

## CHAPTER 3

### EXPLANATIONS OF URBAN POVERTY FROM THE LITERATURE

In this review I present the prevailing theories proposed to explain the causes and characteristics of growing and concentrated urban poverty in U.S. cities. I begin first by discussing ghetto poverty. Next, I present Wilson's underclass model which has become central to the urban poverty debate. I also identify limitations in Wilson's model which leads me to a discussion of literature that has begun to identify links between global economic restructuring, immigration from lesser developed countries, and their subsequent impacts on poverty in ways not addressed by Wilson. In the final section of this chapter I address the importance of understanding concentrated urban poverty in terms of intra-regional spatial relationships between municipalities, a link not often made in the urban poverty literature.

#### 3.1 Ghettos and the Urban Underclass

Ghettos are often referred to as isolated (usually urban areas) in which members are restricted because of economic pressure, social discrimination, or both. In literary circles, in the popular press, and in the media, ghettos are often presented as severely impoverished, unsavory, and dangerous places to be avoided.

The term *ghetto* often has been used interchangeably with the term *underclass*. Ken Auletta (1981, 1982) first popularized the term underclass in a series of *New Yorker* articles and then in a book entitled *The Underclass*. Auletta used the term to describe

hostile criminals, hustlers, people who have experienced long term welfare dependency, and mentally ill street people. It was later used in a series of *Atlantic Monthly* articles by Nicholas Lehmann (1986) to define inner city blacks who endure long term poverty and are dependent on welfare or illicit activities. More recently, the term has been further developed by the well known sociologist William Julius Wilson (1987) in his famous book *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*. This book is particularly important because it has become central to the urban poverty debate. Wilson (1987, p. 8) defines the urban underclass as follows:

. . . . that heterogeneous grouping of families and individuals who are outside the mainstream of the American occupational system. Included in this group are individuals who lack training and skills and either experience long-term unemployment or are not members of the labor force, individuals who are engaged in street crimes and other aberrant behavior, and families that experience long-term spells of poverty and/or welfare dependency.

### **3.2 Wilson's Model and the Urban Poverty Debate**

In *The Truly Disadvantaged*, Wilson (1987, p.3) attempts to explain the conditions of the urban underclass which he considers to have reached catastrophic proportions by the mid 1970's. He explains that "[t]hese problems cannot be accounted for simply in terms of racial discrimination or in terms of culture of poverty. Rather, they must be seen as having complex sociological antecedents that range from demographic change to problems of economic organization (Wilson, 1987, p. 22)." Wilson's underclass model can be outlined in five topic areas:

### **Historic Discrimination**

Wilson believes that historic discrimination has played an important role in creating the current conditions which inner city Blacks seem unable to escape. However, according to Wilson current social and economic conditions are more important for explaining the dislocation of the Black family today than is contemporary discrimination (Wilson, 1987, pp. 32-33).

### **Migration**

Wilson suggests that the flow of poor migrants to cities is perhaps one of the most important factors for explaining different rates of racial and ethnic progress. High concentrations of poor migrants have a harmful effect on those already established - because they add to a labor pool competing for a limited number of jobs within labor market niches, consume community resources, and promote negative social values. Wilson acknowledges that net in-migration by Blacks into large cities ceased by 1970, however, Hispanics are migrating to urban areas in increasing numbers. He suggests that the plight of the inner-city Black family will become the plight of the inner-city Hispanic family in the future (Wilson, 1987, pp. 33-36).

### **Age Structure**

Wilson claims that the large flows of migrants into urban areas tend to be younger than the population at large. "Much of what has gone awry in the inner city is due in part to sheer increase in the number of young people, especially young minorities (Wilson, 1987, p. 37)." Youth is associated not only with crime but also out-of-wedlock births, female-headed homes, and welfare dependency (Wilson, 1987, pp. 36-39).

## **Economic Changes**

In order to explain the effects of economic changes taking place in American cities today, Wilson relies heavily on work by John Kasarda and Frank Levy. Citing Kasarda, he explains that urban minorities, because of their low-skill levels, have been adversely affected by structural changes in the U.S. economy including: (1) a shift from goods-producing to service-producing industries; (2) polarization of wages resulting from growth in low-wage and high-wage jobs; and (3) the movement of manufacturing jobs out of central cities.

According to Wilson, the jobs that have grown in central cities require high-skill levels, whereas those that left were low-skill jobs. In addition, the new low-skill service sector jobs that have replaced manufacturing jobs have grown predominantly in the suburbs. These changes have created both a skills and a spatial mismatch between the inner city labor force and the new jobs that are now growing within central cities (Wilson, 1987, pp. 39-42).

Wilson also blames increased black male joblessness on "general weaknesses of the national economy in recent years (Wilson, 1987, p. 44)." Citing research by Frank Levy, he explains that the loss of manufacturing jobs has had a particularly adverse impact on Blacks because the manufacturing sector, which has traditionally employed a high portion of Blacks, is "particularly sensitive to a slack economy (Wilson, 1987, p. 45)." Macro-structural economic forces, including rising OPEC oil prices, are to blame (Wilson, 1987, pp. 44-45).

## **Concentration Effects**

Wilson also believes "that the exodus of middle- and working-class families from many ghetto neighborhoods removes an important 'social buffer' that could otherwise deflect the full impact of the kind of prolonged and increasing joblessness that has plagued inner-city neighborhoods in the 1970's and 1980's, joblessness created by uneven economic growth and periodic recessions (Wilson, 1987, p. 56)."

### **3.3 The Applicability of Wilson's Model to Hispanic Groups**

Much of Wilson's work has focused on inner city Blacks in the Northeast, however he also recognizes that many Latin Americans and Asians are migrating to and concentrating in central cities. Wilson, therefore, uses his model to predict that the conditions of these groups will become the same as inner-city Blacks (Wilson, 1987, p. 33-36). In making this prediction, Wilson fails to acknowledge and incorporate important historical and cultural differences both between these heterogeneous groups and in comparison to Blacks.

A body of literature has recently emerged with significant evidence to suggest that Wilson's model does not apply to Latinos. As Franklin James (1988, p. 10) notes in his paper *Persistent Poverty and the Underclass: A Perspective Based on the Hispanic Experience*, "[f]our factors shape or limit the applicability of the Wilson model to Chicanos." These include: (1) different patterns of neighborhood segregation (from Blacks); (2) differences in family structure and functions; (3) immigration and migration patterns that take place within a much different context than those of Blacks; and, in

addition, (4) Hispanics, particularly Chicanos, tend to be concentrated in the Southwest where the economy is stronger and employment rates are higher (James, 1988, pp. 10-16). Although the focus of James' paper is on Chicanos, he states that these differences pertain, with varying levels of importance, to all Hispanic groups.

However, there is also substantial evidence to suggest that if the conditions of severe poverty described by Wilson are relevant to the Hispanic experience, they are most relevant to Hispanics living in Northeastern cities, particularly to Puerto Ricans. For example, frequently cited research by Massey and Eggers (1990, p. 1153) has shown that "[c]oncentrated urban poverty (in the U.S.) is confined principally to blacks outside the West and Hispanics in the Northeast." What explains these paradoxes? Furthermore, do other Hispanic groups in the Northeast, Dominicans for example, endure the same conditions as Puerto Ricans? Further research is needed to answer these questions, however the results of this study indicate that both Puerto Ricans and Dominicans live in severe poverty in Lawrence.

### **3.4 Limitations in Wilson's Economic Argument**

Wilson believes that we must address important economic factors to fully understand ghetto poverty. However, elements of his economic argument are hotly contested. In addition, his arguments should be more fully developed within the context of a global economy. I begin this section with a discussion of the skills and spatial mismatch debate which evolved in response to transformations taking place in the U.S. economy, including changes in the location and skill requirements of jobs. Next, I introduce several models that go beyond Wilson's in explaining current structural economic changes

taking place in American cities. I briefly explain global economic restructuring, discuss the emergence of so called *global cities*, and identify the demographic and economic impacts of economic restructuring on the populations of these cities.

### **Skills Mismatch and Spatial Mismatch**

There is general agreement among researchers that the United States has experienced a dramatic loss of manufacturing jobs and corresponding growth in service sector jobs throughout the past decade (Sassen, 1990; Kasarda, 1985; Glickman, 1983; Bluestone and Harrison, 1982). Researchers also agree that the wages and skill requirements of jobs have polarized, adversely affecting Blacks and Latinos, and squeezing out the middle class (Harrison and Bluestone, 1988; Sheets et al, 1987; Stanback and Noyelle, 1982). However, there is little agreement on the spatial mismatch and skills mismatch theories to explain high joblessness and unemployment among inner city residents, proposed by Wilson and others (Ortiz, 1991; Wilson, 1987; Kasarda, 1985).

After examining data (typically census data) that is often used to answer these questions, I realized that many studies which have tried to test these hypotheses have important methodological problems. First, highly aggregated data is used to make generalizations about large, central cities and their surrounding metropolitan areas, often disguising important intra-regional employment and residential patterns. Second, it is very difficult to accurately correlate place of work, place of residence, and job skill requirements at a level of detail that would allow us to answer the mismatch questions. Data are often suppressed at a high level of detail for purposes of confidentiality. Because of these difficulties, I found that I could only make generalizations about economic trends in this study of Lawrence and the Lower Merrimack Valley. This topic will be addressed again

in *Chapter 6*.

Furthermore, I believe that the mismatch debate draws attention away from more important questions. For example, it could even be the case that a large number of available low-skill jobs exist in the suburbs, but what kind of jobs are they? Do they pay living wages or provide incentives to encourage single parents to move off welfare? Take, for example, the case of a welfare mother with one child, receiving \$486 per month in cash benefits plus health insurance.<sup>1</sup> If she were to work instead, making \$4.00 per hour or \$650 per month, this is certainly no incentive to move off welfare. Even though she is bringing home more cash now, she still has to cover transportation to work, childcare, and must, most likely, pay for costly health insurance. One could argue, however, that these low-paying, low-skill jobs provide important employment opportunities for those without children to support. But do they pull a person out of poverty or provide opportunity for advancement?

### **Economic Restructuring**

The sectoral shift from a manufacturing to a service based economy in the United States, has taken place within a sphere of increased global competition and economic change, much more complex than that described by Wilson (1987). One of the most important explanations for the net loss of manufacturing jobs in the United States has been the development of off-shore production plants. Firms have moved their production facilities to Mexico, Puerto Rico, the Philippines, and other regions of the world where labor and other costs are significantly lower. On a global scale, there has been an expansion and

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<sup>1</sup>This is the maximum monthly grant she can receive based upon the number of children she has. The average Massachusetts grant in January 1992 was \$520 (Massachusetts Department of Welfare, 1992).



dispersion of mass production in manufacturing rather than a decline (Sassen, 1991).

Furthermore, Mollenkopf and Castells (1991) have identified additional broad and related structural changes in the international economy that have affected inner city populations.

They include:

- (1) A technological revolution including the growth of global telecommunications networks;
- (2) The growing power of finance relative to production, and the spatial concentration of global financial markets;
- (3) Migration from "Third World" industrializing nations to the core cities of the "First World."

In addition, I note the fundamental changes in industrial organization and labor relations throughout the world. The following sections explain why these forces have had a direct impact on the inner city poor.

### **The Emergence of Global Cities**

As production and manufacturing operations have decentralized and moved out of the United States, a corresponding centralization in the management of these production processes has taken place. This management often takes place in so called *global cities* including New York, London, and Tokyo; and to a lesser extent, within the United States, Los Angeles, San Francisco, Boston, Chicago, and, because it is the capital, Washington D.C. (Sassen, 1991).

Three books have recently been published with titles that attempt to encapsulate the broad transformations taking place in these large, international cities: *The Global City: New York, London, Tokyo* (1991); *The Informational City* (1989); and *The Dual City:*

*Restructuring New York* (1991). In their book *The Dual City: Restructuring New York*, Mollenkopf and Castells (1991, p. 415) describe the transformations taking place: . .

The formation of a unified world economy organized around the ability to communicate and process information has generated both the global city and the informational city, expressed in its ability to centralize and control the information flows on which multinational corporations rely. We hypothesize that the dual city is the social expression of the emerging spatial form of post industrial society, while the global city is its economic manifestation, and the informational city is its technological expression.

### **Demographic Changes in Central Cities**

In conjunction with these economic and technological changes, striking demographic changes are also taking place in large, central cities. Residential populations have changed from ones that were once predominantly Anglo-European to ones that now consist predominantly of Blacks, Hispanics, and Asians. Kasarda (1985, pp. 33-34) applies the following description to American cities in general:

As predominantly white middle-income groups have dispersed from the cities (initially to the suburbs and now increasingly to the exurbs and nonmetropolitan areas), they have been only partially replaced by predominantly lower-income minority groups and a relative trickle of returning urban professionals. The outcome has been dramatic declines in both the total size and aggregate personal income levels of the cities' resident populations, while concentrations of their economically disadvantaged continue to expand.

However, in many of the largest cities, a growing number of high-income individuals are now choosing the rich cultural amenities and lifestyle offered by these cities, particularly professionals without children. The "relative trickle of returning urban professionals" referred to by Kasarda should perhaps, instead, be referred to as a "critical mass" in large, global cities like New York, San Francisco, and Chicago. Because some higher-income

individuals are actually moving back into cities, rather than migrating out, this presents a contradiction to the concentration effects Wilson describes in his model. Furthermore, one would expect the development of a growing number of lower-skilled service sector jobs (cleaning services, retail stores, restaurants, etc.) to meet the high consumption needs of these returning urban professionals. There must, therefore, be better explanations for the growth of ghetto poverty in these global cities.

### **The Dual City Phenomena**

Mollenkopf and Castells (1991) refer to the dynamics that explain the social polarization taking place in global cities as the dual city phenomena. This dualism manifests itself in the form of residential segregation and gentrification. Within the labor market hierarchy it appears in the form of wage polarization and informalization of the labor force. Within the housing market, the growth in numbers of highly-paid urban professionals "has raised the profitability of the market for expensive housing, while growing unemployment among low-income workers has further depressed the lower end of the housing market (Sassen, 1990, p. 479)." Growing gentrification takes place next to rent increases, conversion of low to high income housing, and homelessness (Sassen, 1990, p. 480).

Within the labor market hierarchy, Sassen (1991, p. 326) explains that the core finance and producer services control a large portion of the wealth in global cities. These core industries include: advertising, accounting, legal services, business services, certain types of banking, engineering, and architectural services. Increased income polarization is caused by growing competition between firms that directly or indirectly serve these more powerful firms. In order to reduce costs and remain competitive, the dependent firms engage in subcontracting or they employ undocumented immigrants at low wages and

under poor working conditions (Sassen 1991, p. 329). Vicious competition between firms, compounded by a large pool of available labor and a growing informal economy, depresses wages and keeps unemployment high while those who control the increasingly powerful firms make high incomes.

This model is certainly a simplification of reality because relationships between people, institutions, and firms operating in any economy are much more complex than ones defined only by economic competition. In addition, this explanation assumes that firms which subcontract compete mainly on the basis of cost and not necessarily on quality or product differentiation, nor does it account for the fact that there are significant barriers to entering some business. However, this explanation does imply that low-skill jobs do, in fact, exist in large cities, but they are contingent and low-wage jobs. The growing number of rich are living next to the growing number of poor, with the latter serving the former. These dynamics serve to reinforce, rather than ameliorate, growing income and residential segregation.

### **Expansion of the Informal Economy**

According to Sassen (1990, p. 484) and Portes et al (1989) the expansion of an informal economy<sup>2</sup> within growing immigrant communities is taking place in sharp contrast to the growth of an urban underclass, as described by Wilson, in Black neighborhoods. Sassen (1990) has attributed this phenomena to several factors:

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<sup>2</sup>Here the term *informal economy* refers the production of goods and services, outside the normal regulatory apparatus that would normally be considered legal within the mainstream economy. For example, a non-licensed, street vendor who pays no taxes on her profits.

One key difference is the centrality of the immigrant community to the well-being of immigrants. The immigrant community can be thought of as a mechanism that transforms whatever its people have into resources: their labor power becomes entrepreneurship in a co-ethnic's enterprise, their cultural or language segregation becomes a captive market for ethnic entrepreneurs and a vehicle for the recirculation of earnings, extended households offer flexibility in the location of members in the labor market, and so on. This has meant many things, from job generation in the immigrant community to the possibility of surviving - through household income pooling - on extremely low-wage jobs in declining manufacturing industries.

This statement, therefore, suggests that there are two important factors which have led to increased inequality in these cities - extreme poverty and joblessness within Black ghettos that have virtually remained untouched by growing sectors of the economy and a second type of marginalization in the form of informal work (Sassen, 1990, p. 485). Together these explanations provide a much richer picture of the dynamics taking place within large, global cities, however, their relevance is not yet clear to smaller cities like Lawrence. Lawrence has a large and growing immigrant population, but without strong corresponding economic growth in any sector to create the linkages that exist in the global cities model. Finally, this discussion also leads us to question Wilson's argument that immigrants, even large numbers of immigrants, have a negative effect on the communities into which they come. The evidence offered here suggests that they bring with them vitality and entrepreneurship.

### **3.5 Immigration and Economic Restructuring**

Any contemporary discussion of urban poverty would not be complete without a discussion of immigration from lesser developed countries, particularly a study of Lawrence, Massachusetts, where immigration is central to political, social, and economic

life in the city. Among the elements of economic restructuring outlined in the previous section, Mollenkopf and Castells (1991) include immigration from "Third World" industrializing nations to the core cities of the "First World." This is a seemingly contradictory phenomenon, particularly for cities that are creating less lucrative, and perhaps fewer, low-skill jobs. This question is particularly relevant to the city of Lawrence.

In a paper written for the Commission for the Study of International Migration and Cooperative Economic Development entitled *Unauthorized Immigration and Immigration Reform: Present Trends and Prospects* (1989), Alejandro Portes offers some insights into this question. He discusses the Latin American case specifically, and cites two important global events that have directly affected unauthorized labor migration. The first is the global economic downturn of the early 1980's that forced many of the Latin American countries into severe debt and recession causing wages and employment to decline or stagnate (Portes 1989, p.14-15). The second "is the process of industrial restructuring which has seen thousands of jobs emigrate from plants in the advanced countries to a number of Third World production enclaves (Portes 1989, p.14). He argues that "[t]hese forces have not reduced immigration and labor outflows, particularly from the Latin American countries, instead, they have served to increase them (Portes, 1989, p.20).

According to Portes (1989, p. 15), the recession took place at a time when the Latin American countries had become more integrated into the global economy and Latin Americans had become more aware of the differences between their own living standards and those of the more developed countries. This prompted immigration to countries that

could meet their new consumption expectations. In addition, information provided by the media, kin-and-friend networks, and more accessible transportation have facilitated both legal and illegal immigration. "Thus, remote communities in the interior of Mexico or the Dominican Republic have become adept at monitoring labor market conditions in North American cities and at finding ways to actualize opportunities (Portes, 1989, p. 15)."

In addition, the globalization of manufacturing has not significantly deterred immigration to the United States for several reasons. Wages in the off-shore production plants are not high compared to U.S. standards. Second, these plants hire mainly young women between the ages of 18 and 30; therefore, men, in particular, remain in the labor pool and will tend to migrate to the United States in search of work (Portes, 1989, p. 17-20).

Finally,

"(the) . . . demand for unauthorized workers in the United States is not likely to decline with the closure of large industrial plants since it stems primarily from agriculture and personal services. In addition, the demise of many large scale industries has created new opportunities for limited-run industrial production serving specialized local markets in cities like New York, Los Angeles and Miami. These production activities are organized in small-scale shops, often operating as part of the informal economy. Studies of the latter have concluded that immigrants and, in particular, unauthorized workers represent an ideal labor force for this emergent sector of urban industry (Portes, 1989, p. 17-20)."

It is not clear how relevant each of these factors are for explaining the dramatic influx of Dominican and Puerto Rican immigrants to Lawrence. In particular, the argument that employment for immigrant workers exists primarily in agriculture and personal services is certainly not the case in Lawrence. In fact, according to 1980 census data, more than 80% of the Hispanic labor force in Lawrence was concentrated in manufacturing. Furthermore, despite dramatic decline, manufacturing is still an important economic base

for Lawrence and the Lower Merrimack Valley. As difficult as conditions are for many Lawrence immigrants, perhaps they are an improvement over those places where many people come from: the Dominican Republic, Puerto Rico, or the Washington Heights-Inwood section of New York City. Hope of a better life in the United States and the images created by the media may also lure people to come. In addition, the realization of these perceptions are probably made possible through the support of kin-and-friend networks and relatively cheap transportation costs from the Islands or from New York City. Another plausible explanation for the migration of Hispanic immigrants to Lawrence is the controversial assurance of welfare and other social services to help accommodate newcomers to the city (Grollman, 1987). All are possible explanations, and provide opportunities for further research.

### **3.6 The Importance of Politically and Socially Defined Spaces and Intra-Regional Relationships**

The discussion of urban poverty presented to this point has been based upon the urban underclass debate, centered around Wilson's model, and the global economic restructuring literature. According to Wilson's model, growing and concentrated urban poverty is primarily caused by important structural changes in the U.S. economy. It is also perpetuated by a series of individual, behavioral and personality traits that both result from and reinforce conditions of poverty. The global economic restructuring literature, on the other hand, often presents economic restructuring as a unified, global process over which the individual has little power or control. According to this view, individuals respond to, rather than play a proactive role in creating or controlling the environment in which they live. In each of these approaches it is usually assumed that



economic forces, driven by the natural laws of the market (supply and demand, profit and utility maximization, etc.) determine an individual's position in the social and economic hierarchy.

However, I believe there is no such thing as a "free-market" devoid of the influences of public policy and human and cultural relationships. In fact, "the-market" itself is a social construct created by people to organize, define, and value the exchange of goods and services within society. Markets are always embedded within social and political relations. Furthermore, although space and spatial relationships are also considered important for understanding urban hierarchies by those who have contributed to the urban underclass debate and to global economic restructuring literature,<sup>3</sup> the importance of socially and politically defined spaces and intra-regional relationships between municipalities are not included in their explanations of growing urban poverty. I believe space, defined as such, should be included as an important factor. What is missing in their explanations is the integration and importance of "stratified places" -- a theory of urban form that has been developed by Molotch (1967), Logan (1978), Logan and Molotch (1987), Gottdiener and Feagin (1988), Logan and Swanstrom (1990), and others.

According to this school of thought, complex social relationships between groups of people based on race, class, ethnicity, and culture play an important role in determining where people live as well as the social and economic dynamics of their communities. For

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<sup>3</sup> For example, ghetto poverty is defined in terms of large numbers of poor people concentrated within a defined geographic area. These areas can also exist in close proximity to areas of concentrated wealth, including downtown commercial districts and gentrified residential areas. Furthermore, the skills and spatial mismatch debate is based on a spatial relationship between the inner-city labor force and low-skill jobs that supposedly exist only in the suburbs.

example, the previous discussion on immigration suggests that new immigrants will come to communities where they have kin and friends who are already established. And as Sassen points out, the survival and well-being of immigrant communities, isolated from the mainstream because of cultural or language barriers, is based on cooperation and flexibility within these communities -- and not simply on the laws of "the market." In this example, culture both binds and separates different groups of people. Examples of geographic areas in the United States, characterized by high concentrations of certain racial, ethnic, or religious groups, or areas where custom and tradition binds people together in significant ways include: Black and Spanish Harlem in New York; Chinatown in San Francisco; Mormon communities in Utah; Amish communities in Pennsylvania; American Indian Reservations; and the growing Dominican and Puerto Rican communities in Lawrence.

The policies of local governments within a metropolis also play an important role in determining the overall socioeconomic status of a community, who can move in, and who cannot. These regulatory mechanisms include tax incentives or disincentives, zoning regulations, growth control policies, and environmental regulations. For example, an area with low density, single family zoning would restrict those with lower incomes who could only afford a small rental unit. Citing a paper written by Schneider and Logan in 1982, Logan and Molotch write in their book *Urban Fortunes* (1987, p. 195-196):

The disparities among governments in a metropolis reinforce the advantages of fiscally stronger communities in their competition for high-income residential development and desirable forms of industrial-commercial growth. Privileged places, able to provide more advantages at lower costs, influence the decisions of industry and people of different social classes, generating different levels of benefit for the area and its residents. Rich places get richer as the well-off seek places that will make

them still better off. Research on population changes in individual suburbs reveals that, apart from any other community characteristics, whites and wealthy families are significantly more likely to move into communities with a strong property tax base, whereas blacks and the poor tend to go elsewhere. . . . Suburbanization thus operates as a stratifying process.

These ideas play a particularly important role in explaining the dynamics and socioeconomic changes taking place in the Lower Merrimack Valley. They are discussed in detail in *Chapter 7* and *Chapter 8*.

### **3.7 A Summary of the Urban Poverty Literature**

This chapter has presented some of the theories and explanations for severe and growing poverty in American cities. It began by outlining Wilson's underclass model and then critiqued and questioned the applicability of this model within the broader context of the Hispanic experience; structural changes in the global and national economies; and Latin American immigration. It also addressed the importance of understanding urban poverty in terms of intra-regional, social and political relationships between municipalities. The focus of this chapter has been placed on changes taking place in large, central cities mainly because the literature focuses on these cities.

Unfortunately, there is little literature available that focuses on the links between socioeconomic changes and growing poverty in smaller cities like Lawrence. These gaps leave us with some important unanswered questions. Do the conditions of severe and persistent poverty as described by Wilson in his underclass model apply to the case of Lawrence? In what ways are the demographic and economic changes described in the literature on global cities similar to those taking place in Lawrence? What important

insights and lessons can we learn from this body of literature? Finally, are the social and political relationships between Lawrence and the surrounding municipalities significant for our understanding growing poverty in this city?

The analysis that follows in this thesis will answer some of these questions. But first, I describe my data sources and present my research methodology. I then return to these questions after establishing the patterns of ghettoization taking place in Lawrence vis a vis the surrounding municipalities.

## **CHAPTER 4**

# **RESEARCH METHODOLOGY - A REGIONAL AND SPATIAL ANALYSIS**

In this case study of the Lower Merrimack Valley, I examine growing urban poverty in Lawrence from a regional and a spatial perspective. This approach reveals several important regional and structural factors that contribute to the growth and concentration of poverty in Lawrence. In order to carry out such a study, I utilize the thematic mapping capabilities of a geographic information system (GIS) to visualize socioeconomic and demographic data. This approach provides a powerful tool to help us better understand and clarify patterns of urban poverty.

I begin this chapter by providing operational definitions of poverty areas, ghetto poverty areas, and ghettoization, so that I have standards by which to measure and visualize changes in poverty. Next, I describe why my methodology is unique. Then I explain what a geographic information system is and how I created the GIS developed for this study. Finally, I briefly present my data sources and explain some of the important limitations of census data, the primary data source for this study.

### **4.1 Defining Ghetto Poverty**

In *Chapter 3*, I provided a brief discussion of ghetto poverty and explained that the term is often used synonymously with the term underclass. Because these terms have been used interchangeably in the literature to describe several different types of poverty, meanings and concepts have often been confused. In order to eliminate this confusion,

Bane and Jargowsky (1990, p. 16-17) have developed definitions to clarify the various concepts being discussed. These include persistent poverty, neighborhood poverty, and underclass poverty:

*Persistent poverty* - individuals and families that remain poor for long periods of time and, perhaps, pass poverty on to their descendants.

*Neighborhood poverty* - spatially defined areas of high poverty, usually characterized by dilapidated housing stock or public housing and high levels of unemployment.

*Underclass poverty* - defined in terms of attitudes and behavior, especially behavior that indicates deviance from social norms, such as low attachment to the labor force, drug use and habitual criminal behavior, bearing children out of wedlock, and receiving public assistance.

Furthermore, to develop standards by which to measure the social and economic phenomena these terms refer to, very precise definitions of underclass and ghetto have been developed. Two efforts, frequently referenced in the literature, include one study by Ricketts and Sawhill (1988) and the other, referenced above, by Bane and Jargowsky (1990). Ricketts and Sawhill (1988, p. 321) define an underclass area as:

a census tract with a high proportion of (1) high school dropouts; (2) prime-age males not regularly attached to the labor force; (3) welfare recipients; and (4) female heads of households. "A "high proportion" for each indicator is defined as a proportion which is one standard deviation above the mean for the country as a whole. To qualify as an underclass area, a tract must score one standard deviation above the mean for all four indicators. A member of the underclass would be someone in an underclass area who engages in various socially costly behaviors."

Bane and Jargowsky (1990, p.19), on the other hand, adopt a more simple definition of ghetto areas. They define "ghetto neighborhoods" as those census tracts in which 40% or more of the population lives in poverty. The ghetto poor are defined as those people who

live in the ghetto-poverty census tracts.

The term poverty, as it is used by Bane and Jargowsky and in this thesis, refers to the census definition of poverty based on household income and the number of household members. For example, in 1990, a single person living alone would be considered below the poverty level if he or she made \$6,310 per year or less; three persons \$9,999 or less; five persons \$14,572. In addition, each of these definitions incorporate census tracts as their geographic unit of analysis. Census tracts are statistical areas averaging about 4,000 people. Counties are subdivided into census tracts. In the New England states census tract boundaries are also usually contained within municipal boundaries. These geographic areas tend to remain fairly constant between decennial census enumerations, unless an area gains or loses significant population between the ten years. For example, the city of Lawrence had a total of 19 census tracts in 1990, each averaging 3,700 persons per tract.

In addition to defining ghetto poverty, Bane and Jargowsky (1990, pp. 25-31) show that ghetto neighborhoods exhibit many of the characteristics described by Ricketts and Sawhill (1988) and Wilson (1987). These include: (1) a high portion of residents who are minority group members; (2) large numbers of female headed households that rely on welfare for support; (3) high portion of males between the ages of 25 and 44 are out of the labor force or unemployed; and (4) very low rates of education attainment.

## 4.2 Defining Patterns of Ghettoization

In this thesis, I adopt Bane and Jargowsky's (1990) definition of ghetto poverty areas because of its simplicity. In addition, I adopt the U.S. Bureau of the Census' definition of "poverty areas"— areas in which the number of persons living in poverty is 20% or

more. I refer to ghettoization as a relative process in which poor areas expand in number and grow increasingly poorer. Ghettoization also refers to the process in which poor and ghetto areas increasingly develop the characteristics associated with concentrated urban and ghetto poverty, while those areas that surround them do not.

In order to show that Lawrence is becoming an urban ghetto relative to the surrounding municipalities in the Lower Merrimack Valley, I must therefore show the following changes taking place:

1. High and growing rates of concentrated poverty in Lawrence and higher relative to the surrounding municipalities.
2. Growth in the number and concentration of female headed households in Lawrence and higher relative to the surrounding municipalities.
3. High rates of welfare dependency in Lawrence and relative to the surrounding municipalities.
4. High rates of joblessness and unemployment in Lawrence and higher relative to the surrounding municipalities.
5. Low rates of educational attainment in Lawrence and lower relative to the surrounding municipalities.

Because of time constraints, I do not present education statistics in my analysis.

### **4.3 A Spatial Analysis of Lawrence and the Lower Merrimack Valley**

In order to carry this task out, I develop and use spatial analysis techniques, including the thematic mapping capabilities of a geographic information system. I analyze the patterns of ghettoization in Lawrence from a regional perspective, using cities and towns as the geographic unit of analysis.



Because socioeconomic changes in Lawrence have been more severe than those in any of the surrounding towns, I examine patterns of poverty, rates of female headship, etc, at a micro level within Lawrence, using both census tracts and census block groups as the units of analysis. Block groups are smaller subdivisions within census tracts -- where each tract contains between 2 and 6 block groups. In Lawrence each block group contains, on average, 1,100 persons. There were 62 census designated block groups in Lawrence in 1990.

This methodology represents a divergence from most traditional poverty studies that have primarily used census tracts as the unit of analysis to identify correlations between high concentrations of poverty, demographic and socioeconomic variables, and behavioral characteristics. Very detailed studies, using census block groups as the unit of analysis, have not generally been used in the past, simply because the data has not been readily available, nor the technology to easily analyze it and because census tracts have become the standard unit of analysis.

Regional studies that examine spatial and socioeconomic relationships among cities and towns are not common because politically defined boundaries have generally not been considered important to our understanding of growing urban poverty. By incorporating these two new approaches, my work shows that an analysis of census block groups allows us to visualize, in greater detail, socioeconomic changes taking place within a city. Furthermore, it also illustrates the importance of understanding the patterns of ghettoization taking place in Lawrence from a regional perspective.

#### **4.4 A Geographic Information System (GIS)**

A geographic information system is a computerized information system that is designed to store, update, manipulate, analyze, and display, geographically referenced information. GIS is a new and rapidly growing technology. Its potential is still being tested in many areas from environmental research to market studies. The model I use in this thesis provides an innovative way of using GIS to better visualize and understand concentrated poverty and related socioeconomic and demographic variables within a region and within a small city.<sup>1</sup> It also creates the framework to incorporate additional census data in future studies.

##### **Creating the GIS: Building the Boundary Files and Extracting the Demographic Data**

The GIS developed for this study was created by building two sets of boundary files. The first included the block groups in Lawrence, Massachusetts.; the second included a base map of the cities and towns in the Lower Merrimack Valley Service Delivery Area. These were built from the 1990 Massachusetts Census TIGER/Line™ File.<sup>2</sup> Attribute files, containing 1980 and 1990 census demographic, household composition, and housing data, stored in digital format, were extracted from CD-ROM's<sup>3</sup> and then linked to the boundary files using a unique identifier common to both the geographic and attribute files. Those data sets that were not available in digital format were included manually. Once the attribute and geographic data were linked, descriptive thematic maps

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<sup>1</sup> The GIS for this study was developed on a IBM PC/AT 486 using ATLAS\*GIS software. dBase 4.1 was used to link and manipulate the attribute data.

<sup>2</sup> TIGER™ stands for Topologically Integrated Geographic Encoding and Referencing System. It is the automated geographic data base used by the Census Bureau for their 1990 census taking.

<sup>3</sup> Compact Disk - Read Only Memory

were created using the thematic mapping utilities provided with the GIS software.

### **The Analytical Power of GIS and Technological Developments at the Bureau of the Census**

Technological developments, including CD-ROM's and the development of the TIGER/Line™ Files, have greatly increased our ability to analyze and map census data. Census data is now available on compact disks at a capacity and level of detail previously not possible without considerable difficulty. A single CD-ROM, designed for use on personal computers, can hold up to 500 megabytes of information (the contents of approximately 1,500 floppy disks).

The fact that census data is now available in CD-ROM format makes it much more accessible to the computer literate general public. Special orders from state data centers or the trouble of dealing with cumbersome magnetic tapes can now be avoided. Because the data has been formatted and stored in dBase III+ format, it is compatible with or can be converted to become compatible with many other database and spreadsheet software products. For example, the ease with which 1990 census block group data, in digital format, were extracted for this study would have been possible only with advanced capabilities and specialized knowledge in 1980.

However, Census data is prolific and its complexity cannot be underestimated. The successful extraction and use of digital census data requires some important skills including an understanding of: (1) hierarchical database structures; (2) the format and structure of computerized census data; (3) how to extract data from a CD-ROM in order to obtain only that information which is required for a specific study;<sup>4</sup> and (4) the

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<sup>4</sup> Because of its sheer volume, census data stored on a CD-ROM must be selectively ex-

conversion of data organized in dBASE III+ to other formats so that it can be read by different software utilities if necessary.

Census data is certainly now more accessible at a very detailed level to the general public, but it would be naive to think that one could access it at the "push of a button." Its use requires a fairly steep learning curve for the beginner. Technology that allows ease of use to the non-computer literate general public is yet to be made readily available.

#### **Databases, Spreadsheets, and Graphics**

As mentioned earlier, dBase 4.1 was the database management software used to manipulate the attribute data, create calculated fields, and link it to the geographic boundary files. In addition, EXCEL was used as the spreadsheet platform to perform additional calculations and display data in tabular format. EXCEL provides a utility that allows the user to import and export data between it and dBase format, therefore, fields calculated within EXCEL are easily converted into dBase format and linked to the geographic files. EXCEL also provides graphic capabilities to present data as charts, histograms, or line graphs.

#### **4.5 Data Sources and Data Limitations**

Census data is the primary source of data used in this thesis, however several other data sets were also used. These include: (1) poverty and income, demographic, and housing data from the U.S. Bureau of the Census; (2) welfare data provided by the Massachusetts

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tracted using specialized software. Public domain software entitled EXTRACT, distributed by the Bureau of the Census and available to the general public, does this job. For the purposes of this study, a program entitled CRLDBF, developed in the Computer Resource Lab (CRL) at MIT was used to extract 1990 census data in .DBF format.

Department of Welfare; and (3) employment and industry data from the Massachusetts Department of Employment and Training (DET) and the U.S. Bureau of the census. Each of these data sets are outlined in detail in *Appendix 1*. *Appendix 2* provides a description of the racial and ethnic classifications developed by the U.S. Bureau of the Census and presented in this data.

On a final note, because census data is central to this thesis, it is important to acknowledge its limitations. It is often the case that Blacks, Hispanics, and immigrant populations are undercounted or miscounted in decennial census enumerations. The margin of error in the census undercount is very difficult to estimate, particularly among immigrant populations. There are several possible reasons for miscount or undercount. Individuals may fear or may be unwilling to comply with government officials because they are tax evaders or undocumented immigrants. Others may have no permanent residence. In addition, the definition of family has taken on a new meaning and has become more ambiguous with growing numbers of divorces, single-parent households, and married couples without children (Mitroff, Mason, and Barbabba, 1983, pp. 1-13).

Lawrence has a large number of immigrants and, consequently, it is highly likely their numbers exceed those recorded in any of the decennial census enumerations. Therefore, it is important to remember that any census totals provided in this thesis and used to count the Hispanic population in Lawrence, are probably significant underestimations. Furthermore, income, poverty, and other data may or may not be biased depending on the quality of the information returned.

The Chelsea Commission on Hispanic Affairs of Chelsea, Massachusetts recently published a demographic report describing the Hispanic groups living in Chelsea. This study helps indicate the potential magnitude of the undercount in Lawrence. Lawrence's population is approximately 2.4 times greater than that of Chelsea's, but the two cities are similar in many respects. Chelsea, like Lawrence, has historically been a city of immigrants and a working class city. According to the report, it is estimated that close to half of Chelsea's population is Hispanic.<sup>5</sup> However, according to 1990 Census statistics, Hispanics constitute 31.4% of Chelsea's population. This number is 18.6% less than the estimate indicated by the Chelsea Commission. If Lawrence experienced a census undercount similar in proportion to that of Chelsea's and if the Chelsea estimate is correct, this implies that Hispanics might constitute as large a proportion as 60% of Lawrence's population. This number is significantly larger than the 42% figure recorded by Census officials in Lawrence.

Although census data is often the best, and sometimes the only source of socioeconomic and demographic data available, unfortunately, there is no easy way to determine its reliability for cities like Lawrence. We can only be aware that problems exist and must, therefore, interpret the statistics presented in the analysis that follows in *Chapters 5, 6, 7, and 8* with an element of skepticism. Chapter 5 begins by showing patterns of poverty, female headship, and welfare dependency in the region.

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<sup>5</sup> This estimate was made with the help of rosters from various community organizations including churches in the city. The largest Hispanic group in Chelsea is from Puerto Rico; the second largest is from El Salvador (Chelsea Commission on Hispanic Affairs, 1990).