoods proceeded apace (Kusmer 1976). Not only were people of color denied the ability to purchase homes in particular neighborhoods, they were often unable to access the financing for a home in the neighborhoods in which they were allowed.

At the turn of the 20th Century, very few people could finance their own home. Most home mortgages required a large down payment -- around 40 percent of the home purchase price (Peterson 2007). The loans had terms averaging between three and six years, often followed by a large balloon payment of the remaining balance. This made homeownership an option only for the very wealthy. New Deal legislation, in response to the Depression and the tsunami of related foreclosures, transformed the home mortgage industry. The federal government facilitated a vast expansion of home ownership, largely through a set of public-private hybrid institutions.

During the Hoover administration, Congress created twelve regional Federal Home Loan Banks (FHLBs). The FHLBs were seeded with government capital. They loaned money to local thrifts, who then loaned to customers. This eventually became known as the first housing finance circuit (Peterson 2007: 2195-2197). During the Roosevelt administration, the Home Owners Loan Corporation (HOLC) was created. The HOLC used taxpayer funds to buy mortgages owned by families in danger of defaulting, then refinanced those borrowers into more affordable mortgages (Peterson 2007: 2195).
The HOLC had a racialized neighborhood ranking system for the creditworthiness of housing it financed: (1) new, homogenous, all-white neighborhoods; (2) outlying Jewish and white working class neighborhoods (3) neighborhoods near an African-American neighborhood; (4) African-American neighborhoods, regardless of the income of the residents or the age of the dwellings (Gotham 2000b). These ratings influenced subsequent mortgage lending practices, including those of the Federal Housing Administration. Refusing to extend credit to low-income communities of color became known as “redlining” due to the red lines drawn on local property maps that indicated “hazardous” (no loan) areas.

Congress created the Federal Housing Administration (FHA) in 1934 to encourage the flow of credit and mortgage funds, stimulate housing construction, standardize lending practices on national scale, and create a common credit pool (Gotham 2000b). The FHA offered government-guaranteed insurance to home mortgage lenders. Insurance made lenders more likely to extend credit because it decreased the exposure of the lender in case of a default. Reduced risk for the lender facilitated longer loan terms, smaller down payments, and more affordable monthly payments, expanding the prospects of homeownership for many. However, the FHA relied on the HOLC rating system, and actively marketed racially segregated housing, using and ingraining words like “harmonious,” “permanence,” and “security” to describe the whites-only housing that resulted from such segregation (Gotham 2000a: 626). In short, the FHA "helped to institutionalize racial residential segregation on a national scale by requiring the use of racially restrictive covenants on government-insured housing and refusing to insure
mortgages for homes in predominantly minority areas of the inner city" (Gotham 2000b: 292).

In 1938, Congress created the Federal National Mortgage Association, now known as Fannie Mae, to purchase the FHA’s nonconventional (insured by the federal government) loans (Peterson 2007: 2196). Mortgage loan companies, insurance companies, and banks relied on FHA insurance and assigned their loans to Fannie Mae. This became known as the second housing finance circuit. As Peterson points out, the first (thrift) circuit was larger than the second until the 1980s, but the two circuits both relied on federal government sponsorship (Peterson 2007: 2197). The development of the two housing finance circuits resulted in a vast expansion of homeownership opportunity in the U.S., but this expansion was largely limited to white families. As blacks tried to find places to live and work in the increasingly crowded Northern, job-rich cities, the FHA rules of mortgage lending restricted the newly built, affordable suburbs to white families.

Although the FHA standardized and institutionalized racist lending practices on a national scale (Gotham 2000b), housing and neighborhoods are built locally, and it was at both the national and the local scale that The National Association of Real Estate Boards (NAREB) and the National Association of Home Builders (NAHB) lobbied to enact discriminatory land-use and subdivision regulations (Gotham 2000b). NAREB unsuccessfully opposed the Public Housing Act of 1937, arguing that the construction of public housing would destroy the private housing industry and the self-reliance of tenants (Krumholz 2004). NAREB suggested an alternative, the use of private market rental
vouchers. NAREB lost that fight (in 1937 at least), but succeeded in giving local
governments the power over site selection for public housing complexes. The 1937
Public Housing Act created a federal agency that “helped finance local public housing
commissions, which then built and managed the projects” (von Hoffman 2009: 234).

NAREB’s lobbying efforts, begun in 1941, also deeply influenced the 1949 and
1954 Housing Acts (Gotham 2001). Again worried about the “overproduction” of
housing, NAREB officials successfully lobbied Congress to mandate the destruction of
one “slum” house for every unit of public housing built – ensuring that the total number
of available units remained the same (Krumholz 2004). NAREB officials also branded
federally-funded public housing as socialist and warned, among other things, that public
housing could build “political constituencies founded on shelter” (Gotham 2001: 296,
quoting Seward H. Mott, head of the NAREB research arm, the Urban Land Institute).
Organized labor, housing reformers, civil rights activists, and interracial housing
advocates were often effectively politically marginalized by NAREB.

Ultimately, Title I of the Housing Act of 1949 financed slum clearance. Title II
increased FHA insurance by $500 million. Title III authorized 810,000 new units of
public housing, but required 1-for-1 demolition of existing units. Title IV provided funds
for housing policy research, and Title V expanded the farm loan program. The result was
that inner-city black and integrated neighborhoods were often replaced with commercial
redevelopment or housing for more affluent whites. The families of color displaced by
these programs were then moved into isolated public housing towers in segregated,
declining urban neighborhoods (Hirsch 2000b). Indeed, Gotham concludes that “no
matter how much government officials proclaimed the Housing Act of 1949 to be a policy for a ‘decent home in a suitable living environment,’ the consequences of urban renewal were the removal of housing and the concentration of the poor in the central city” (Gotham 2001: 305).

In 1954, the updated Housing Act drastically reduced funds for public housing. It also empowered municipalities to redevelop blighted areas, and made it easier for federal funds to be used for non-residential development (Avila & Rose 2009). This was the same year (1954) that the Supreme Court reversed Plessy v. Ferguson in Brown v. Board of Education [347 U.S. 483]. Hirsch (2000b) argued that by relocating public housing to areas that were simultaneously being largely disinvested, and by strategically siting public housing to indirectly reinforce school segregation, urban renewal both contributed to the stigmatization and exclusion of minority public housing tenants and accelerated racial segregation with federal support, even as the Supreme Court struck down constitutionally sanctioned segregation in educational facilities in Brown. Although the Public Housing Act of 1937 was created without reference to race, by 1957, “nearly 9 of every 10 displaced families moving into such low-rent units were nonwhite" (Hirsch 2000b: 429). Gotham’s research into local implementation in Kansas City revealed that both middle class blacks and middle class whites opposed the siting of public housing in their neighborhoods, revealing the flexing of both class and race privilege (Gotham 2001).

Racially-motivated lobbying efforts by national organizations and subsequent race and class-inflected local decisions regarding where houses, businesses and highways
were built in the post-World War II era belie the idea that devolution is only about the scale or locus of political power. Devolution was used to inscribe racial segregation in the face of a federal Court ruling that clearly disavowed it. In Von Hoffman’s view, “local implementation of urban renewal and highway construction at times looked like state-sanctioned class and race warfare” (von Hoffman 2009: 238).

The War on Poverty

In chronicling the emergence of the War on Poverty, historian Carl Brauer relates that President Kennedy approved a tax cut for individuals and corporations in 1962, leaving him open to criticism that he was “indifferent to poverty” (Brauer 1982: 102). Kennedy then tasked key advisors to look into poverty interventions from a politically pragmatic standpoint. At the time, Lapman from the Council of Economic Advisors (CEA) observed that poverty was racialized, i.e. “particularly associated with the South, nonwhites, smaller cities, the old, the poorly educated, and broken families” (Brauer 1982: 107-108). Because of the political tensions around race, the CEA advised that Kennedy’s anti-poverty strategy focus on human services and the reform of individuals, not race. In addition, the CEA and other federal agencies who convened informally to discuss policy proposals approved of small-scale local demonstration and community action projects, through which the federal government funded local efforts where poverty was concentrated, such as “Appalachia and the nation’s largest black ghettos” (Brauer 1982: 109). As Brauer notes, “they liked the emphasis on experimentation, for total funding was expected to be small and social welfare experts were divided on what should
be done” (Brauer 1982: 110). This strategy resonates with the policy logic of Moving to Opportunity thirty years later. It accounts for small funding, experimentation on a targeted population, and divided expert opinion. Indeed, one of the alternative titles to the War on Poverty was “Access to Opportunity” (Brauer 1982: 112).

In 1963, after the assassination of President Kennedy, President Johnson took over the proposed War on Poverty. In explaining why Johnson took the War on Poverty on as his own issue, Brauer writes that Johnson was committed to passing so many of Kennedy’s proposals that he needed something for his own legacy. Second, Johnson believed that the country’s racial problems largely stemmed from economic inequalities: “If blacks only had good jobs and decent incomes, whites would, in his view, respect them and let them exercise their civil rights. President Kennedy would not have disagreed, though he had felt it necessary to address racial discrimination directly…[P] That [civil rights] legislation would be Kennedy’s, a memorial to him, but the poverty issue, with its economic instead of racial thrust, would be quintessentially Johnson’s” (Brauer 1982: 116).

Racial segregation was deemed significant by federal government actors because it resulted in labor inequalities, which themselves prevented the full exercise of civil rights (it would have been interesting to see what Kennedy would have done, given his insistence on confronting racial discrimination directly). In this logic, civil rights follow from economic rights, not the other way around, which makes one wonder how people who do not work (those “associated with the South, nonwhites, smaller cities, the old, the poorly educated, and broken families”) are supposed to exercise their civil rights.
In 1964, the Civil Rights Act was passed. In 1965, the Voting Rights Act was passed. In the same year, *The Negro American Family: The Case for National Action* (the “Moynihan Report”) was leaked (Wilson 2009). Further, in 1965, a new federal agency was created: the Department of Housing and Urban Development (HUD). In 1967, cities across the country were faced with black protests. In response, President Johnson tasked a new commission “explicitly to explore the links between racial discrimination and urban policy” chaired by Illinois Governor Otto Kerner (Boger 1993: 1292). The resulting “Kerner Report” (*The 1968 Report of the National Advisory Commission on Civil Disorders*) famously concluded that: “Our nation is moving toward two societies, one black, one white -- separate and unequal. [P] Discrimination and segregation ... threaten the future of every American ... To pursue our present course will involve the continuing polarization of the American community and, ultimately, the destruction of basic democratic values (Kerner et. al. 1968: 1) And in 1968, the Fair Housing Act was passed.

Johnson’s commitment to the poverty and race issues of the day resulted in intense federal interest in cities, urban housing, and the black family, all largely tied up in one federal agency: HUD. Not only did this connect a particular set of issues together in one agency, it defined that agency and its purview as the federal agency largely responsible for racial issues. As Omi and Winant observed later, “whole areas of potential conflict, such as the operation of the Federal Reserve Board or the framing of tax policy, were defined as non-racial issues during the 1960s” (Omi and Winant 1987: 106). While little literature exists on the deracialization of the biggest federal agencies,
like The Department of the Treasury (the department currently administering home
foreclosure prevention programs), it can be said that this feeds directly into the neoliberal
attempt to minimize arenas in which the state should act.

The Moynihan Report

The lead author of *The Negro American Family: The Case for National Action*
(1965) was Daniel Patrick Moynihan, thus the report became known as The Moynihan
Report. According to the Moynihan Report, racial identity was equated with employment
status. As Moynihan wrote, "the principal measure of progress toward equality will be
that of employment. *It is the primary source of individual or group identity.* In America
what you do is what you are...[P] For the Negro American it is already, and will continue
to be, the master problem. *It is the measure of white bona fides*” (Moynihan 1965: npn;
emphasis mine). Here, as in the War on Poverty, racism in the U.S. is understood largely
as a black male employment crisis. This crisis was unacceptable to policymakers for two
reasons: it displaced the black male from his rightful place in the family (patriarchal
family culture), and from his rightful place in the public sphere (working, earning
income). The black family was, as a result of this black male expulsion, largely
characterized by divorce, separation, abandonment, illegitimate children, welfare
dependency, and female dominance – a “tangle of pathology” (Moynihan 1965). As
Ferguson points out, the Moynihan Report’s patriarchal and labor foci formalized the
intersection of black nationalism and liberal ideology, an intersection which
“simultaneously enabled leftist and conservative formations within the United States” (Ferguson 2004: 119).

While the pathological (in Foucaultian race terms, exhibiting species weakness) black family was the result, the roots of the problem were identified by the Moynihan Report as slavery, Jim Crow, lack of parenting, dominant women, urban life without institutions, unemployment and poverty, and the wage system, a frankly bewildering and overwhelming combination of both structural (the wage system) and cultural (lack of parenting) factors. While recounting the horrors of slavery, the humiliations of Jim Crow, the lack of urban communal institutions, the depredations of poverty, and the insufficient wage system (radically critiqued as only providing incomes for individuals, but not for families, unlike other industrial democracies), the current problem was considered by the report authors to be none of these things. While structural, historical, institutional and market failures were considered the roots of the problem, the current concern was the “pathological” black family. The report, while identifying powerful structural and historical factors, then dropped them to focus on family behaviors.

The black family was foundering, according to the report, because the families were poor, and black families were likely to stay poor if they did not produce wage-earning black men. While black girls were encouraged by their mothers to do well in school, the report notes, black boys were not socialized to do well in school or to nurture – thus displacing black men from productive earning and parenting. Once the Moynihan Report landed on the family, it landed firmly on a troubled family characterized by an absent patriarch, one that would suffer in American (male-dominated) culture: “Ours is a
society which presumes male leadership in private and public affairs. The arrangements of society facilitate such leadership and reward it. A subculture, such as that of the Negro American, in which this is not the pattern, is placed at a distinct disadvantage” (Moynihan 1965: np). In addition to Ferguson’s observation on the formalized intersection of black nationalism and liberal ideology in the Moynihan Report, we see the connection between neoliberalism and biopolitics: the “distinct disadvantage” is a competitive one, as black men are not able to fairly compete in the economic arena (neoliberalism), or to head families and parent, therefore they are not producing successful, competitive children (biopolitics).

Throughout the report, black females’ histories, struggles, needs, and understanding of racial relations are never considered, much less articulated in the report by any black female voices. As Collins notes, when black women are included in academic or public policy analyses, "the women themselves vanish in the analysis, leaving statistical descriptions of households in their place” (Collins 1989: 81). And while the report is careful to note a (small) healthy, stable, successful black middle class, it is predominantly concerned with the black lower class and its potential to threaten the middle class through proximity, a threat made real by racial housing discrimination and segregation. As Hancock observed, many male civil rights leaders “tacitly reinforced Moynihan's…arguments…The Moynihan Report…encourage[ed] black Male chauvinism…and harden[ed] the lines of demarcation between the poorest African Americans and their more affluent counterparts” (Hancock 2003: 37).
Thus we see the beginnings not only of a description of a weaker race – poor black families – but the view that their very proximity in space threatened the health of the wider population. We see the construction of a target population – the poor black family – as a site of governmental interest and intervention. Lastly, we see the documentation and creation of a black male crisis. I say documentation because black males were indeed excluded from economic opportunity, and creation because the report focused on one characterization of black males -- lower-income, expelled from their rightful places, heterosexual, able-bodied, threatened by dominant women, and imperiled by poverty -- that then came to stereotype or typify the state definition of problematic blackness.

Second, the black male crisis is more than a black male crisis; according to the report, it is one of structural inequality and cultural pathology, which implicates both wider structural forces and culture. Indeed, structural forces and culture are important to consider in their own right, but as more than impediments to black male success. This documentation/creation, this construction/intervention, sets up a cycle of Foucaultian perpetual reform and failure: the real crisis of black males continues unabated today (see the National Urban League State of Black America: Portrait of the black Male (2007)), with similar calls from within the black community to both stabilize black male employment (State of Black America: Jobs (2010)), and reform black family culture.
The Kerner Report and the Fair Housing Act

Following the 1967 protests, President Johnson commissioned *The 1968 Report of the National Advisory Commission on Civil Disorders*, or the “Kerner Report.”

Describing the protests and what led to them, the Kerner Report was in many instances quite radical and much unlike the Moynihan Report, published only a few years earlier. It reframed the “riots” as an expression of protest against the lack of basic civic inclusion of African Americans. The investigators found that “[w]hat the rioters appeared to be seeking was fuller participation in the social order and the material benefits enjoyed by the majority of American citizens” (Kerner et. al. 1968: 7).

The report noted that National Guardsmen and police were firing the first shots into largely unarmed, civilian crowds. Everyone was on edge, but only blacks were being shot: “the city [Detroit], at this time, was saturated with fear. The National Guardsmen were afraid, the citizens were afraid, and the police were afraid. Numerous persons, the majority of them Negroes, were being injured by gunshots of undetermined origin” (Kerner et. al. 1968: 5). In all, there were 83 deaths; 82% of those deaths and more than half the injuries were in Newark and Detroit. The authors found that "[a]bout 10 percent of the dead and 38 percent of the injured were public employees, primarily law officers and firemen. The overwhelming majority of the persons killed or injured in all the disorders were Negro civilians" (Kerner et. al. 1968: 6).

Not only did the Kerner Report disabuse readers of the notion of an armed black riot army, it pinned blame for the uprisings firmly on white racism, racial segregation, and the isolation from mainstream work opportunities: “white racism is essentially
responsible for the explosive mixture which has been accumulating in our cities since the end of World War II. Among the ingredients of this mixture are: Pervasive discrimination and segregation in employment, education and housing…black immigration and white exodus...The black ghettos where segregation and poverty converge on the young to destroy opportunity and enforce failure” (Kerner et. al. 1968: 10).

Importantly, unlike the Moynihan report, which largely seemed to put white racism in the past (slavery, Jim Crow), the Kerner report makes white racism active, present, and instantiated in space, through segregation and discrimination. The report even alludes to “white terrorism” and the “open defiance of the law and federal authority” – not by blacks, but “by state and local officials resisting desegregation” (Kerner et. al. 1968: 10). The report strikes out against an ineffective and inhumane welfare system as well, which did not cover enough people, and did not provide enough for those it did cover. The report notes that “[a] welter of statutory requirements and administrative practices and regulations operate to remind recipients that they are considered untrustworthy, promiscuous and lazy,” illustrating the construction of a pathological population (Kerner et. al. 1968: 26). In response, the report advised that Congress remove restrictions that compelled mothers of young children to work. Although that battle has yet to be won, the Commission also recommended that the federal government enact what would become the 1968 Fair Housing Act.

It is worth reflecting on the fact that the solution to the problem of two separate societies largely found policy expression in efforts to promote anti-discrimination in housing. The Kerner Report took segregation in housing and neighborhoods seriously. It
signaled an understanding of the past history of overt, legal racial segregation and exclusion. However, despite the powerful indictment of white racism and white defiance of law, the only white behavior it addresses is the sale and rental of housing. The report ignores the perpetuation of racism and discrimination in everyday life and patterns of behavior, and only focuses on one interaction, a market interaction (albeit one with significant consequences).

And it must be noted that the Kerner Report included a stunningly regressive and masculinist take on the black family, disappointingly similar to the Moynihan report. In the Kerner report, black women were not only dominant and threatening culturally, but they were moving into the purportedly male arena of work, and worse, earning more money, causing the expulsion of men from the private sphere: “Wives of these [unemployed] men are forced to work, and usually produce more money…Under these pressures, it is not surprising that many of these men flee their responsibilities as husbands and fathers” (Kerner et. al. 1968: 260). The editorial “not surprising” naturalizes both male patriarchy and the response, the abandonment of the family.

Similar to the Moynihan Report, the crisis of two separate societies is framed largely as a black male crisis, to which black women (and children) contribute. In the Moynihan Report, dominant females arise because of black male abandonment; in the Kerner Report, they cause it. Either way, the end result is the same: female-headed households with lots of (poor) children, absent fathers, and family dissolution, all of which defined and contributed to a “culture” of poverty.
Indeed, women are understood to be contributing to black poverty rates by having children. By the logic of these federally-sponsored reports, male poverty is caused by unemployment, but female poverty is caused by children -- not the “fleeing” black male, or the lack of opportunities in education, employment, health care etc., etc. The report chides that “[t]he problems of "fatherlessness" are aggravated by the tendency of the poor to have large families...This is one of the primary factors in the poverty status of nonwhite households in large cities” (Kerner et. al. 1968: 261). In brief, fatherlessness is caused by employed women and compounded by more children.

The report identifies such “aggravating tendencies” (children) as the next generation of prostitutes, drug dealers, criminals, and civil disobedients: “The culture of poverty that results from unemployment and family breakup generates a system of ruthless, exploitative relationships within the ghetto. Prostitution, dope addiction, and crime create an environmental ‘jungle’ characterized by personal insecurity and tension. Children growing up under such conditions are likely participants in civil disorder” (Kerner et. al. 1968: 14). Civil disorder results from drug addicted black children! Maybe this explains the state’s overexcitement in criminal sentencing of non-whites (Murakawa & Beckett 2010; Schlesinger 2011) and juveniles, a topic outside the scope of this project, but a devastating and urgent one.

A month after the release of the Kerner Commission, Dr. Martin Luther King was assassinated (another example of the civil disobedient?). A week after his death, the Fair Housing Act of 1968 was signed into law. The Fair Housing Act prohibited discrimination in the sales or rental of housing “because of race, color, religion, sex,
familial status, or national origin‖ (Sec. 804 [42 U.S.C. 3601]) and stated that “all executive departments and agencies shall administer their programs and activities…in a manner affirmatively to further the purposes of this subchapter” (Sec. 808 [42 U.S.C. 3608 (d)]). 

According to the earlier Moynihan report, successful black middle-class families could not move away from their less-than-ideal neighbors due to continuing discrimination in suburban housing markets. The desire to open up the middle-class, white suburbs to a limited number of prosperous blacks was in fact the narrow intent (and outcome) of the Fair Housing Act (Sidney 2001). As Sidney points out, the Fair Housing Act succeeded after several previous failures, because it recast the need for fair housing as benefiting “a small group of middle-class professionals who deserved to escape the ghettos, and could afford to do so” (Sidney 2001: 196), and therefore managed the fears of white homeowners and their legislative representatives.

The language of fair housing supporters is quite startling; for example, “there will not be a great influx of all the Negroes in the ghettos into the suburbs – in fact, the laws of supply and demand will take care of who moves into what house in which neighborhood” (Sydney 2001: 198, quoting then Senator Mondale). The message was that only the most “deserving” of black families, identified as the middle-class minority in the Moynihan report, would be able to avail themselves of the Fair Housing Act’s anti-discrimination laws, or to afford to move into the white suburbs. This reduced the radical urgency of the Kerner Report to act on the widespread discrimination and segregation in

75
many domains, including employment, education and housing. Rather, the white suburbs were to open up to a limited number of economically successful black families.

While the Fair Housing Act did include important anti-discrimination legislation, it has also been critiqued as being reactive, not proactive, and burdensome for people to bring lawsuits (Boger 1993a). In addition, it has been described as ineffectively implemented and enforced (Boger 1993b). In particular, critics have decried the lack of “affirmatively furthering” fair housing (Roisman 2007), despite the clear provision to do so. Fair housing attorneys and advocates are particularly concerned that the Fair Housing Act order to affirmatively further fair housing has not been extended to cover the Low Income Housing Tax Credit program (Orfield 2005; Roisman 1998).

These three critical moments in addressing race and opportunity in America in the 1960s – the Moynihan Report, the Kerner Report, and the Fair Housing Act – framed the importance racism in a particular way: it was a black male employment crisis that resulted in a cultural pathology embodied by the poor black family (female-headed, welfare-dependent, etc.). How the Supreme Court viewed residential segregation and its remedy in 1976 can be gleaned from its ruling in *Hills v. Gautreaux*.

*Hills v. Gautreaux*

What concerned the judges in *Gautreaux* in 1976, as it concerned the Kerner researchers almost ten years ago, was a vision of a segregated nation, both stemming from and reinforcing a lack of jobs for black men. In *Hills v. Gautreaux*, the U.S. Supreme Court affirmed the judgment of the Court of Appeals in *Gautreaux v. CHA* that
HUD violated the Constitution and should undertake remedial efforts to desegregate public housing on a regional basis (425 U.S. 284: 12). The Supreme Court noted that the appellate court’s decision to uphold a metropolitan-wide remedy referenced the metropolitan area as the appropriate scope of remedial action, and that a city-only remedy would not work (425 U.S. 284: 8). Interestingly enough, in the chain of court cases leading up to the Supreme Court, only the appeals court decision cited an expert witness, a demographer. The demographer testified in the appellate case that “by providing desegregated housing opportunities in the suburban areas, the rate of white exodus from the city would diminish” (Gautreaux v. CHA, 503 F.2d 930: 8). This was important to the judges, because white flight and black concentration in the “ghettos” was viewed by the appellate Court as “the most serious domestic problem facing America today” (Gautreaux v. CHA, 503 F.2d 930: 8).

The appeals court also referred to the testimony of a former Assistant Secretary for Equal Opportunity at HUD, who described the “white noose around the country’s largest cities” (Gautreaux v. CHA, 503 F.2d 930: 8). The appellate decision noted that in addition to the data regarding increasing racial and spatial segregation, Assistant Secretary Simmons made the link between racial segregation and industrial job segregation: “As whites have left the cities, jobs have left with them. After 1960, three-fifths of all new industrial plants constructed in this country were outside of central cities. In some cases as much as 85% of all new industrial plants located outside central cities were inaccessible to blacks and other minorities who swelled ghetto populations” (Gautreaux v. CHA, 503 F.2d 930: 8). The Court could not foresee the massive loss of
industrial work and the concurrent growth of an underpaid service economy -- and the disproportionate effects on black communities (Hill 1995; Massey 1996; Wilson 2009) -- nor could it see outside of industrial work, presumably largely for men.

The Court distinguished *Hills* from the ruling in *Milliken v. Bradley* (1974), in which the same Court had rejected a metropolitan-wide school desegregation order in the Detroit region. It is this comparison to *Milliken* that takes up most of the Supreme Court decision in *Hills*. The Court argues that in *Milliken*, unlike in *Hills*, “there was not finding of unconstitutional action on the part of the suburban school officials.” This finding reinforces the anti-discrimination law perspective: one must prove intent to discriminate. Second, the Court noted that a metro-wide HUD remedy would not “necessarily entail coercion of uninvolved governmental units, because both CHA and HUD have the authority to operate outside the City limits” (425 U.S. 284: 9). The Court concluded that “HUD’s discretion … can clearly be directed toward providing relief to the respondents…without preemting the power of local governments” (425 U.S. 284: 13).²

In the remedial order, the Court ordered HUD to move thousands of black families in public housing from the inner city to outlying affluent, white, suburban neighborhoods. The remedy was implemented at a regional scale, and it was race-conscious: at least 75% of the participating families had to relocate to the Chicago

---

² Subsequent to the ruling, local discriminatory power has often been flexed in a facially race-neutral way for the last three decades, through zoning requirements in majority white, affluent communities that serve to exclude low-income families, or if they allow them at all, to prioritize “local” (i.e. white) or elderly (local, white) residents (see Pendall 2000).
suburbs, and no more than 25% of the families could move to a neighborhood that was over 30% African-American (Rubinowitz & Rosenbaum 2000: 40).

This series of Civil Rights-era reports and their culmination in the Fair Housing Act and the *Gautreaux* remedy illuminate how the state elucidated racial segregation and thus shaped the scope of its interventions – indeed, as Omi and Winant argue, the scope of state action is tied up with the definition of race. The Kerner report pointed to white supremacy, exclusion, oppression, and segregation as wrongs supported by a majority of the American people. In its recognition that blacks were a group yearning for civil inclusion ("What the rioters appeared to be seeking was fuller participation in the social order and the material benefits enjoyed by the majority of American citizens" (Kerner 1968: 7)), it began to acknowledge race as historical, political, and collective.

The *Gautreaux* ruling recognized that past government actions were wrong and had to be remedied, and Moynihan, Kerner, the Fair Housing Act, and *Gautreaux* all recognized that racial segregation was a critical barrier to job prospects for African American men. So the *Gautreaux* remedy expanded state action, intervened in white neighborhoods, and was intended to improve job prospects for black men by connecting them to neighborhoods of employment. From an Omi and Winant perspective, this was a progressive state action. And in many ways it was. This is what I mean by *Gautreaux* grappling with some of liberalism’s exceptions.

However, the ruling is still on liberalism’s terms; that is, there is an exclusion that has to be righted to bring more people into the labor market. In all of these reports and rulings – Moynihan, Kerner, the FHA, *Gautreaux* – segregation is understood in terms of
effects on black male labor outcomes. Job access is defined largely in terms of spatial restrictions; indeed, as physical segregation or distance from jobs. Race and racism then become an artificial or irrational externality to properly functioning markets. In this accounting, racism is merely an irrational perception or discrimination in someone’s mind, and segregation is nothing more than an outdated neighborhood pattern (racial segregation is a “leftover” from the pre-Civil Rights era). The argument is then that racial exclusion from job markets can be overcome if individuals are prevented from being racist in hiring, and if spatial segregation is overcome. Once segregation and racism in job markets is no more, black men can be restored to their rightful places in both the public and private spheres, subsequently exercise their civil rights, and repair the pathologies haunting the black family and causing its non-normative “culture.” The policy response goes something like this: since we have anti-discrimination laws that prevent racial discrimination in hiring, the inability to get a job is not about “race” (color or ethnicity) per se, but about “place” – about literal distance from jobs. Housing segregation is problematic to the court in Gautreaux, because it results in segregation from job opportunities.

Race and space were reduced conceptually to barriers to labor, and masculine labor at that. I do not disagree that there were in fact real barriers to labor participation for black men. The devastating historical segregation of non-whites into redlined neighborhoods and the concurrent migration of jobs to largely white, exurban and suburban communities post World-War II led to a documented “spatial mismatch” in many labor markets (Holtzer 1991, Kain 1992). In addition to the fact that Congress’
and the Court’s logic completely ignores black women and children, except as impediments to black male success and as drivers of black poverty, it expresses racial inequality largely as a labor issue and in a purely anti-discrimination framework, rather than understanding race and space in a structural or relational way. Race is today understood by critical social theorists not as an irrational externality (external irrationality?) in labor markets, but as a complex social system allocating rewards along racial lines, with practices embedded in “normal” operations of institutions (Bonilla-Silva 1997) and “as idea, as practice, as identity, and as social structure” (Winant 2006), robust conceptions which, from critical social geographers’ perspectives, have critical spatial expressions and implications. Racial inequalities are theorized today as outcomes of cumulative disadvantages over time (Blank 2005), often shored in space up by government policies (powell 2003, 2005). In short, although the era’s policy logic leaned towards a collective, historical, and political understanding of race on the one hand, it largely construed this collective definition in anti-discrimination, masculine, labor, and alienable terms, on the other.

The ruling and remedy are equally interesting in terms of what they do not do. According to Foucault, the neoliberal distrust of government is manifest in a preoccupation with monitoring policy intervention outcomes. This presupposes that all government interventions are suspect, and should only be conducted if they are cost-efficient and result in the desired outcomes. The Moynihan and Kerner reports are concerned with economic unfairness, but they also point to white racism, discrimination, and exclusion. While the War on Poverty was framed in economic terms for political
reasons, the Gautreaux ruling speaks directly and unapologetically about race. The
Gautreaux remedy says: a civil rights law was broken by a government entity, and this
entity must try to right its wrong. The Gautreaux remedy does not say a thing about the
cost, nor does it propose desired outcomes, or measuring those outcomes. It is by not
acknowledging race and being adamant about research on outcomes that Moving to
Opportunity will explicitly differentiate itself from Gautreaux. This is why Gautreaux is,
indeed, conceptually different: Gautreaux is making an affirmative intervention into
racial discrimination (albeit understanding racism in anti-discrimination, masculine, and
labor terms). MTO, on the other hand, is an intervention into concentrated poverty, with
an emphasis on testing the outcomes of moves into different neighborhoods.

If racism is understood as largely relevant to masculine labor opportunities, and if
racism is understood as overt discrimination with intent, then labor outcomes can be
highlighted as a measure of racial progress, and race itself can be bracketed, or withheld
from policy design, as it is in MTO. The lack of consideration of the full portfolio of
racialized challenges to full citizenship (powell 2004), and the implications for both men
and women, doomed the prospects for radical policy change. In fact, social science and
policy design moved away from a robust exploration of race, and began focusing instead
on another assumed barrier to labor success, concentrated poverty, over the next twenty
years.

These three things together – the bracketing of race, the preoccupations with
scientific rigor and economic outcome measurement, and the social science focus on
concentrated poverty – are connected to the full-court press for privatization of public
housing, as I discuss in the next chapter. But first, I set the stage for the review of concentrated poverty studies with a review of Wilson’s work. In this chapter, I discuss *The Declining Significance of Race*. I start the next chapter with its follow-up nine years later, *The Truly Disadvantaged*.

*The Declining Significance of Race*

The first edition of *The Declining Significance of Race: Blacks and Changing American Institutions* (Wilson 1980) is published in 1978, two years after the *Gautreaux* ruling. In the Preface, Wilson writes, “I now find … that a preoccupation with race and racial conflict obscures fundamental problems that derive from the *intersection* of class with race” (Wilson 1980: ix; emphasis mine). The emerging varied black class structure had something to say about the manifestation of race in America: “It is clear that economic divisions now exist among blacks, divisions which show every sign of deepening and which have profound implications for the significance of race in the American experience” (Wilson 1980: xi). What Wilson explores in the book comprises a much more complicated and nuanced set of questions than the title – or the conclusion -- indicates. With the benefit of 30 years of scholarly engagement with Wilson’s work, we can read Wilson’s arguments as an initial exploration of the multiple expressions of race as they intersect with class; and indeed, as a persistent turn to the structural, rather than the individual, to explain racialized outcomes.

In fact, I agree with much of Wilson’s findings, yet draw a very different conclusion than the one he arrived at in 1978, when he declared that “the basis of [racial]
conflicts have shifted from the economic sector to the sociopolitical order and therefore do not play as great a role in determining life chances of individual black Americans as in the previous periods of overt economic racial oppression” (Wilson 1980: 23; emphasis mine). The spatial and sociopolitical play extremely powerful roles in people’s life chances, even with respect to Wilson’s narrow focus on labor, given that they shape education and training opportunities. Wilson privileges male employment opportunities as the fundamental marker of black advancement, similar to the governmental reports of the era. And unfortunately, Wilson’s work helps usher in a separation of race and class as analytical variables, despite Wilson’s argument that it is their intersection that matters.

For Wilson, race relations were structured throughout American history by different economic and political contexts. Wilson argues that racial significance declined for middle-class, educated, professional Blacks after the passage of Civil Rights legislation and the success of affirmative action. In fact, Wilson notes that the Civil Rights movement was primarily middle-class led -- given that this class had resources, time and stature to give -- and interprets the 1960s urban uprisings, in contrast, as the “most massive and sustained expression of lower-class black dissatisfaction in the nation’s history” (Wilson 1980: 21).

Wilson contrasts the plantation economy with the pre-industrial period, then considers economic and racial relations in the industrial period. Of particular relevance to this study, Wilson considers the industrial and technological changes beginning in the 1970s. First, there was a decentralization of employment growth beyond the city. Second, there was a general shift from manufacturing employment to a service-based
industry. Third, the growth of corporate industry utilized technology that displaced unskilled labor. Fourth, the passage of affirmative action and equal employment laws provided incentives to recruit and hire highly educated and trained black workers. These forces together opened the doors for educated blacks to well-compensated jobs in the corporate and government sectors, while they closed doors to the growing black population in the central cities that were increasingly under-educated. Noting the successes of the Civil Rights bills of 1964, 1965, and 1968, victories won by an educated class leading non-violent protests, Wilson writes that “this legislation did not sufficiently address the unique problems of de facto segregation and social class subordination confronting ghetto blacks” (Wilson 1980: 136). This left only one avenue for the black lower classes: menial work.

Wilson underscores that just as blacks were gaining political control of cities, cities were losing power (people, jobs, and the tax-based revenue they provide), and becoming more dependent on state and federal financial aid. Rejecting the idea that the solution was more black political control of the central city, Wilson argues that “the fundamental bases of the urban crisis are not amenable to urban political solutions” (Wilson 1980: 140). Note that this echoes the conclusion of the Gautreaux (and Thompson) ruling as well: metro-level problems need metro-level solutions. Because both middle-class whites and blacks could leave the city and its crumbling infrastructure, poor school systems, and the like, lower-class blacks and whites were left to fight over access to what was left: “the remaining stable neighborhoods…the more adequate public schools…inexpensive recreational areas, and for political control of the central city”
(Wilson 1980: 141). In other words, racial conflicts shifted from the economic sector to the sociopolitical order.

For Wilson, class took on more relevance for the life chances of blacks than race, because blacks now freely entered the labor market, with anti-discrimination laws assuring some protection from (white-collar) economic discrimination. Wilson’s sustained focus on participation in the labor economy explains his two concluding assumptions. First, Wilson concludes that racism is less harmful, once it is legally expelled from the workplace. Racism is then pushed to those sectors Wilson deemed less significant than the economic sector, such as housing and education. Second, Wilson concludes that the disproportionate representation of blacks in the underclass is due more to “historical consequences” than the “current effects” of race; in other words, discrimination is largely understood by Wilson as overt, intentional, and in the past. Concluding that Civil Rights policy had effectively reduced middle-and upper-class workplace racial discrimination, Wilson calls for public policy to “attack inequality on a broad class front” (Wilson 1980: 154), in order to pick up what the Civil Rights legislation had missed.

In the 1980 revision, Wilson adds an epilogue, “Race, Class, and Public Policy.” Wilson feints towards gender as a significant consideration in the sociology of the black underclass, but returns again to class as the most salient factor in his analysis. For example, Wilson explains that “the concept of ‘underclass’ embodies a reality which is not captured in the more general designation of ‘lower class’… in underclass families…the head of the household is, almost invariably, a woman” (Wilson 1980: 157).
Wilson then concluded that this gendered reality pointed clearly towards class: “The essential point is that a serious effort to address the issue of the exploding number of black female-headed families, and therefore the decreasing percentage of black children living with both parents…requires that we do not define the matter solely in terms of race. It is necessary, in other words, that we recognize and acknowledge the importance of class position” (Wilson 1980: 160).

Wilson’s assumptions should by now be familiar to the reader: black female-headed families are a pathology, single-parenting is deeply problematic, and economic advancement for black men is the solution. Wilson suggests that the growing percentage of female-headed families is caused “not so much the absence of fathers, but that…they are impoverished” (Wilson 1980: 161), implying that it is the fault of the labor market, not black men themselves, that they are abandoning their families. Wilson proposes that to counter black poverty, policy must first improve the job opportunities of poor black men, and then potentially those of poor black women, suggesting publicly subsidized daycares “so that women can realistically pursue such opportunities when they arise” (Wilson 1980: 161). All women are assumed to be mothers under this scenario, and to have unrealistic job expectations for opportunities that may or may not “arise.”

This emphasis on understanding race in terms of job access furthers an understanding of race as about a singular issue; in particular, as about labor market outcomes. As we will see, this will help transmogrify complex issues of race in a neoliberal policy area into issues of labor, income, and poverty measures. Wilson plays a large role in re-orienting public policy thinking towards issues of concentrated poverty:
HOPE VI and MTO, both of which targeted concentrated poverty, were initiated under President Clinton, who “made a point of publicly including Wilson in his inner circle of advisors about the federal role in social welfare policy” (Lehman & Smeeding 1997: 256). With Wilson thus firmly ensconced, the “race-neutral” attack on concentrated poverty in inner cities began in earnest, with the HOPE VI program and then with Moving to Opportunity. This policy orientation leaned on the outpouring of sociology studies on concentrated poverty initiated by Wilson’s widely read work. In the next chapter, I review these studies and the correlated housing policy choices they engender. My analysis is marked by certain Foucaultian signposts. The first is to pay attention to the simultaneous documentation/construction of “pathological” target populations and a policy intervention into them. The second is to look for a potential slippage of the meaning of “race” in policy and sociology studies to mean inefficient or “pathological” economic choices. The third is to be aware of a quantitative assessment of life outcomes, and the monitoring of those outcomes to inform future housing policy design.

This chapter has laid the groundwork against which we will see policy logic shift in the next chapter. However, this chapter is more than just groundwork or context; its lessons must be maintained alongside the lessons of the next. Although I rely on the Foucaultian theory of the flexibility of race in the following chapter, this malleability is, I argue, limited. It stands alongside a particular way in which racism in the U.S. is real, specific, historical, and spatial. As this chapter reviewed, the federal government played an active role in the creation and maintenance of racially segregated neighborhoods prior to the Civil Rights movement. In the Kerner and Moynihan reports, racism is recognized
as a significant oppressive barrier to economic freedoms (and consequentially, as stated in the reports, to civil freedoms). In Gautreaux, the U.S. Supreme Court rules that HUD must desegregate its public housing across the Chicago region, and offer integrative moves instead. With this, the Court is making an affirmative commitment to promote integration into opportunity, recognizing the disinvestment and neglect of urban communities of color. In contrast, the policy logic of the 1990s backs away from the realities of racial exclusions, preferring instead to focus on concentrated poverty.
Chapter 4: MTO: Race, Concentrated Poverty, and Reform

Scientific charity was not only a set of principles that guided action; it also was a method for gathering the data with which to further develop the laws of charity and reform...In New York [in 1884], the Charity Organization Society meticulously classified its cases and mapped their distribution by streets and even houses (Katz 1986: 69).

The idea that scientific knowledge holds the key to solving social problems has long been an article of faith in American liberalism (O’Connor 2001: 3).

Introduction

As mentioned in previous chapters, the two primary ways that MTO distinguishes itself from Gautreaux are that first, there is no acknowledgement of the race of the participants or their neighborhoods and second, the project is designed to be a scientifically valid social science research experiment. MTO assigned families randomly into two different groups of voucher users (one group had “unrestricted” vouchers to use anywhere in the metro region, and the other had to move to neighborhoods with less than 10% concentrated poverty), as well as a control group that stayed in their existing public housing. The program was intentionally designed to stand up to scientific scrutiny, and no less than six research teams were contracted to track and measure family outcomes.

The loss of race in housing policy design and study is due not only to its reduction to issues of male labor (as explored in the previous chapter), but also to its newly available “proxy,” concentrated poverty. Omi and Winant (1987) argue that racism in
the neoliberal era is understood in terms of intentional discrimination against individuals with certain phenotypes or ethnicities. Therefore, the only appropriate state action having to do with race is for the state to ensure that markets are free of actors with overt racist tendencies. Anti-discrimination laws are assumed to cleanse the market of those inefficiencies. I suggest in this chapter that while Omi and Winant’s theorization is powerful, we need to widen the perspective on the neoliberalization of race to include a Foucaultian structural dimension, namely the creation of non-normative populations, socio-spatial groups of individuals who, from the perspective of neoliberal theory, exhibit economic behaviors in need of reform. These neighborhoods of concentrated poverty are described often without respect to race (as in the MTO program charge), although they almost always refer to urban neighborhoods of color. This anchoring in historically enacted spaces of color and exclusion happens alongside a Foucaultian, more flexible reading of race as economic weakness. This is related to MTO’s second difference from Gautreaux, its emphasis on scientific validity. This focus is premised on the assumption that researchers should (and could) apply objective quantitative rigor to studies that move different families around in five different cities.

By this time (1992), MTO program design could refer to a slew of research studies on the effects of concentrated poverty, all of which acknowledged Wilson’s work on the urban African-American poor. Wilson’s influential characterization of the social problems plaguing the inner city and his call for large-scale policy intervention informed social science research on the correlations between neighborhoods, race, income, social structure, and economic change, known as the “neighborhood effects” literature. Initially,
researchers studying neighborhood effects studied the correlations between the concentration of poverty in racially isolated urban environments with social outcomes, such as crime, adolescent delinquency, infant mortality, etc. (Brooks-Gunn et. al. 1993; Dietz 2002; Jencks & Mayer 1990; Sampson et. al. 2002). However, following Jencks & Mayer's (1990) critique that the neighborhood effects research was not exploring the dynamic social processes or mechanisms that shape well-being, there was a move away from studies of correlations between neighborhood characteristics and behaviors, and towards exploration of neighborhood social capital (Sampson et. al. 2002). The social capital literature often includes detailed discussions of methodological challenges in neighborhood effects research, identifications of key mechanisms or pathways by which neighborhoods exert their influence (Friedrichs, Galster & Musterd 2003) and biopolitical language regarding including how people affect each other. For example, contagion theory asserts that negative peer influences spread social ills (Dietz 2002). Foucault's observation that neoliberals see the individual as an entrepreneur of the self is revealed by the research interest in the mechanisms or pathways of self-improvement under certain conditions.

Over time, the work on neighborhood effects and social capital becomes more and more how to capture neighborhood social interactions and their effects on individual outcomes in a scientifically valid way (Dietz 2002). A 2007 compendium of articles in Housing Policy Debate on “Life in Poverty Neighborhoods” promises that "all studies [in the current issue] provide a wealth of control variables applied in a multivariate statistical context, in an effort to isolate the independent contribution of neighbourhood context”
(Blasiu et. al. 2007). Until a 2008 article in *The American Journal of Sociology* on the results of Moving to Opportunity explicitly reasserts the importance of *race* to individual and community experiences of concentrated poverty (Sampson et. al. 2008), race largely drops by the wayside in studies of neighborhood effects. Instead, these studies are largely concerned with statistical methods and/or theorizing the workings of social capital by individuals in various (disadvantaged) environments.

As explored in earlier chapters, Foucault argues that racism is alive and well, but that race is not necessarily located in terms of ethnicity, nativity, or color. Rather, racism is instantiated in the assessments of bodies and collections of bodies in terms of their fitness for society, what Foucault terms *biopolitics* (Foucault 2003). Foucault argues that state power frames this flexible concept of race in a desire for a healthy species, to help divide the strong from the weak. Not only that, it is the job of the strong (including, but not limited to, those who wield explicit state power) to study, discipline, reform, or eliminate the weak. In a (neo)liberal environment, Foucault argued, much of this assessing and disciplining is understood to be most effectively done by the private market. The market is a site of active experimentation, guided and monitored by the state. Lastly, Foucault calls attention to the way in which power in the modern era blurs and shifts the lines between public and private. For Foucaultians, there is no such thing as an independent, free market outside of the power to rule (Burchell 1991; Gordon 1991; Peck 2001).

Geographers have offered some of the most interesting interpretations and expansions of Foucault’s extensive body of work. They have illustrated how knowledge
is entwined with the power to rule, and how that knowledge and power sets parameters for defining and managing race and space (Hannah 1993; Harris 2004; Popke 2003). These scholars show that biopolitical practices include not only the quantitative technologies of rule such as data gathering, but the ability to confine the “other” to specific places that one has marked out as associated with “them.” Feminist and anti-racist geographers in particular productively explore the co-construction of identities, space, and power relations (e.g., Mitchell 2006, Thomas 2005a, 2005b). However, no one has yet engaged the role of housing policy in the wide and complicated nexus of the state’s power to study, mark, and intervene in certain populations. This provides a critical opportunity for me as a critical geographer to show how the state uses housing policy to effect continuing racial segregation in space, even when such policies are defined as race-neutral, and even when they are unfolding in a private market context.

As I show in this chapter, the shift to a focus on concentrated poverty in housing policy is very much about managing and studying bodies in space, or biopolitics. Moreover, the ostensibly race-neutral poverty deconcentration housing policies continue to shore up racialized communities and identities. That is, the re-concentrations of racial and income segregation in every “race-neutral” housing policy, be it unrestricted Section 8 vouchers or the LIHTC program, occurs even in a policy context of what is often understood to be state withdrawal. To make this argument more finely, I use Foucault’s work on neoliberalism and race, only recently printed in English in its entirety. Foucault posits that under liberalism, the private market is the preferred site of experimentation to find efficient techniques of governing (Foucault 2008: 320), signaling the interplay
between public and private markets in state knowledge and decision-making. We can use Foucault’s insights to posit that the naturalization (i.e. a move away from a complex social construction) of race goes hand not only with the shrinking of domains for state action (i.e. Omi and Winant’s argument), but also with the move to privatization, market discipline, and an obsession with measuring quantitative outcomes. As the recent subprime lending and foreclosure crisis has made painfully clear, the geography of racialization continues. Geographic market discipline is racialized -- one does not come neatly first, or follow as an outcome.

In the design and implementation of MTO, I find an important conjoining of factors that characterize neoliberal housing policy: the loss of attention to racial dynamics, the attempt to make the program a scientifically valid research study, and the observation of outcomes in the private market. Private market housing vouchers were also utilized in the Gautreaux remedy, but only with MTO did the vouchers come with a clear research experiment. By using vouchers to supplement private market rentals, and then by measuring outcomes to use in an intentional feedback loop of policy design, the government is, as Foucault (2008) observed, using the private market as a site of experimentation to find ways to make governance more efficient. The loss of attention to race, the emphasis on scientific validity, and the desire to use the outcomes one observes in the private market to find ways to govern more effectively are connected.

Further, this effective governance by markets is connected to the early framing of race and racial segregation explored in Chapter 3. In Chapter 3, I showed that race and racism were defined, even in the Civil-Rights era of transformation and affirmative
government action, in narrow and alienable terms conducive to neoliberal policy framing: specifically, often in terms of male labor outcomes. In the Gautreaux era, racism was conceptually narrowed; in the MTO era, race is obscured, yet racialization still functions. Race is not completely “lost” – racism reasserts itself in the construction of non-normalized or pathological populations, such as in the study of neighborhoods of concentrated poverty.

In this chapter, I discuss how MTO attempts to isolate the effect of housing assistance on families’ location choices, and to follow outcomes in these new locations. MTO is, in Foucaultian terms, testing the investment in migration with respect to educational performance and economic conduct. By focusing on the effects of one particular variable and by using random control groups to avoid “selection bias,” MTO studies obscure the historical practices of racial exclusion, segregation, and violence, escalating economic inequality, the dynamics of sexuality, gender, and ability, etc. As racial isolation and concentrated poverty are studied in a limited and “quantitatively rigorous” way, in both MTO and the surrounding decades of studies of concentrated poverty, racialized housing “choice” is subject to market discipline and government observation, ultimately to find new effective ways of governing.

Concentrated Poverty and The Truly Disadvantaged

In The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (1987), Wilson attempted to redress what he thought was an inaccurate media focus on the first book. Most of the press, he complained, focused on the sections regarding the
black middle class, and virtually ignored what he was most concerned with, the plight of
the black underclass. Wilson again asserts that “historic discrimination is more important
than contemporary discrimination in understanding the plight of the ghetto underclass”
(Wilson 1987: 141). He complements this with a demographic and economic analysis of
structural urban change, noting that people of color were disproportionately impacted by
the structural economic changes of the 1970s and 1980s, including the shift to a service
industry, labor market bifurcation, technology, and manufacturing decentralization
(Wilson 1987: 142).

Wilson also discusses the “profound social transformation” of ghetto
neighborhoods, by which he means the exodus of black-middle class professionals and
their resources. Wilson argues that the black working and middle classes stabilized
inner-city neighborhoods and advanced and protected dominant societal norms (Wilson
1987: 143). Therefore, with the loss of these families to the suburbs (made possible, we
recall, by the limited effects of the Fair Housing Act), the “ghetto underclass” was
different and more socially isolated than previous inner-city communities. The folks who
were left behind were adversely impacted by the lack of what Wilson referred to as a
social buffer and by concentration effects, terms that entered the social science research
agenda after Wilson.

Wilson’s social buffer is in fact more structural and financial than how it is often
interpreted today, as referring to social norms. Wilson’s social buffer refers to the ability
of a mixed-income neighborhood to “absorb the shock or cushion the effect of uneven
economic growth and periodic recessions” (Wilson 1987: 144). Wilson acknowledges
that working and middle-class families are important as mainstream role models, but “a far more important effect is the institutional stability that these families are able to provide in their neighborhoods because of their greater economic and educational resources” (Wilson 1987: 144; emphasis mine). Although future social science engagements with Wilson’s work often revolve around concentrated disadvantage and social buffers, they largely ignore the importance of structural and institutional factors, including material resources. Wilson’s concentration effects refer to “the constraints and opportunities associated with living in a neighborhood in which the population is overwhelmingly socially disadvantaged … [opportunities] that include…access to jobs, availability of marriageable partners, and exposure to conventional role models” (Wilson 1987: 144).

In The Truly Disadvantaged, Wilson returns to his concern with the employment status of black males, this time noting the deleterious effect on marriage in the black community: “The black delay in marriage and the lower rate of remarriage, each associated with high percentages of out-of-wedlock births and female-headed households, can be directly tied to the employment status of black males. Indeed, black women, especially young black women, are confronting a shrinking pool of ‘marriageable’ (that is economically stable) men” (Wilson 1987: 145). Here we find the neoliberal reading of all choices, even those previously considered personal or social, in terms of economic ones. Marriage is recast as a market, and marriage choices as those made by young ladies choosing among competing suitors, assessed with respect to their earnings potential. Without a robust marriage market, these ladies make the adverse (perverse?) choice of
waiting to get married, or having a child out of wedlock and heading their own homes. Although Wilson belabors this point with elaborate tables charting the “Male Marriageable Pool Index,” his conclusion largely focuses on how to make males more marriageable via macro-economic policy changes. Wilson argues that the Great Society and War on Poverty programs did not reach inner-city neighborhoods because the architects of the War on Poverty “failed to emphasize the relationship between poverty and the broader processes of American economic organization” (Wilson 1987: 148).

It is telling that Wilson does not fault the program for failing to emphasize the relationship between poverty and race, but the relationship between poverty and the “broader processes of American economic organization,” processes thus presumed to be non-racial. Wilson reasserts that race-based policies alone will not help the truly disadvantaged, because they only reach the most talented and educated blacks. Wilson concludes that the problems plaguing the black underclass are due to “the broader processes of societal organization and therefore may have no direct or indirect connection with race” (Wilson 1987: 148). Critical race theorists have shown how race is, by contrast, one of the most basic processes of societal organization (c.f. “racial rule is essential to rule itself,” Winant 2006). But Wilson’s perspective leads him to advocate for “nonracial solutions such as full employment, balanced economic growth, and manpower [sic] training and education” (Wilson 1987: 147). (To be fair, Wilson corrects his view of “non-racialized” economic changes in More Than Just Race (2009), but at the time, this was Wilson’s position.)
If race is an irrational barrier to labor, something artificial that can be overcome (therefore improving both employment and marriage markets), then ostensibly, racism can be reduced to issues of employability. Wilson’s use of statistics and charts to make his arguments (i.e. the Male Marriageable Pool Index) is also part of the increasing concern with quantitative analysis in the social sciences. Similar to the Gautreaux ruling and remedy, Wilson is attempting to grapple with at least one of liberalism’s exceptions – but again, on liberalism’s terms, by looking primarily at obstacles to black male labor market participation. And while Wilson is actually a proponent of large-scale state intervention, his work will be used to shrink the arena for state intervention.

Wilson’s work can be truly exasperating, because its potential to elucidate and inform is subverted by its own contradictions (or cited in ways that make Wilson himself unhappy). Wilson validated the black male crisis, while defining it largely in terms of class. While Wilson’s analysis -- in both books -- is often an evocative exploration of the intersections of race and class and a continuing turn to structural, rather than personal, causes for poverty, his conclusions and policy recommendations often decouple race from class. Despite his observations regarding the diversity of black experience with respect to class, Wilson pulls race apart from the “broader” concerns of class, as though they were completely separate processes. Wilson implies that racism is largely a historical artifact, while class plays out in the present, but decries a “permanent” racialized underclass. Wilson admits that most of the black poor are women and children, yet focuses policy on the employment status of black men. Wilson consistently and meaningfully connects racial isolation and integration to social, structural, and
economic shifts, yet asserts that these factors are separate from, and more important than, race. In *The Declining Significance of Race*, Wilson argues that racial isolation and antagonism moves to “inconsequential” places, like housing and schools. (Despite this segregation being linked and contributing to racialized labor market inequities.) In the next section, we see Wilson’s work launch a cottage industry on “neighborhood effects.”

*The Geography of Opportunity*

To be sure, researchers and policymakers have been considering the geography of concentrated poverty, and the potential role of various institutions in remediying it, much longer than the recent period I am interested in, from the post-Civil Rights Era to the present. Indeed, Katz (1986) argues that urban social reform was professionalized and bureaucratized in the U.S. by the 1840s, and included detailed maps of families in poverty by the 1880s. However, what is novel with regards to some of the concentrated poverty studies I review in this chapter is that they are generated by housing policy interventions, specifically to test the theory of the “geography of opportunity” (Briggs 2005; Briggs & Turner 2006).

These studies add a different dimension to academic longitudinal or cross-sectional studies of poverty, because they actually move people in space, measure certain variables pre- and post-move, and draw conclusions about what the differences meant for anti-poverty and housing policy. Spurred by the successful implementation of the *Gautreaux* remedy, similar legal directives and voluntary local mobility programs were implemented across the country, from Minneapolis (Cunningham et. al. 2000; Goetz

In 1992, while the Gautreaux program was still running, the federal housing program HOPE VI began. HOPE VI tore down physically distressed, high-rise public housing buildings and replaced them with fewer, lower-rise, mixed-income units. As of 2004, HUD had awarded 446 HOPE VI grants in 166 cities, demolishing 63,100 severely distressed units (Popkin et. al. 2004). HOPE VI’s policy assumptions aligned with Wilson’s argument that concentrated poverty was onerous due to both lack of nearby role models and lack of employment opportunities in confined and isolated neighborhoods (Turner et. al. 2008). HOPE VI was on its face a race-neutral program. According to Turner et. al., policymakers and researchers in the 1990s knew that race was significant in the creation and perpetuation of segregated landscapes of concentrated poverty, but they feared that race-based housing voucher programs would lead to political opposition and legal challenges. Turner writes that because racial segregation and concentrated poverty were linked, policymakers concluded that one could undo the former by undoing the latter (Tuner et. al. 2008). Importantly, the authors go on to problematize this assumption in the rest of the edited volume, indicating that refusing to consider the legacy of racial segregation may limit the impact of housing reform policies.

HOPE VI helped move the government out of the business of providing physical public housing units; in fact, it actually tore down those units. HOPE VI allocated race-neutral housing vouchers to public housing residents to use in other parts of the city.
While people who relocated often moved into better housing, it was likely to be still worse than that of other comparatively poor renter groups (Comey 2004). Surveys found that while HOPE VI residents wanted to move to safer, less poverty-stricken neighborhoods, 30 to 40 percent still lived in high-poverty and high-crime neighborhoods, and 76 percent still lived in neighborhoods with at least 80 percent minorities (Burton 2004). Further, the time delay in the construction of replacement housing meant that almost 40% of residents still lived in their distressed public housing at the time of the evaluation (Cunningham 2004). (Evaluative research of HOPE VI focused only on neighborhood and housing outcomes for movers -- not, for example, on education or labor outcomes).

In 1995, only three years after HOPE VI began, Congress repealed the “1-for-1” rule, which had required replacement construction for every unit of public housing demolished, thereby reducing the overall inventory of public housing units (Popkin et. al. 2000). The lack of replacement units further tightened rental markets (Cunningham 2004). And because of the lack of three- and four-bedroom units in the suburbs for large families, many families stayed in the city, in under-resourced neighborhoods similar to their previous ones (Smith 2002). In fact, HOPE VI movers often vied for any available housing away from their former developments, regardless of any increases (or lack thereof) in amenities and services (Smith 2002). In sum, while HOPE VI was ostensibly race-neutral, the moves that families were restricted to, due to the lack of choices in rental markets, only shored up racial segregation.
In 1992, Moving to Opportunity, a Congressionally-designed housing voucher program, began. MTO policy documents referenced Gautreaux, but MTO set out to differentiate itself explicitly in two major ways. First, MTO randomly assigned its volunteers to three different neighborhood contexts (including a control group who stayed in place) to address criticism that Gautreaux suffered from “selection bias” by assigning volunteers to suburban neighborhoods on a first-come, first-serve basis, and thus did not have a true control group (Orr 2003). In a 1996 report to Congress, “Expanding Housing Choices for HUD-Assisted Families,” Goering explains, in “Origins and Design of the Moving to Opportunity Demonstration,” that MTO would not suffer the same fate as Gautreaux (i.e. suffer the charge of being scientifically invalid due to selection bias) (Goering 1996). The MTO program design would allow the researchers “to be confident that systematic differences are attributable to mobility counseling and housing assistance” (Goering 1996: Section I: 1) -- and not, it is assumed, to individual differences in promise or motivation, which is what selection bias is accused of allowing -- creaming the most motivated or able individuals.

Part of the emphasis on scientific validity is due to the fact that MTO is specifically designed to help HUD develop better housing mobility strategies (Foreword: 1). This is also unlike Gautreaux, which did not have any explicit policy testing or improvement motivations. MTO was also designed to examine “the impacts of neighborhood conditions on the employment, income, education, and social well-being of MTO families” (Goering 1996: Section I: 2) or in other words, contribute to the sociology of neighborhood effects. HUD funded six university research teams to
“immediately examine changes in the lives of parents and children as they move to low-poverty communities” (Goering 1996: Foreword: 1).

Second, the MTO program design differentiates itself from the Gautreaux program by never mentioning racial demographics. It uses neighborhood poverty rates to characterize neighborhoods of advantage and disadvantage. Although the Congressional Committee authorizing the program is “mindful” that Gautreaux was a remedy for unconstitutional racial discrimination, it “focused [MTO] on very low-income families residing in public housing in areas of high concentrations of persons in poverty…[and will] enable them to move to areas with low concentrations of persons in poverty” (Housing and Community Development Act of 1992). Goering’s “Origins and Design” essay mentions that MTO focuses on the poverty rates of neighborhoods rather than on their racial composition, but is silent as to why. Interestingly enough, MTO was “quietly slipped into the Housing and Community Development Act of 1992 through the lobbying efforts of Alex Polikoff, the public interest lawyer who brought the original Gautreaux lawsuit” (Moberg 1995).

MTO was slated to run in five cities (Baltimore, Boston, Chicago, Los Angeles, and New York City) across the US for ten years, but was de-funded five years into the program after a racist political protest in Baltimore against MTO resulted in the election of a Senator who halted the program.3 Maryland Senator Barbara Mikulski stopped the expansion of MTO in her role as chair of the subcommittee overseeing HUD, and moved

---

3 “Rumor mills, fed by blatant misinformation and rabble-rousing organizers, created near-panic that thousands of blacks and other minorities would be coming from the inner-city, bringing drug dealing and prostitution in their wake. [P] "I had people calling and asking, 'Tell me the truth; should I sell my house?'" recalled Bob Gajdys, Executive Director of Community Assistance Network (CAN). "It bordered on mass hysteria." (Moberg 1995: 2).
the funding into “Choice in Residency” (Dreier & Moberg 1995). Ironically, a program that denied it had anything to do with race was halted by racism.

Despite the attempt to “proxy” poverty concentration for racial isolation, the loss of attention to racial dynamics and the focus on poverty actually limits an understanding of race and poverty. It severs race from poverty (despite their historical connections and overlaps, explicitly reinforced through public housing policy in prior decades), and treats race as alienable: race can be isolated and removed from policy discourse, conceptually disconnecting race from other systems of exclusion active in housing choice. Then, it is assumed, policymakers can turn their attention to the “objective” or “scientific” research on housing mobility programs.

By carefully omitting one “variable” (race), and by contrasting the variable one is measuring (housing counseling) from the variable one is not (individual motivation), the focus is directed to individual conduct and “choice.” The larger arena of what is being bracketed – historical practices of racial exclusion, segregation, and violence, escalating economic inequality, dynamics of sexuality, gender, and ability, etc. – is obscured. As O’Connor reflects: "[i]t is an exercise of power…to categorize, stigmatize, but above all to neutralize the poor and disadvantaged through analysis that obscures the political nature of social and economic inequality” (O’Connor 2001). In other words, emphasizing scientific validity is an exercise of power that itself brackets various power dynamics. Researchers define the objects and area of study, make judgments about “good” and “bad” outcomes, and construct narratives about the people and places that they study.
I suggest that the three factors that we observe in the MTO policy design (the loss of attention to race, the emphasis on scientific validity, and the desire to use the outcomes one observes in the private market to find ways to govern more effectively) are connected in terms of the knowledges they construct. These knowledges are used to govern not only the population under study, but the larger population against which they are counterposed. Further, these knowledges utilize the early framing of race and racial segregation explored in Chapter 3. In particular, the reduction of racial segregation to issues of male labor and the concurrent construction of low-income, female-headed black families as “pathological” are part of racialized governance. In Foucault’s terms, the pathological black family is threatening to the species, and in need of particular kinds of interventions. In Wilson’s terms, the pathological black family can be righted by economic opportunities for black men.

Foucault suggests that sovereign power can govern less in accordance with the naturalness of phenomena (Foucault 2008: 328). In the context of my study, how did race get naturalized and pushed to private market discipline? First, it needed to be defined in narrow and alienable terms conducive to neoliberal policy framing: specifically, in terms of male labor outcomes. The capture of male labor was critical to the reconstruction of heteronormative black families, presumably torn asunder by the lack of a male breadwinner (see Chapter 3). Second, racism was expressed in terms of measurable aspects that conformed to ideas of scientific validity. Racial isolation and concentrated poverty were studied in a “quantitatively rigorous” way, which can obscure present day systems of exclusion and marginalization that defy such representation. Then
these measurable aspects (say, for example, labor outcomes by neighborhood) were pushed to unfold in the context of market discipline and government observation, to find new effective ways of governing. In the next section, I review studies of concentrated poverty and discuss how their assumptions and their foci impacted housing policy design and implementation.

*The Study of “Neighborhood Effects”*

Housing policy programs like Hope VI and MTO were premised not only on the *Gautreaux* findings, but on a slew of research studies on the effects of concentrated poverty, all of which acknowledged sociologist Wilson’s work, particularly *The Declining Significance of Race* (1980) and *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (1987). As discussed, Wilson effectively concluded that class was more important than race for black families’ upward mobility, and that inner-city black communities suffered greatly from the flight of upper- and middle-class black families to the suburbs.

Research on concentrated poverty was deliberately linked to policy recommendations by the late 1980s. As Gephart and Brooks-Gunn (1997) explain, in 1988 the Social Science Research Council (SSRC) established a research program on concentrated poverty not only to understand the “causes and consequences” of urban poverty, but to implement better policies and to understand how people became enmeshed in, and how they could overcome, such poverty (Gephart & Brooks-Gunn 1997: xv). In 1989, the SSRC’s committee appointed the Working Group on
Communities and Neighborhoods, Family Processes, and Individual Development to better understand how neighborhoods influence families and children. The research group posed the following questions: “Does concentrated residential poverty, along with the associated economic and social neighborhood disadvantage, place children at risk? Are diverse neighborhood characteristics mediated by family structures and processes, or do they exert a separate and powerful influence on children's lives, over and above family influences?” (Gephart & Brooks-Gunn 1997: xv).

In other words, the SSRC was trying to get at the question of whether or not the effects of concentrated poverty, studied largely in black urban neighborhoods, were due to “nature” (the separate and powerful influence of neighborhood characteristics) or mediated by “nurture” (family influences), which, as a gross oversimplification, characterize the assumptions of either the liberal or conservative policy positions, or whether or not government intervention into concentrated poverty would be necessary, or relevant, to poor children’s outcomes.

The council’s research program did not mention racism, racial segregation, or any active processes of the creation of neighborhoods of concentrated poverty, nor did it explore the fact that the majority of people living in concentrated poverty neighborhoods are and have been people of color and Native Americans (Jargowsky 1997; Kingsley & Pettit 2007; Massey 1996), and that government policies have helped put them there (Wilson 2009). In their review, Gephart and Brooks-Gunn only mention race and segregation obliquely, by noting that the definition of "urban underclass" has typically included an amalgam of structural and personal factors, including “geographic
concentration” and “membership in a minority group” (Gephart & Brooks-Gunn 1997: xiv). [As though membership was applied for and came with advantages, or at least frequent flier miles.] However, Gephart and Brooks-Gunn did note that there was little systemic theory or research on what neighborhood effects were, the nature of the effects, or how they were operationalized, which led to the 1990 Jencks and Mayer critical review of studies of concentrated poverty.

In “The Social Consequences of Growing Up in a Poor Neighborhood,” Jencks and Mayer review sociology articles that investigate how much a neighborhood or school's mean socio-economic status affects a child's life chances. The authors identify six methodological challenges with regards to testing for neighborhood effects. While Jencks and Mayer conclude that"[t]here is no general pattern of neighborhood or school effects that recurs across all outcomes" (Jencks & Mayer 1990: 174), and that "as a rule, the more aspects of family background we control, the smaller neighborhood and school effects look" (Jencks & Mayer 1990: 176), they did find some significant effects. The criticism of the methodology was effective, and the search to quantify neighborhood effect and to improve the study methodology was on.

Several years later, Brooks-Gunn et. al. published “Do Neighborhoods Influence Child and Adolescent Development?” (1993). The researchers conclude that on balance,

---

4 (1) Controlling exogenous influences (distinguishing between neighborhood effects and family effects); (2) Longitudinal Versus Cross-sectional Models (indicating the difference between comparing data points in time to comparing data points over time); (3) Nonlinear Effects of Socioeconomic Mix (many models assume a linear effect, but this is not verified and some evidence indicates it is nonlinear); (4) Interactions Between Neighborhood SES and Individual SES (i.e. what if middle-class black children do better in high-SES neighborhoods, but poor black children do worse?); (5) Choosing Appropriate Measures of Neighborhood Composition (researchers use different measures and weight them differently); and (6) Estimating Neighborhoods' Overall Effect (i.e. neighborhood studies do not ask, how much variation is there among neighborhoods for the outcome and how much is attributable to exogenous factors?)
studies show that children growing up in affluent neighborhoods do better along a number of measures than those in low-income neighborhoods. They characterize these studies as “partial support” for Wilson’s theory of the importance of collective socialization. However, they report that the best way to lift child outcomes is to raise family incomes (Brooks-Gunn et. al. 1993: 385); that is, not necessarily to change the environments of families. Overall, however, they did conclude that neighborhoods confer considerable advantages or disadvantages.

Ten years later, Friedrichs et. al. (2003) summarize the accumulated research on theories of mechanisms by which neighborhoods affect people’s lives. In terms of learning and socialization, the authors review theories of how behavior is socially mediated. Contagion theory asserts that negative peer influences spread social ills. Collective socialization theory holds that contact with role models and/or community networks positively impact behavior. Competition theory posits that people compete for limited resources. Relative deprivation theory charges that people with low opportunities are worse off when surrounded by people with more opportunities. Interestingly, the authors again remind the reader that neighborhood effects are “not nearly as decisive as parental or individual characteristics, or macro-economic conditions” (Friedrichs et. al. 2003: 800).

Several things become clear in these studies: the state’s biopolitical interest in studying population outcomes with regards to family formation, fertility, health,
behavior, etc., despite the fact that neighborhood effects are “not nearly as decisive as parental or individual characteristics, or macro-economic conditions” (Friedricks et. al. 2003: 800), the emphasis on quantitative rigor, the omission or obfuscation of race, and the lack of a robust theorization of space in studies that purport to explore a geographic (“neighborhood”) effect. These characteristics help midwife the shift in focus from race to concentrated poverty (or, in the Parents Involved ruling, to neighborhood demographics) as markers of the state’s interest in population well-being.

Recall that Foucault directs us to look at the state’s interest in managing a healthy reproduction of the species. As a whole, concentrated poverty researchers focused on deeply biopolitical measures: infant mortality, low birthweight, teenage childbearing, dropping out of high school, adolescent delinquency, homicide, suicide (Sampson et. al. 2002). Perhaps most interesting however, is that although researchers usually acknowledged that family characteristics were more important factors to child outcomes, they continued looking at neighborhood effects, which begs the question of why. Partly this interest stems from the desire to make policy interventions: Blausius et. al. conclude that the strongest neighborhood effects involved the highest concentrations of disadvantaged people (Blausius et. al. 2007: 630), and therefore that the appropriate policy response is a dispersal of concentrated poverty (Blausius et. al. 2007: 631).

And there is something else. When you review the studies of neighborhood effects, such as the articles in the 2007 Housing Policy Debate compendium, neighborhood context really means, who are your neighbors? What is their income? Are they in public housing, rentals, single-family homeownership, etc.? Are lots of them poor
over time? Are their families single-headed? What is their racial and age makeup? This is very much about people and how they might act on and with other people in space. Knowledge about how people act in groups can be very powerful; it can be useful to create, maintain, segregate, police and study a “they” and their behaviors. For example, some concentrated poverty researchers initially grounded themselves in Wilson’s observation that socially isolated neighborhoods are produced, but then discarded Wilson’s structural analysis for the immediate matter at hand: behaviors and how they are transmitted: “one needs to know the mediators: social organizations and networks; cultural processes; and parental, peer, and other processes” (Lehman and Smeeding 1997: 259; emphasis mine).

Social scientists want to understand the mediators through quantitative study -- biopolitics is inherently quantitative. Biopower “brought life and its mechanisms into the realm of explicit calculations and made knowledge-power an agent of transformation of human life” (Foucault, 1978: 143; emphasis added). This knowledge includes calculating the probabilities of a healthy reproduction of the species. Foucault contends that although the art of governance is concerned with future calculations, it does not begin from some sort of fixed positioning. It begins with a present accounting: “[G]overnment has as its purpose …the welfare of the population… and the means that the government uses to attain [its] ends are themselves all in some sense immanent to the population” (Foucault 1991: 100).

Despite the carefulness of this present accounting, race in these studies is either omitted or defined in a limited way (“membership in a minority group”)?, despite the fact
that poor people of color are more likely to live in concentrated poverty than their poor white counterparts. In the face of race being such a salient and observable factor in concentrated poverty, it is extracted, and concentrated poverty is looked at ostensibly without reference to race. Despite the obvious spatialization of racialized poverty, researchers ignore the insights of critical social geographers and collect data about the people in those places. What is the study of concentrated poverty about then, if not race or space? Under neoliberalism, it is about economic conduct in environments made up of particular people (and their economic choices), environments that are already racialized and disempowered.

In 1997, Wacquant writes his seminal critique of the social science of racially and economically segregated neighborhoods. Wacquant argues that social scientists dilute the term “ghetto” to mean any urban area of widespread and intense poverty, which “obfuscates the racial basis and character of this poverty and divests the term of both historical meaning and sociological content” (Wacquant 1997: 341). Wacquant critiques Jargowsky’s 1997 book *Poverty and Place: Ghettos, Barrios, and the American City*, despite the fact that *Poverty and Place*’s most important finding is that concentrated poverty neighborhoods respond to macrostructural economic forces, casting doubt on the ideas that neighborhoods are as isolated as they are often described, or that labor market outcomes are merely a function of behavior or choices. Jargowsky concludes, instead, that the primary factors behind the concentration of poverty are economic conditions and racial and class segregation (Jargowsky 1997: 185). Indeed, Jargowsky reviews Wilson’s contribution particularly in light of Wilson’s emphasis on *structural* factors. Regardless,
Wacquant emphasizes that poor and minority neighborhoods are “not simply a topographic entity or an aggregation of poor families and individuals but an institutional form, a historically determinate, spatially-based concatenation of mechanisms of ethnoracial closure and control (Wacquant, 1991)” (Wacquant 1997: 343; italics in original).

Wacquant further argues that social scientists understand the ghetto only in terms of lack and deficiency (again, behavior) and that they “exoticize” the ghetto, or highlight the most extreme behaviors (Wacquant 1997: 341). Wacquant asserts that many of the research variables are in fact “thinly disguised instruments of indictment of the putatively abnormal conduct of ghetto dwellers” (Wacquant 1997: 348). Wacquant counters that the ghetto is not disorganized but organized differently, in response to material deprivation, physical and social insecurity, racism and classism, symbolic and territorial stigmatization, and a hapless bureaucracy (Wacquant 1997: 346-347).

Rather than floating islands filled with disorganized and unrecognizable people, Wacquant argues, high-poverty racialized neighborhoods are produced and maintained. The people in them are responding as anyone would to frontal and rear attacks. Even over ten years later, a more powerful critique of the sociology of concentrated poverty is hard to come by. One would think that in the face of such a devastating critique that the study of neighborhood effects as it was practiced would be pause for self-reflection. In fact, the study of poor non-white neighborhoods continued, with both an uptick in the demand for quantitative rigor, an increasing obfuscation of race (with some notable recent exceptions), and an incomplete understanding of space.
Space in these studies is often understood narrowly as either a vector (part of the disease metaphors of collective socialization) or a box, a container of data variables about individuals. In 2003, sociologist Gotham posed a powerful corrective that seems to have gone largely unheeded, similar to Wacquant’s *cri de coeur*. Gotham argues that US sociologists merely conceptualize space as “a proxy for demographic, structural, economic or behavioral variables” (Gotham 2003: 726). In contrast to this space-as-proxy or space-as-container idea, Gotham turns to the geography literatures and instead theorizes space as a social construction, encouraging sociologists to better theorize space in terms of identity, agency, and resistance. Whether this will be taken up by sociologists remains to be seen.

*MTO’s Failed Reforms*

MTO, which assigned unrestricted housing vouchers to public housing clients, did not take race or gender explicitly into account in program design (remember, it is race-neutral), despite the fact that most public housing tenants today are poor, underemployed, young women of color with children (Thompson 2006). MTO showed some improvements in movers’ mental and physical health, thanks to the ability to leave high-crime neighborhoods, but showed little improvements in educational or economic outcomes. However, it was not until researchers did qualitative interviews that it became clear that the lack of improved access to jobs was connected to gender and race, and the processes by which gender and race marginalize and block access to other opportunities outside of labor opportunities.
The qualitative research with MTO participants revealed that a lack of affordable child care was a key reason that women who participated in MTO could not take jobs or had to move back to their old neighborhoods (Orr et al. 2003; Popkin 2004). In addition, the majority of the program clients (again, women) had multiple family responsibilities, such as caring for children and elderly parents; without cars, these caregivers could not continue to care for extended families without returning to their old neighborhoods (Boyd et al. 2006).

At the same time that mothers faced serious barriers to taking work outside the home, contemporaneous welfare reform in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) made welfare recipient mothers find work, and did not provide funds for child care. As Korteweg (2003) points out, this marks “breadwinning” as the most important part of parenting and "promotes a particular version of independence through labor force participation traditionally marked 'masculine.'” The implicit assumption of a male job-seeking policy subject combined with the masculinist and labor-oriented assumptions of free market theory takes women and children right out of the public policy equation, except/unless they are vilified as “welfare queens” or deviants (see Collins 1989; Hancock 2003). As Ingram and

---

6 The tie-in between citizenship requirements and housing benefits in PRWORA, although outside the scope of this discussion, illustrates how racism is materialized in policy through nationalism. Hardt and Negri argue that the instantiation of Foucault’s theorizing on security is a conceptual merging of war and policing. See Michael Hardt and Antonio Negri, Multitude: War and Democracy in the Age of Empire (New York: Penguin Books, 2004). The requirement to be a citizen and to work to receive public housing benefits aligns the fears of outsiders, renters, and poor people in one instrument.

7 Another explicit biopolitical move in the PRWORA is the “bonus to reward decrease in illegitimacy” provision, which provides up to $20-$25 million dollars for up to five states each year “for which the State demonstrates a net decrease in out-of-wedlock births” (PL 104-193, 110 STAT 2018, Sec. 403, Aug. 22, 1996), a simply stunningly biopolitical provision.
Schneider point out, the discursive linkage of “black,” “urban,” and “poor/welfare” has been construed as deviant and undeserving (i.e. the “welfare queen” of the Reagan era), and therefore, policies directed towards low-income blacks tend to be punitive (Ingram & Schneider 1993; Schneider & Ingram 1993).

Indeed, the net result of the changes in public housing policies of the neoliberal era, particularly those of the 1990s, was to “shift many of the poorest tenants from public housing to the private market” (Popkin et. al. 2000: 917). Unfortunately, it has been empirically shown that the private market cannot meet the demand of public housing families, largely due to the lack of affordable rental units that are large enough for families with children (Cunningham & Popkin 2002; Cunningham et. al. 2000; Goetz 2004; Popkin 2003; Popkin et. al. 2000). Public housing policy changes that opened public housing to the higher-end of the low-income population pushed out the people who need the most help with housing (Popkin et. al. 2000). The rapid demolition of public housing and the issuance of thousands of vouchers often floods rental local markets, which can drive further waves of disinvestment and segregation in “transitional” neighborhoods (Thompson 2006). All of these findings indicate that the shift in voucher policies had the potential to be punitive for the most vulnerable families.

What is Housing Policy?

The Quality Housing and Work Responsibility Act of 1998 (QHWRA) was intended to deregulate Public Housing Agencies, deconcentrate poverty, facilitate mixed-income communities, and “create incentives and economic opportunities for residents
assisted by PHAs to work and become self-sufficient” (Hunt et. al. 1998). The tie in between work and public housing eligibility naturalizes the fact that full-time working people do not necessarily move out of poverty and still need public housing assistance. Crump argues that "public and assisted housing policy is an overlooked, yet critically important aspect of a broad effort to (re)shape urban labor markets” (Crump 2003: 180).

Historically, housing policy has been many things.

As mentioned in Chapter 3, public housing began in 1937 as a means to temporarily house unemployed families and to create construction jobs (Orlebeke 2000). It then morphed into a minority “containment” program in the post-World War II era, with the construction of segregated high-rises (Hirsch 2000a; Hirsch 2000b). With the 1976 Gautreaux ruling, housing mobility programs shifted again to become a means to remediate the previous era of federally supported segregation. With the advent of HOPE VI in 1992, public housing policy became a catalyst for tenant dispersal and the development of mixed-income communities on the urban sites of the old high-rises. When MTO ran from 1994-1998, housing vouchers were used to deconcentrate poverty, intended to connect people to better job and employment opportunities. By 1998, public housing tenants were required to comply with “workfare” requirements, thus turning the original idea inside out: people in public housing are not the unemployed; they must work to qualify. During the same time period, incentives for home mortgage lending grew, and ultimately, incentives for making any mortgage, at any terms, grew as well. I follow the growth of subprime mortgage markets in the next chapter. First, I close this chapter with a discussion of the key differences between Gautreaux and MTO and what they mean.
Gautreaux vs. MTO: Important Differences

With the Gautreaux remedy, the Supreme Court ordered interventions into both black and white neighborhoods (moving African American public housing tenants to white, affluent suburbs) to remedy its own past behavior of segregation, and to address white racism and exclusion. The state recognized the importance of racial residential segregation, and tried to redress its past mistakes. By foregrounding the integration of families into white communities, this policy could be described as “assimilationist.” It is also about labor reform, which is itself assimilationist – the assumption is that predominantly white job markets need to open up to blacks.

In MTO, unlike in Gautreaux, the state no longer critiques its own actions, nor does it recognize or intervene in white affluence and exclusion. MTO does not intentionally move black people into white neighborhoods, nor does it refer to those neighborhoods as providing significantly more job opportunities, as the Gautreaux court ruling does. MTO, through its rigorous associated studies, looks instead at behaviors of a target population as they move from one place to another (very poor, and less poor). In short, the intention of housing mobility programs shifted from moving people into affluent communities to get access to potential educational and job opportunities, to moving people out of, in Foucaultian terms, “pathological” neighborhoods (and in conservative policy terms, their “cultures”). Similar to the political compromises Sidney (2001) refers to in the Fair Housing Act that opened up the suburbs only to a small number of affluent black families, the MTO program seems to be trying to alleviate potentially oppressive conditions for poor black families, but without upsetting white
communities (and then the MTO program is defunded halfway through, due to the fears of whites in Baltimore). The state seems to be giving up on assimilation.

But a common thread runs through both programs, and that is the reductive definition of racial discrimination and exclusion as being primarily about black male labor. This focus, although not empirically unfounded (black men were excluded from many labor markets) had unintended consequences: although the Civil Rights-era housing lawsuits, the Fair Housing Act, and Wilson all called for expanded government activity on behalf of male job seekers, the focus on labor was used to subsequently shrink government activity to the point that the state in many ways retreated from residential integration, and indeed, from public housing altogether: it expelled the lion’s share of housing production to the tax credit market; it stopped building (and started tearing down) public housing complexes, and it issued rent supplement vouchers for tenants to use at their discretion in the private markets. These moves to privatization often benefitted corporate interests more than housing tenants’ interests.

At the same time, in many studies of concentrated poverty, any meaningful understanding of race dropped out, and with it the larger arena of political, structural, economic, and social exclusion. Biopolitical measures of concentrated poverty neighborhood outcomes were quantified and collected, and space was reduced to a box of confinement or contagion. Taken together, this resulted in the problem that the Gautreaux remedy was supposed to solve -- spatial segregation from jobs for black males -- being rearticulated in HOPE VI and MTO as immersion in neighborhoods of
concentrated poverty -- and the behaviors they “bred.” Once again, housing policy objectives shifted, this time to attempting to interrupt extreme poverty.

Foucault’s insistence on the relationship between knowledge and power is important. By controlling the definition of a problem, researchers bring it into being – define it – and design its interventions. Recall that Foucault (2003) argued that the “weaker” race was no longer conceptualized as external or invading race (an “outsider”), but as coming from within, “a race that is permanently, ceaselessly infiltrating the social body, or which is, rather, constantly being re-created in and by the social fabric” (Foucault 2003: 61). Once discrimination in labor and housing markets was ostensibly outlawed by Civil Rights Era anti-discrimination laws, the problem could not be convincingly articulated as barriers to housing or to black male labor. But given the continuing disparate unemployment rates for whites and people of color, there was still a problem. And this problem was rearticulated as the pathological behaviors exhibited by poor black people living in concentrated poverty. Not only that, poor blacks were not only inherently problematic in and of themselves, but their closeness to each other was a threat – to families, to children, to neighborhoods, and to their wealthier “cousins.” This is the threat that comes from within. Recall that the Moynihan Report was predominantly concerned with the black lower class and its potential to threaten the black middle class through proximity, reinforced by racial housing discrimination and segregation.

The focus on reforming economic conduct (behavior) is a key tenant of American neoliberalism. The a-historical, de-racialized, de-gendered, “universal” subject presumed to make unfettered choices in an objective playing arena is present in neoliberal housing
policy assumptions (and underlies colorblind jurisprudence as well). Mitchell argues that in a neoliberal environment, exceptions to the white liberal ideal are banished from full societal inclusion, while the victim of banishment is represented as choosing her own exile (Mitchell 2006). In the context of public housing policy, public housing tenants are not involved in the design of housing policy – an example of the lack of full societal inclusion. Then the reconstitution of poverty and racial isolation that housing voucher users experience (empirically shown by Cunningham & Popkin 2002; Herbert & Brown 2006; Orr et. al. 2003; Smith 2002; Thompson 2006) can then be interpreted as the result of poor personal choices.

As we see in the next chapter, it is also during this era that the stage is set for the devastation of communities of color by predatory subprime mortgage lending. In the very same piece of legislation that created the Low Income Housing Tax Credit program that shifted the production of affordable rental housing to the private market, another policy promoted home mortgage interest deductions, when then incentivize the growth of the subprime refinance markets. The state was active in shaping private housing policy that would manifest itself the subprime crisis – policy decisions impacting the private mortgage markets would turn out to be as deeply racialized as public housing policy outcomes were. The foreclosure crisis turns the dream of homeownership into a nightmare of foreclosure and equity stripping for millions of families, disproportionately families of color, and ultimately leads to housing more tenuous than rentals. Legal aid lawyers in hard-hit Midwestern cities have told anecdotal stories of sold out “economy” hotels, as families who have lost their homes move into temporary housing only one step
removed from living in one’s car or in a homeless shelter (Personal Communication, 2010).
Chapter 5: The Subprime Lending Crisis and Racialized Population Management

*Introduction: The Policy Context of Subprime Lending*

The Low Income Housing Tax Credit Program (LIHTC) was created in the Tax Reform Act of 1986 (Internal Revenue Code Section 42). The LIHTC program is under the aegis of the Department of the Treasury, unlike all other housing programs, which are run through the Department of Housing and Urban Development (HUD). The intention of the LIHTC program was to create market incentives for the development or rehabilitation of affordable rental housing units. As the Department of the Treasury website explains, “the equity capital generated from the tax credits lowers the debt burden on LIHTC properties, making it easier for owners to offer lower, more affordable rents; while investors, such as banks, obtain a dollar-for-dollar reduction in their federal tax liability.”

The Tax Reform Act of 1986 (“TRA86”) was described at the time by the Staff of the Joint Committee on Taxation as “promoting the efficiency of the economy and … reducing the interference of the tax system in labor, investment, and consumption decisions” (Brockway and Weiss 1987: 9). In the very same piece of legislation that created the LIHTC program, a separate change in tax policy allowed individuals to

---

8 http://www.occ.treas.gov/topics/community-affairs/resource-directories/tax-credits/index-tax-credits.html#lihtc
deduct their home mortgage interest, and disallowed the practice of deducting consumer
debt interest (such as interest on credit cards). This development “gave consumers an
incentive to shift their consumer borrowing…into home equity borrowing” (Laderman
2001: 2). In short, the same piece of legislation incentivized borrowing in the home
mortgage markets (so much for reducing the interference of the tax system), while
pushing the production of affordable rental housing into the tax credit market.

Subprime products were enabled by other changes in federal legislation, including
deregulation. The Depository Institutions Deregulation and Monetary Control Act of
1980 (DIDMCA) and The Alternative Mortgage Transaction Parity Act of 1982
(AMTPA) (Chomsisengphet & Pennington-Cross 2006). Both preempted state mortgage
regulations: DIDMCA effectively eliminated states’ interest rate ceilings on home
mortgages where the lender has a first lien; AMTPA preempted state statutes that
regulated alternative mortgage transactions, such as those with balloon payments,
variable rates, and negative amortization. State preemption was ostensibly supposed to
help create a more efficient, national mortgage market (Malloy 1985-1986: 998-999).
Subprime lending did not grow significantly, however, until after the Tax Reform Act of
1986 and its incentives to increase mortgage debt.

Interestingly, there was an attempt during this same era to ensure that
communities of color had fair access to sustainable credit. The Community
Reinvestment Act was passed in 1977 to counter the practice of denying credit to low-
and moderate-income and minority communities. As CRA expert and law professor Michael Barr explained before Congress, the CRA “encourages federally insured banks and thrifts to meet the credit needs of the communities they serve, including low- and moderate-income areas, consistent with safe and sound banking practices” (Barr 2008). The CRA was passed one year after the Supreme Court ruled that the CHA had to desegregate public housing.

Unfortunately, the CRA lacked the scope needed to provide broad-scale fair lending. Despite erroneous claims that CRA fostered ill-advised subprime lending, in the peak years of the housing bubble (2005 and 2006) only 6% of subprime loans were extended by CRA-covered lenders in their communities to lower-income borrowers or neighborhoods (Canner & Bhutta 2008). In fact, studies have shown that the CRA has increased the volume of responsible lending to low- and moderate-income households (Yellen 2008). However, the CRA only applies to banks and thrifts that are federally insured. Independent mortgage brokers not covered by the CRA issued the bulk (likely 75%) of subprime loans (Barr and Sperling 2008). Researchers at the Joint Center for Housing Studies at Harvard University observed that the growth of the asset-backed securities and Alt-A Markets was intertwined with “the increasing reliance on the less

---

9 CRA examiners look at the number and amount of loans to low- and moderate-income borrowers and areas, and innovative or flexible lending practices, in the “lending test,” when they rate a bank’s CRA performance. Banks are also rated on the amount of their investments, on their innovation, and their responsiveness to community needs under the “investment test” and how well the bank delivers retail banking and community development services under the “service test.” These ratings are taken into account when an institution applies to merge or take over another depository institution, or to start offering new financial services, such as insurance and securities. The regulations therefore have real “teeth” in the industry.
regulated non-bank channel, from the loan broker to finance companies and independent mortgage banks to private securitization” (Belsky & Essene 2008).

In the 1990s, aggregate consumer debt rose -- along with housing values. The Gramm-Leach-Bliley Act, passed in 1999, facilitated affiliation among banks, securities firms, and insurance companies, and permitted financial conglomerates to cross-sell a variety of financial products to their customers (Wells and Jackson 1999). By 1999, 76% of the lending by subprime lending institutions was home equity lending (Laderman 2001: 1). Home equity lending occurs when the homeowner takes a new loan out secured by the existing equity in their home. This has nothing to do with making someone a homeowner; in fact, it puts the equity in the home at risk.

Who Are You Calling a Bad Borrower?

Demonstrating the power of Foucault’s theory on the creation and targeting of weaker populations, Peterson’s work shows that subprime lenders “manufactured” their customers – they targeted people with problematic credit histories or irregular/seasonal income, people wanting to buy manufactured homes (considered non-traditional housing because they are often on leased land), and people who lacked strong relationships with depository institutions through direct mail, telephone solicitation, email spam, internet advertising, and door-to-door sales (Peterson 2007: 2214). It did not stop with vulnerable populations, however. Mortgage brokers themselves created some of the “demand” for subprime mortgages – a Wall Street Journal article in 2007 reported that in 2005, 55% of people with subprime mortgages had credit scores high enough to qualify for
conventional loans; in 2006, this figure rose to 61% (Brooks and Simon 2007). Players in the subprime market were creating demand more than meeting it.

There was an incentive for brokers to originate mortgages in volume, because a new system had arisen in which mortgages across the country were harvested and bundled in different ways suitable for investment, a process known as securitization. Securitization quickly became profitable and popular on Wall Street, and capital flowed heavily into the securitized mortgage markets. Loans were packaged and sold as quickly as they were originated, and new loans were secured with funding from previous sales. In efforts to meet growing market demand, more loans were issued with little regard for the borrower’s needs.

And contrary to the discourse around “bad borrowers,” a recent study showed that mortgage default risk was most significantly associated with the terms of the loans themselves, not the characteristics of the borrowers, i.e.: “the broker-origination channel, the adjustable-rate terms, and the prepayment penalty … seem to contribute substantially to the elevated default risk among subprime loans” (Ding 2010). When Ding compared subprime to CRA-regulated loans, they found that the CRA-regulated loans were 70% less likely to default than a subprime loan. When broker-originated subprimes had both an adjustable rate mortgage (ARM) and a prepayment penalty, the default risk was between 4 and 5 times higher than the CRA-regulated loans.

The maze of transactions involved in securitization left consumers largely without transparent information or -- in a context where you most need one -- an advocate. When brokers became disconnected from both borrowers and lenders and answered (rationally)
to their bonus and incentive structure, consumers got pitched the worst possible product disguised as a great deal. Considering credit markets in general, researchers from the Joint Center for Housing Studies at Harvard University pointed out that:

Ample evidence has recently accrued that credit markets violate many of the essential assumptions for competitive markets to operate efficiently and fairly. Credit markets involve increasingly complex decisions about heterogeneous products that involve probabilistic judgments. Pricing is not transparent, comparison shopping is costly and difficult, and consumer decisions are prone to systematic and predictable errors in estimating the true probability of certain events that govern the long-term cost of the product and their capacity to repay it” (Belsky & Essene 2008: 4).

Due to these conditions, it should not be surprising that regulated, non-prime loans were outcompeted by the alternatives that emerged from the private sector. Community-based organizations that offered more fair and sustainable products lost market share to the “aggressively marketed, higher-cost subprime loans originated with the latest technology” (Apgar et. al. 2004). Although low income communities of color were initially and disproportionately impacted, subprime lending eventually occurred in middle class and wealthy suburban communities as well. House prices in some markets grew so high that even many affluent borrowers could not carry prime loans, and by 2007, subprime loans accounted for 29% of total home loans (Brooks & Ford 2007).

These loans were only bearable as long as home prices kept rising, and with them the potential to refinance. The price bubble finally burst in late 2007. The calamitous
fall-out from the subprime lending crisis is now well known around the world: millions of subprime and predatory mortgages in default, the implosion of Lehman Brothers, the inability of the insurance system to stabilize the situation, the hurried and colossal federal support in investment bank and insurance companies, the takeover of Fannie Mae and Freddie Mac, and a global recession. Communities around the country are dealing with acres of vacant and abandoned housing, falling municipal tax bases (and therefore, budgets), and no seeming end to their troubles in sight. Federal anti-foreclosure efforts are tepid; employment is weak; state budgets (and therefore pensions and collective bargaining rights) are under attack; and Congress is ready to dismantle public housing finance.

Harvey, in *A Brief History of Neoliberalism* (2005), provides a prescient parallel with the subprime lending crisis and the resulting financial bailouts:

Neoliberal states typically facilitate the diffusion of influence of financial institutions through deregulation, but then they all too often guarantee the integrity and solvency of financial institutions at no matter what cost…But this paradoxically means that the neoliberal state cannot tolerate any massive financial defaults even when it is the financial institutions that have made the bad decisions. The state has to step in and replace ‘bad’ money with its own supposedly ‘good’ money – which explains the pressure on central bankers to maintain confidence in the soundness of state money (Harvey 2005: 73).

This could be written about the recent TARP bailout, even with respect to the language: with the Troubled Asset Relief Program, the state is relieving “troubled” assets
with its own presumably less troubled money. Remember, Harvey also decries “accumulation by dispossession” by various strategies, including “the most devastating of all, the use of the credit system as a radical means of accumulation by dispossession” (Harvey 2005: 159). Harvey is actually referring to the recent history of the U.S. loans to foreign governments. When developing countries cannot make their loans and their governments are driven into bankruptcy, their assets are picked up by U.S. investors on the cheap. While the research on post-foreclosure asset disposition is still emerging, people across the country are anecdotally noting a pattern of speculative investors picking up foreclosed properties with cash, turning once majority homeowner neighborhoods into empty speculative units or rentals with absentee landlords.

Is the Subprime Crisis Post-Racial?

Harvey’s work on accumulation by dispossession presages the use of subprime credit to dispossess communities of color of nearly a quarter of a trillion dollars in home equity. Accumulation by dispossession, Harvey writes, relocates power into male-dominated commodity and credit markets (Harvey 2005: 170). Given Harvey’s tremendous contributions, we could conceivably describe the subprime crisis as another iteration of accumulation by dispossession, this time domestic, not international – that is, as the workings of a neoliberal state exemplified. Similar to the shift from Gautreaux to

---

10 Harvey’s solution is multi-faceted: confront the withdrawal of the state from social provision, confront the power of finance capital, and launch an oppositional politics based on a critique of existing conditions (Harvey 2005: 187-189). In fact, as recent events in Ohio and Wisconsin show, the state is actually withdrawing from social provision in the midst of a housing crisis. The power of finance capital is only growing – Wall Street is posting record profits in 2011. And the critique of existing conditions is often erroneous, as for example, the unfounded attacks on the CRA show.
MTO, the subprime lending and mortgage-backed security phenomenon grew and ultimately unraveled into crisis within the ostensibly post-racial neoliberal era. Post-Civil Rights, post-Fair Housing Act, and effected entirely by ostensibly non-racialized financial instruments, the crisis visited destruction on millions of American families.

But because the subprime crisis started in, and disproportionately affected, communities of color, and because it stripped our most recent homeowners of color (and their neighbors) of unthinkable amounts of equity (Rivera et. al 2008), can we really explain the subprime crisis as only about neoliberal financialization, and not about race? Could it be true that any vulnerable population could have been exploited, but it just happened to be people of color? Or could we talk about the crisis in a way that acknowledges its racialized, spatialized center and its racialized equity extraction, and does not reduce it solely to a crisis of capitalism?

Theorists are not the only ones talking about the crisis in terms of finance, and not in terms of race. In every federal policy response to the foreclosure crisis, from the financial bailout of big banks and insurance companies to the proposed reconstruction (or elimination) of the GSEs (Fannie and Freddie), the racialized roots of the subprime lending and foreclosure crisis, and its disproportionate impact on communities of color are not even noted. Currently, the federal commitment to affordable homeownership for people of color and low-income borrowers is openly under fire. Dymski (2009b) notes with frustration that economists are writing entire books about the crisis with no mention of race, despite the fact that the subprime crisis is deeply racialized. How, he wonders, can race hide in plain sight? Equally frustrating, critics of neoliberal financialization,
while contributing such powerful analyses regarding the state’s support of the financial elite, say little about race as well.

*Is the Subprime Crisis Truly About Homeownership?*

While policymakers have been loath to discuss race with regards to the subprime crisis, they are often quick to talk about retreating from their commitment to homeownership. But was the subprime lending crisis truly a crisis of failed homeownership? Empirical evidence shows that the subprime lending boom did not expand affordable homeownership, nor did it advance sustainable and responsible housing finance; rather, it led to a net loss of homeownership. The Center for Responsible Lending (CRL) found that “subprime loans made during 1998-2006 have led or will lead to a net loss of homeownership for almost one million families. In fact, a net homeownership loss occurs in subprime loans made in every one of the last nine years” (CRL 2007: 14).

CRL studies also show that over the period 1998 – 2006, only 9% of all subprime loans went to first time homebuyers (CRL 2007: 2). The majority of subprime loans in peak years went to *equity refinance* loans – that is, more subprime loans accomplished taking money out of homes and selling that debt on the secondary market than accomplished any kind of housing security or equity. Worse yet, some lenders anticipated that the borrower would be unable to repay the loan. This results in equity stripping, where the borrower taps any remaining equity to pay fees or penalties, or a new round of expensive refinancing (Eggert 2002: 11).
Unfortunately, the retreat from homeownership is reinforced in policy debates by two interrelated discourses: that of “bad borrowers” and that of “bad government” (blaming Fannie and Freddie). Over ten years ago, mortgage applicants in Britain were already being "examined" with respect to earnings, marital status, sexuality, health, and debt and categorized as risky or not (Gurney 1999). Despite this discourse, private market subprime lending was less about alternative, market-driven solutions to sustainable homeownership for families and more about allowing unregulated mortgage brokers to target vulnerable borrowers with unsustainable loans, largely to feed deregulated capital markets. Many of these loans ended in foreclosure and/or equity stripping instead of homeownership, showing that the state was actively shaping private housing policy whose outcomes were as deeply racialized as its public housing policy interventions were.

I recently contributed to a jointly-authored civil rights and fair housing advocacy response to the public call for comment on the future of housing finance that asserted that the wrong lessons were being learned from the subprime crisis. Studies indicate that non-prime, sustainable, affordable homeownership for low-income borrowers, done properly, can work just fine (Ding 2010). To re-write housing policy under the assumption that expanded home ownership for low-income people and people of color inevitably leads to foreclosure is to grossly misread what happened.

In this chapter, I briefly review some of the key factors contributing to the subprime lending and foreclosure crisis: the shift to a transactional, or fee-based, profit model and rising global inequalities; deregulation and the rise of the secondary mortgage
market; and lastly, the uneven, racialized landscape of housing and credit. It is here, in the racialized geography of uneven markets, that the lessons from Foucault and the meaning of the shift from MTO to Gautreaux come fully to bear. The de-racialization of federal housing policy and the shift to privatization really do go hand in hand, due to the duality of race in the neoliberal era: its flattening and erroneous transmogrification into economic conduct, combined with its historical anchoring in space. As the struggle over the Fair Housing Act in 1968 showed, many whites depend on private markets to sort blacks into deserving and undeserving neighborhoods, and then to provide them with services and opportunities. When undeserving people in troubled neighborhoods use unsustainable services or take tenuous opportunities, then they are sorted into where they belong: their streets (or jail), reconstituting race and class segregation. This effects racialized discipline with “race-neutral” mechanisms. Meanwhile, local, community, and state budgets are being cut, so that once families land in the streets, there are less supports (homeless shelters, unemployment insurance) to help them.

*Volume Transactions and Rising Inequality: Lending in the Neoliberal Age*

Subprime lending and the bundling and selling of mortgages grew so fast in part because default risk was divorced from the mortgage origination (Dymski 2009a). That is, mortgage brokers only had to originate and sell a loan, not bear any risk for its performance. The subprime lending model is a *transactional* profit model: rather than originating loans and holding them over time for interest rate returns, banks make money by originating and selling loans, and charging a fee for the transaction. Making money
on transactions rather than long-term investments has spread to many financial institutions and services (i.e. overdraft fees). This model disproportionately charges the least affluent customers, and it does not build equity for customers or communities. Yet a handful of clever profiteers like hedge fund manager Paulson profited handsomely from subprime lending (Morgenson & Story 2010). Analogously, if we look at the LIHTC program, the largest and most significant shift in public housing policy – pushing affordable housing construction into the private market – can be viewed as primarily increasing profits for corporations, while continuing the racial and economic segregation of vulnerable families.

Recall that Harvey argued convincingly that increasing inequality is at the core of – not an unfortunate by-product of – neoliberal state policy. He noted that this inequality is borne largely by the most vulnerable populations, including women, people of color, the poor, the disabled, and those in the developing world. However, he does not explore neoliberal shifts alongside racial politics, except to note that identity politics that focus primarily on individual rights can be neatly folded into the neoliberal primacy of individual market freedoms. Harvey’s conclusion is that neoliberalism world-wide has been a successful attempt to restore class power, under the camouflage of the rhetoric of restoring individual freedoms and ensuring the well-being of the majority of the world’s population.

Harvey observes that the biggest problem confronted by the neoliberal state is the glaring disparity between what it promises (improved well-being of most, if not all, of its citizens) and the actual outcome (tremendous disparities; concentration of wealth in the
hands of a few). Harvey theorizes that the “uneven development” of neoliberalism has one universal tendency, and that is to increase social inequality, exposing vulnerable people and places to increasing marginalization. In short, for Harvey, neoliberalism exacerbates already existing inequalities and vulnerabilities, racialized or otherwise.\(^\text{11}\)

Harvey is not wrong about one thing -- global inequalities have increased. But as Dymski notes, globalization has *deepened* market segmentation, not flattened markets: “financial globalization processes...have widened gaps between those with ready access to comprehensive, wealth enhancing financial services and those with limited pay-as-you-go, fragility-enhancing financial services” (Dymski 2009b: 267). Dymski asserts that geography is still quite relevant in finance because there are feedback loops between processes of financial globalization and the socio-economic fabric, and that "government policy is fundamental, not antithetical, to the construction of banking markets" (Dymski 2009b: 274). Here Dymski is echoing the Foucaultian interest in feedback loops between the private market and public policy.

Indeed, global institutional and national state practices facilitated the exploitation of local markets by knowledgeable local actors, and supported the expansion of a secondary market to buy up the products. Subprime lending took advantage of devolution, uneven markets, and huge capital reserves: unregulated bank subsidiaries were allowed to sidestep anti-predatory lending legislation, and then utilize local actors to

\(^{11}\) The second biggest problem Harvey notes is that the “nationalist” values the neoliberal state espouse rub uncomfortably against its predilection for global free market reforms. Harvey posits that when these crackling dissonances became too difficult for people to reconcile, the state relies on a discourse of “order” and “morality” (Harvey 2005: 79). In addition, the neoliberal state explains financial crises, ironically enough, on too much state intervention and corrupt relations between the state and business interests. Harvey’s book was written before the current financial crisis and was in fact referencing international debt crises, but one only has to remember Sarah Palin’s incoherent rants to see both responses in one red suit.
sell unsustainable products to vulnerable people – serving markets, as Wyly and his colleagues pointed out in 2006, that were historically neglected by prime, mainstream lenders (Wyly et. al. 2006).

The growth of unequal credit grew up alongside a four-decade widening of income and wealth inequality in the U.S. For example, from 1994 to 2000, widely considered very good economic times for African Americans, white family incomes grew about 17 percent. African Americans family incomes grew over this period at an even stronger rate, 24 percent. However, the result of the relative gain was that African Americans' median family income in 2000 finally equaled the median family income level in the United States *in 1965* (Stoll 2004).

Back in pre-recessionary 2002, economist Paul Krugman reported that 1 percent of families received about 16% of total pretax income, while median family income had risen only about 0.5% a year, an increase mostly due to wives working longer hours (Krugman 2002). Krugman argued that this astonishing concentration of wealth at the top was why the U.S. had more poverty and lower life expectancy than any other major advanced nation. In 2005, also prior to the current crisis, The Children’s Defense Fund warned that “on average [over the last 30 years], the income of the top 20 percent of households was about 15 times greater than that of the households in the bottom 20 percent—the widest gap on record based on an analysis of U.S. Census Bureau figures” (Children’s Defense Fund 2005: 4; see also Lardner & Smith 2005).

This rising inequality is not necessarily due to lack of unemployment, but the terms of that employment. Nearly seventy percent of poor children in 2010 lived in
families where at least one family member worked (The Children’s Defense Fund 2010: xii). Thanks to rising housing prices in rental markets, a full-time minimum wage job does not ensure the ability to rent an apartment. The National Low Income Housing Coalition reported that “in no state can an individual working full-time at the minimum wage afford a two-bedroom apartment for his or her family” (DeCrappeo et. al. 2010: 6-7).

Dymski (2009a, 2009b) shows how the shift to a fee-based economy and widening inequality builds on and exacerbates racialized space. Dymski reviews how the breakdown of Bretton Woods, cross-border lending crises, and macroeconomic instability led to the dissolution of post-War banking structures (Dymski 2009b: 273). Differentiated consumer markets emerged, and banks started competing for both lower- and upper-income consumers. The banks’ shift from interest to fees segmented customer classes (Dymski 2009b: 277) and targeted lower-income customers.¹²

Because lower-income customers have income flows but are often cash short, they are targeted for short-term lending that builds in margins and fees (Dymski 2009b: 274). Formerly excluded customers are now included, but under exploitative terms and conditions, "at exculpatory rates, involving loan contracts that will reduce net worth rather than building it, loan contracts that involve buying time in the present at the expense of options in the future" (Dymski 2009b: 277). In short, the shift to a fee

¹² In another article, Dymski pointed out that part of the Northern bank reach out to the global South was driven by interest in remittance market (Dymski 2009b). The remittance market is a little-covered but enormous global profit maker for non-bank institutions. Remittances (funds that workers send back to their families in their country of origin) are the largest interactions between immigrants and the financial sector, yet most of the transactions are through non-bank entities that charge high fees.
structure actually worsens the financial outlook for most low-income families. From the subprime mortgage prepayment penalties to credit card fees to insufficient funds fees to remittance fees, the individuals shouldering the punitive fees are those least able to bear the burden.

Securitization and the Rise of the Secondary Mortgage Markets

The racialized geography of subprime exploitation was fueled by the appetite of the secondary mortgage market for securities. To understand this development better, we need to back track to the 1960s, at which point the growth of majority-white suburbia was fully underway. Recall that Fannie and Freddie were created in the 1930s to respond to the crash in the housing market caused by the depression. Their role was to purchase mortgages from lenders to increase the flow of credit.

By the 1960s, Fannie Mae was purchasing many mortgages, largely to meet particular policy goals, such as increasing affordable housing options for the elderly. Peterson (2007) explains that pressure grew to have the federal government provide liquidity for conventional loans made by non-depository mortgage lenders (Peterson 2007: 2198) – that is, to provide a market for private mortgage loans as well as for publicly-supported ones. In 1968, Fannie Mae got split into two agencies: The Government National Mortgage Association (Ginnie Mae), which retained the function of purchasing non-conventional FHA and VA insured mortgages, and a new Fannie Mae, “whose primary function would be to purchase conventional home mortgages from private lenders” (Peterson 2007: 2198). In 1970, Congress created a similar agency to
Fannie Mae, called Freddie Mac. Fannie and Freddie (known as Government Sponsored Enterprises or GSEs) were examples of a public-private hybrid (publicly chartered, but with private shareholders) until their takeover by the Federal government in September 2008, when it became clear that they were in dire financial trouble. The GSEs were in trouble, Peterson shows, because they bought private label mortgage backed securities issued by investment banks, securities produced by a deregulated private market (Peterson 2009: 169) – not because of their own underwritten mortgages or issued securities, which for the most part did not default (Peterson 2009: 164).

Soon after their creation, Ginnie Mae and Freddie Mac began issuing mortgage-backed securities. Securitization is the process by which public and private agencies buy home mortgages, deposit large amounts of them in pools of mortgages, and then sell participations in the pools of mortgages to investors on Wall Street (Peterson 2007: 2208-2211). Securitization provided a way for capital markets to finance -- and capture some of the profits from -- large-scale mortgage lending. The GSEs purchased mortgages from lenders to hold or, in most cases, resell as mortgage-backed securities, providing significant amounts of financing for the mortgage lending industry. This increased volume of mortgage transactions required standardizing mortgage underwriting and origination on a large scale, which resulted in automated underwriting (and the parallel decline of relationship banking), as well as the institutional underwriting/guaranteeing of credit debt.

The private sector’s ability to securitize separately from GSEs grew in the late 1970s (right around the time of the Gautreaux ruling). Because the GSEs used
conventional underwriting criteria and would not buy jumbo mortgages, ARMs, home equity loans, or subprime mortgages, the private market moved to fill this segment of the market (Peterson 2007). A subprime loan is characterized by higher interest rates (sometimes with a low “teaser” introductory rate that then gets adjusted upward), fees and points, pre-payment penalties, balloon payments, adjustable rate mortgages (ARMs), and broker solicitation (Ding 2010: 6).

Subprime loans began in the credit card and auto loan industries, then gravitated into home equity loans, wherein borrowers often consolidated their consumer debt (Belsky & Essene 2008). Subprime loans typically have much higher delinquency and default rates than conventional loans (Ding 2010). The broker’s incentive is to close the loan while charging the highest combination of fees and mortgage interest rates they can get. They have no long term interest in the performance of the loan, because the loan is usually quickly purchased and re-sold on the secondary market. Brokers were also compensated for getting borrowers to pay higher rates than those for which they qualified, known as the “yield spread premium.”

The private securitization process was facilitated, Peterson shows, by the development of sophisticated pricing models, the development of term- and risk-partitioned securities (tranching), and the development of ratings agencies and credit enhancements (Peterson 2007: 2200-2204). It is critical to highlight that subprime loans were specifically intended for the securitization market (Peterson 2007: 2214-2215). That is, these higher-risk loans were intended for investment and trade in the secondary mortgage market. Subprime lending was more about generating a huge volume of loans
to be securitized and sold, than it was about making someone a homeowner. Thus to characterize the subprime lending crisis as about failed homeownership is to misread the intent of subprime lending, not just its outcome.

**Racial Discrimination in Housing and Credit: The Geographies of Exclusion**

Although outright racial segregation in home mortgage lending is no longer legal, the patterns and practices of discrimination in housing markets have persisted into the 21st century (Galster 1998; Galster & Godfrey 2005; Powell 2003; Roisman 1998; Turner et. al. 2002; Yinger 1998). In addition to continuing discrimination in sales, modern inequalities include discriminatory terms of credit availability and pricing. Even after controlling for income, there is a racial gap in the ability of non-whites to secure prime loans.\(^{13}\)

Scholars and activists have been decrying the aggressive, and sometimes predatory, marketing of higher-rate loans to elderly, minority, low-income, and disabled homeowners for almost a decade (Eggert 2002; Engel & McCoy 2005). In the current crisis, people of color disproportionately received subprime loans, regardless of risk factors such as credit scores (Bocian et. al. 2006). In fact, subprime lending has a racialized geography – that is, brokers targeted vulnerable and marginalized communities (Wyly et. al. 2006; Wyly et. al. 2008; Crump et. al. 2008; Aalbers 2009). Subprime loans had a distinct geography even down to specific loan terms -- for example, rural and

\(^{13}\) A 2006 HUD study showed that the African American differential is 21 to 42 basis points; for non-white Hispanics, 13 to 15 basis points, even when controlling for differentials in available household, loan, and property characteristics (See Thomas P. Boehm and Alan M. Schlottmann, "Mortgage Pricing Differentials across Hispanic, Black, and White Households: Evidence from the American Housing Survey," (U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2006).
minority neighborhoods were more likely to receive prepayment penalties, even after controlling for a set of underwriting factors (Farris & Richardson 2004).

Subprime mortgage brokers targeted communities of color because these neighborhoods were starved of prime credit options, or because families who had managed to pay off their homes with cash were equity rich but cash poor, and had unmet credit needs. People often refinanced their homes to pay down other debt, including higher-cost credit card debt, medical care, and educational expenses (Stegman et al. 2007: 29-30). Termed “reverse redlining,” the targeting of vulnerable neighborhoods was possible because prior redlining had isolated these communities from mainstream banking and lending. In other words, “the old inequality helped made the new inequality possible” (Williams et. al. 2005). Legislation intended to slow egregious lending practices, such as The Home Ownership and Equity Protection Act of 1994 (and subsequent state versions of the law), was largely criticized for inadequate reach and enforcement (Eggert 2002). A 2006 study found that “the typical [state] law has little impact on the flow of subprime credit” (Ho & Pennington-Cross 2006: 226). Meanwhile, no federal regulatory agency was explicitly tasked with consumer protection as a mandate. Subprime loans go into delinquency and foreclosure more often than prime and FHA loans (Ding 2010). Therefore, the minority and low-income neighborhoods that disproportionately received subprime loans are now bearing the brunt of the foreclosure crisis.

A handful of scholars have recently highlighted the racialized nature of the crisis while also acknowledging the power of capital and class in an age of global finance. For
example, Wyly and his co-authors carefully detailed the racial targeting and racially
disparate impact of subprime lending in 2006, before the crisis exploded on the national
stage, and acknowledged the need for improved civil-rights enforcement, litigation, and
activism. Further, in advance of the Parents Involved ruling, Wyly warned that:
"[s]ooner or later, the Right will succeed in its judicial campaign to invalidate all race-
conscious remedies for discrimination" (Wyly et. al. 2006: 126). Wyly et. al. then called
for the community reinvestment movement to build on its existing multiracial alliances
“to forge a class consensus on the essential purpose of reinvestment and capital access"
(Wyly et. al. 2006: 127; italics in original).

In a subsequent article, Wyly and his colleagues demonstrated that subprime
lending occurred most often in areas with the highest denial rates, contradicting the claim
that subprime lending improved credit flow to underserved communities (Wyly et. al.
2008). Wyly et. al. found that subprime lending in fact existed alongside continuing
market segregation. Given that most of these high-denial/high-subprime areas were
found in the Deep South, the authors observed that: “the result maps out the deep,
sedimented histories identified 60 years ago as the American Dilemma (Myrdal 1944,
especially Volume II, pp. 605-638). The pattern is inescapably American, geographical,
historical and contemporary. This is today's home-financing legacy of the black Belt that
was created across the US South in the Reconstruction era" (Wyly et. al. 2008: 9).

In the “Forum on the U.S. Foreclosure Crisis” in Urban Geography (2009), the
editors wrote that “uneven new geographies of debt, risk, and default [are] superimposed
atop existing landscapes of old-fashioned exclusionary discrimination” (Crump et. al.

146
The landscape of racial segregation and financial inequality was indeed one of the necessary conditions for the unfolding of the subprime crisis. The work of the scholars in the *Urban Geography* Forum is part of a long tradition in critical geography of drawing on Marx, LeFebvre, and Harvey to analyze the capital accumulation that results from “uneven development” (Cox 2002). In the afterword to a 2009 *International Journal of Urban and Regional Research* symposium on the subprime crisis, Dymski noted that every author referred to pre-1990 work on urban accumulation by Harvey (Dymski 2009b: 433). The best of this work engages the dualities and contradictions of the subprime crisis: its globalism and its localism, its exploitation of spatial difference and its subsequent homogenization into financial instruments, and the role of the state in creating and fueling the growth of a voracious secondary mortgage market.

Indeed, Gotham (2009) shows compellingly how the U.S. state – in particular, the Office of the Comptroller of the Currency and HUD – contributed to the growth of the secondary mortgage market and unsustainable subprime lending in the two decades prior to the crisis, with the preemption of state consumer protection statues and the crediting of the purchase of subprime mortgage securities towards affordable housing goals, respectively (Gotham 2009: 364-365). Gotham also calls attention to a 2007 Supreme Court ruling -- the same year as *Parents Involved* -- that declared that states could not regulate the mortgage-lending subsidiaries of national banks. This lack of regulation helped lead to predatory practices on the local level. These geographies of exclusion are fueled by large-scale actors with access to global capital, and yet they manifest locally.
When one scale is destabilized, so is the other, as the recession that stemmed from the foreclosure crisis showed.

**Disciplining Racialized Populations through Privatization**

As I proposed in Chapter 2, if we combine the Foucaultian elasticity of race and racial discipline in a biopolitical era with the critical race and geographic theory that anchors race in places and spaces with particular meanings, and if we take seriously Foucault’s claim that the state creates targets of intervention in a biopolitical age only to annihilate, and perpetually recreate (and target and annihilate) them, then we can see something new. “Race” in the U.S. today is both anchored in a perpetual creation and attempted annihilation of poor neighborhoods of color, and it expands spatially and discursively to capture whites in its racialized discipline of a “weaker” population. A 2008 *Proceedings of the National Academy of Sciences* article recounted that "individuals who are unemployed, incarcerated, or impoverished are more likely to be seen and identify as black and less likely to be seen and identify as white, regardless of how they were classified or identified previously" (Penner & Saperstein 2008: 1). That is, race can have meaning through patterns and practices of exclusion that are independent of skin color or ethnicity; patterns and practices that shift with material and economic identification, deprivation, and exclusion. I believe that subprime lending will be added to the roster of disciplinary actions (layoff, incarceration, poverty) that imposes a racialized identity. The subprime crisis targeted and visited its destruction disproportionately on people and communities of color. But it also expanded to capture
anyone living near these communities, regardless of their color or income, before it went on to target and exploit markets marked by other differences (overheated home prices, etc.).

Justice Kennedy’s direction of attention to “neighborhood demographics” in Parents Involved was ironically on target: Wyly et. al.’s 2006 research on the geography of subprime lending showed that people were targeted by geography more than by individual risk profile. That is, in exclusive neighborhoods, subprime applicants were offered prime credit, while in lower-middle class and working class neighborhoods, subprime lenders pursued borrowers with comparatively good risk profiles (Wyly et. al. 2006: 119). Neoliberalism’s emphasis on individuality and choice falls down under the pressures of racialized population discipline.

Despite the enormity of the foreclosure crisis and the resultant recession, the Federal Administration’s relief for homeowners has been tepid. A Congressional Oversight Panel reported in December of 2010 that HAMP was expected to stop about 750,000 foreclosures. By contrast, the program had intended to stop three to four million foreclosures; eight to 13 million foreclosures are expected by 2012 (December Oversight Report 2010: 4). The private market is doing a worse job, such that in late 2010, Arizona and Nevada attorney generals filed civil lawsuits against Bank of America regarding their loan modification practices (Christie 2010), and the first consumer class action lawsuit was filed against them as well (Field 2010). And the Administration’s analysis of the crisis is “race-neutral:” The “Financial Crisis Inquiry Commission,” a bi-partisan Congressional commission created to investigate the causes of the crisis, lists twenty-two
areas of interest, not one of which is the history of racial segregation in credit markets, redlining, predatory lending targeted to communities of color, or the like.¹⁴

In February of 2011, the Department of the Treasury and the Department of Housing and Urban Development (Treasury/HUD) released a joint report on the potential role of the government in the future of housing finance. In this report, three different scenarios are discussed. In the first scenario, housing finance is completely privatized, with the exception of limited government support for narrow channels of borrowers (people who qualify for FHA, USDA, and Department of Veterans’ Affairs loans) (Treasury/HUD 2011: 27). The second scenario adds to the first scenario a “guarantee mechanism to scale up during times of crisis,” although what this mechanism would look like is not spelled out (Treasury/HUD 2011: 28). The third scenario is comprised of the first scenario (again, housing finance is largely privatized but with limited support for low- and moderate-income borrowers) plus “catastrophic reinsurance behind significant private capital” (Treasury/HUD 2011: 29). Rather than the GSEs having an implicit guarantee, private capital would have an explicit guarantee.

The Administration’s report enumerates repeated and costly failures of the private market, including poor consumer protections, inadequate regulations, a securitization chain that allowed brokers and originators to profit without regard to mortgage loans’ future performance, inadequate capital in the system, and a poorly performing servicing industry (Treasury/HUD 2011: 5-6), then turns the solution over to said market. While the Administration faults Fannie and Freddie for serious errors, the report clarifies that

¹⁴ See http://www.fcic.gov/about
affordability goals did not drive the failure of the GSEs. In fact, the report notes that private market security performance was often lousier than that of Fannie and Freddie portfolio, even without affordability goals: “delinquency rates on many PLS securities and other loans held by banks and other private market institutions were far higher than on the loans held by Fannie Mae and Freddie Mac, including loans qualifying for the affordability goals” (Treasury/HUD 2011: 8).

Rather than drawing the conclusion from its own evidence that an unrestricted private market naturally inclines to low-quality products, predatory lending, and inflated mortgage prices, the federal response seems to be a “hair of the dog:” the report recommends that the primary source of mortgage credit for the American people should now come from private markets. The report also makes no mention of one of the primary enablers of subprime credit, racial segregation in housing and credit. It was not as though folks had a menu of options; often, in under-served neighborhoods, the only option was a subprime one, even if you were credit-worthy (Wyly 2006). In the Treasury/HUD report there is no affirmative obligation for fair credit, nor is there language on anti-discrimination in secondary and primary mortgage markets, despite a clear record of discrimination.

In addition, the report fails to note that during 1998 – 2006, only 9% of all subprime loans went to first time homebuyers (CRL 2007). The majority were refinance loans, loans that were disproportionately marketed to African American neighborhoods (Cohen 2008). The Treasury/HUD report does, however, include a problematic and erroneous discourse on “bad borrowers” taking on more debt than they could afford.
(without the caveat that they were often steered toward it) and using their home equity “like an ATM” (Treasury/HUD 2011: 5). The report then seems to endorse the idea of taking money out of housing markets entirely, i.e. by restricting home loan availability, “more capital will flow into other areas of the economy, potentially leading to more long-run economic growth and reducing the inflationary pressure on housing assets” (Treasury/HUD 2011: 27), without submitting any empirical evidence for this position.

My view is that this exercise has been run; it was called predatory equity refinancing, and I say this in my current contribution to the civil rights and fair housing coalition response letter to the Treasury/HUD paper (currently embargoed).

And the report seems to have a bizarre head-in-the-sand approach to the history of the government role in housing finance, when it states that “under normal market conditions, the essential components of housing finance – buying houses, lending money, determining how best to invest capital, and bearing credit risk – are fundamentally private sector activities” (Treasury/HUD 2011: 12). By “normal market conditions,” do they mean the pre-Depression era, when only a handful of very wealthy people could afford homes? With this document, the Democratic Federal Administration is proposing the reversal of seventy years of federal involvement in housing finance and the intergenerational equity that it engenders. The full privatization of housing policy, only hinted at in MTO, and only obliquely transferred to the tax credit market in LIHTC, has begun. And if it transpires, it will disproportionately hurt, or in Foucaultian terms, discipline, low-income families of color.
Chapter 6: Conclusion

Introduction

The shift in public housing vouchers from racial integration in the Gautreaux remedy to poverty deconcentration in the MTO housing and research program is important to understand in and of itself, but also in the context of increasing judicial color-blindness, the deconstruction of public housing towers and increasing reliance on housing mobility vouchers, the transfer of the lion’s share of affordable rental housing to the private market with the creation of the LIHTC program, and the resultant large-scale continuing racial and economic segregation of public housing tenants. It is also important to consider alongside changes in housing finance policy that resulted in the rise of subprime home mortgage lending. In the previous chapter on subprime lending and foreclosure, I concluded that the full privatization of housing finance has begun, and that this will only further marginalize, exclude and exploit low-income people of color who aspire to sustainable housing tenure.

In this chapter, I review and tie together these developments in light of my critical apparatus, which blended Foucault’s contributions on biopolitics, neoliberalism and race with critical race theory and the neoliberal critique of uneven development. For Foucault, non-normative populations are brought into being in order to intervene in them; that is, their construction and documentation occur at the same time that the state
determines a need for intervention. This inevitably sets up a cycle of failed policy reforms, because it is useful to create and document “weaker” parts of the population subject to intervention, in part to create and discipline the normalized population. From my perspective as a critical social geographer and a racial justice advocate, I argue that Foucault’s “weaker” species is also spatialized – it is broadened to include not just the racialized poor, but anyone who lives near them.

Foucault argues that because racism is the only way the state can kill in an era obsessed with the management of improved life outcomes, the state constructs racialized populations in order to annihilate them, literally, through the right to kill; and politically, via an endless series of failed reforms, including enrolling them in punitive, deregulated private markets. I conclude that current neoliberal housing policy evidences the state’s punitive discipline of racialized populations in an era of ostensible “race-neutrality” -- and even state withdrawal.

In fact, the brief history of federal housing policy recounted here and my more in-depth look at the recent neoliberal period reveals that housing policy has been used to advance the attempted labor reform of black men (and thus cultural reform of black families), concretize the biopolitical study of disadvantaged populations in space, and encourage the growth of securitized debt. The resultant policies were often ineffective or actively worked against the improvement of housing security for people and communities of color and for low-income families.
From Gautreaux to MTO

In contrast to the Gautreaux remedy, the Moving to Opportunity program design did not mention race; instead, it used concentrated poverty as a proxy for neighborhood opportunity. Further, it incorporated a quantitative study of population outcomes in the private market to inform future policy investments. This connection between the loss of policy attention to race, the ascendance of the quantitative study of the behaviors of disadvantaged populations in space, and the state policy interest in observing certain outcomes in private markets to inform future policy design is at the heart of my findings, and applies to more than this specific policy shift.

As I show, the loss of attention to race and its “substitution” by concentrated poverty in MTO occurred partially because racial segregation was defined twenty years earlier in narrow and alienable terms conducive to a focus on economic behaviors and outcomes: specifically, in terms of male labor opportunities. The (re-)capture of male labor in the private market (as opposed to its previous enslavement or exclusion) was considered critical to the reconstitution of heteronormative black families, presumably torn asunder by the history of slavery, Jim Crow, and the resultant lack of a successful male breadwinner. According to the Moynihan and Kerner reports, the lack of black male employment resulted in a pathological population: families characterized by divorce, female-headed households, illegitimate children, and welfare dependency. In the process of identifying barriers to male employment opportunities, the state at the same time created a related, pathological species: the foundering black family. This provided the critical political and rhetorical impetus to find jobs for black men; without them,
society was doomed to ineffectively and continually support “welfare queens” and their “aggravating tendencies” (children).

In response to these barriers to male employment, the state prohibited housing discrimination through the Fair Housing Act, and promoted race-conscious affirmative action in employment and neighborhoods. Early supporters of Fair Housing Act assured nervous white politicians and their constituents that the market would take care of “who moves into what house in which neighborhood” (Sidney 2001: 198), demonstrating the nascent relationship between the neoliberal belief in the market’s ability to sort people into deserving and undeserving groups, and weakened anti-racism policies. I conclude that while the Fair Housing Act and the Gautreaux remedy both grapple affirmatively with at least some of liberalism’s exclusions (it was indeed important to make racial segregation and discrimination in housing and employment illegal), the narrow framing of racialized opportunity inadvertently helped shift later housing policy away from considerations of structural racial discrimination, and towards a poverty deconcentration program largely intended to disrupt neighborhoods of concentrated poverty and their cultures -- pathological cultures which prevented normal economic conduct.

Foucault’s insistence on the relationship between knowledge and power is important. By controlling the definition of a problem, researchers bring it into being – define it – and design its interventions. Once discrimination in labor and housing markets was ostensibly outlawed by Civil Rights-era anti-discrimination laws, the problem could not be convincingly articulated as barriers to housing or to black male labor. But given the continuing disparate unemployment and poverty rates for whites and
people of color, there was still a problem. And this problem was rearticulated as the spatial concentration of poor people of color. Recall that Foucault argued that the “weaker” race was no longer conceptualized as external or invading race, but as coming from within, “a race that is permanently, ceaselessly infiltrating the social body, or which is, rather, constantly being re-created in and by the social fabric” (Foucault 2003: 61).

Not only was pathology generated from within – in “inner-cities” and “the urban core,” but poor blacks threatened themselves, families, children, neighborhoods, cities, and their wealthier black “cousins.” The Moynihan Report was very concerned with the black lower class and its potential to threaten the (non-pathological) black middle class through proximity, reinforced by racial housing discrimination and segregation.

In sociology studies of concentrated poverty, the effects of racial segregation were represented largely in the literature by measurable aspects that conformed to ideas of scientific validity. This privileged quantitative rigor and methodological questions over historical and present day systems of exclusion and marginalization that defy such representation. Next, these measurable phenomena were monitored as they unfolded in private markets, to find the most effective ways of governing. This quantitative monitoring, Foucault argues, is inherent to biopolitics and embeds an a-priori and permanent critique of government action (in this case of MTO, in the investments in housing vouchers and housing counseling).

Unlike *Gautreaux*, MTO is, in Foucaultian terms, testing the investment into an individual’s migration in terms of its effect on economic conduct. By focusing on the effects of one particular variable (the impact of housing counseling) and by using random
control groups to avoid selection bias, MTO studies neglect the historical practices of racial exclusion, segregation, and violence, escalating economic inequality, and the co-constitutive dynamics of sexuality, gender, ability, etc. As racial isolation and concentrated poverty are studied in a limited and “quantitatively rigorous” way, in both MTO and the surrounding decades of studies of concentrated poverty, housing “choice” is pushed to unfold in the context of market discipline and government observation, ultimately to find new effective ways of governing. The focus on regulating economic behavior, or “choice,” is a key tenant of American neoliberalism. The a-historical, de-racialized, de-gendered, “universal” subject presumed to make unfettered choices in an objective playing arena is present in neoliberal housing policy assumptions (and underlies colorblind jurisprudence as well). In the context of public housing policy, the reconstitution of poverty and racial isolation that housing voucher users experience can then be interpreted as the result of poor personal choices.

The problem that the Gautreaux remedy was supposed to solve -- spatial segregation from jobs for black males -- was ultimately rearticulated in HOPE VI and MTO as immersion in neighborhoods of concentrated poverty -- and the behaviors they “bred.” This had unintended consequences: although the Civil Rights-era housing lawsuits, the Fair Housing Act, and Wilson all called for expanded government activity on behalf of male job seekers, and although Gautreaux called for an affirmative integration of poor families of color into more affluent, “mainstream” communities, a limited framing of racialized opportunity was used to subsequently shrink government activity to the point that the state in many ways retreated from integration, and indeed,
from public housing altogether: it expelled the lion’s share of housing production to the

tax credit market; it stopped building (and started tearing down) public housing

complexes, and it issued rent supplement vouchers for tenants to use at their discretion in
the private markets.

Findings

It is not new to observe that under neoliberalism, the state shifts responsibility for

public policy goals to the private market. It is also not a revelation that public policy is

often about male, formal employment and economic outcomes, or that “race-neutral”
policies actually continue to racialize. What is new in my work is an explication of how

these things are often actively weaving together, so that an ostensibly withdrawn, race-
neutral state can enroll, racialize, and segregate populations in space. While race-neutral

housing policies and judicial remedies propose to proxy concentrated poverty for race as

primary markers of opportunity in America, intersectional critical race theorists maintain

that they are related in space in intentional, complex, and gendered ways. I add that the
limited malleability of race in the US – that is, race can shift to encompass expressions of
spatially concentrated disadvantage, but is still connected to a history of racial

subjugation of people of color and the appropriation of their labor – results in the

perpetual, failed management of low-income neighborhoods of color. In fact, many

federal housing policies, from the increased production of affordable housing units to the
tremendous growth in subprime lending, far from extending more opportunity to low-

income people of color, actually fails them.
The scale of policy action is critical as well: the goals of smaller housing mobility programs like MTO, while providing some relief for families who want to leave their neighborhoods, are continually rendered insignificant by the contradictory moves of the private market that increase racial segregation and exploitation, paralyzing or punishing many people attempting to “move to opportunity.” Public housing vouchers do remain, but are significant mostly with respect to their study outcomes and calculations regarding future policy investments. The end result of the enormous growth of securitized debt was the subprime lending and foreclosure crisis, which destabilized many neighborhoods of color and stripped millions of dollars of home-equity from their residents and neighbors. Yet despite these racialized outcomes in affordable rental housing and ongoing home mortgage foreclosures for many low-income families, housing market privatization continues: the Obama Administration proposed the privatization of the government-sponsored entities (GSEs) Fannie Mae and Freddie Mac in their February 2011 white paper.

If we combine the Foucaultian elasticity of race and racial discipline in a biopolitical era with the critical race and geographic theory that anchors race in places and spaces with particular meanings, and if we take seriously Foucault’s claim that the state creates targets of intervention in a biopolitical age only to annihilate, and perpetually recreate (and target and annihilate) them, then we can see something new. Racialization in the U.S. today is both anchored in a perpetual creation and attempted annihilation of poor neighborhoods of color, and it expands spatially and discursively to capture whites in its racialized discipline of a “weaker” population. That is, race can
have meaning through patterns and practices of exclusion that are independent of skin color or ethnicity; patterns and practices that shift with material and economic identification, deprivation, and exclusion. I believe that subprime lending will be added to the roster of disciplinary actions (layoff, incarceration, poverty) that imposes a racialized identity. The subprime crisis targeted and visited its destruction disproportionately on people and communities of color. But it also expanded to capture anyone living near these communities, regardless of their color or income, before it went on to target and exploit markets marked by other differences.

Justice Kennedy’s direction of attention to “neighborhood demographics” in *Parents Involved* was ironically on target: Wyly et. al.’s 2006 research on the geography of subprime lending showed that people were targeted by geography more than by individual risk profile. That is, in exclusive neighborhoods, subprime applicants were offered prime credit, while in lower-middle class and working class neighborhoods, subprime lenders pursued borrowers with comparatively good risk profiles (Wyly et. al. 2006: 119). Neoliberalism’s emphasis on individuality and choice falls down under the pressures of racialized population discipline.


DeCrappeo, Megan, Danilo Pelletiere, Sheila Crowley, and Elizabeth Teater. "Out of Reach 2010: Renters in the Great Recession, the Crisis Continues." National Low Income Housing Coalition, 2010.


173


