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# THE AGE OF EXTREMES: A REVISIONIST PERSPECTIVE\*

REYNOLDS FARLEY

**A**t the conclusion of his provocative address, PAA president Douglas Massey (1996) explains the motivation for his candor and frankness. He hopes “to galvanize colleagues, students, politicians, and reporters into action,” presumably into actions that will reverse the calamitous trends described in his jeremiad. But if we are to develop and implement programs to minimize poverty and provide equal opportunities, we must begin with a complete description of the social, demographic, and economic trends now reshaping this country and many others. Massey selectively emphasized one side of the story. That is appropriate as a call to arms, but it does not provide the information we need if we are to take action, once we are galvanized.

Massey observes that economic inequality is growing throughout the world, that this inequality will increase in the future, and that because of urbanization, the rich and the poor will live in the same metropolises but will be separated. After the rich isolate themselves, they will provide for their own welfare and that of their children but will leave the poor to fend for themselves. Those at the bottom of the economic ladder will have fewer resources. Thus they will be concentrated in impoverished neighborhoods, where a counterculture will develop—one that uses violent crime to acquire the goods that the economy fails to provide. Regarding the United States, Massey foresees growing residential segregation by economic class, persistent residential segregation by race, more crime, and presumably less social mobility as the gap between the prosperous and the poor widens.

Massey presents evidence about some of these points, suggests interpretations of some not-so-clearly established trends, and then offers unrelentingly pessimistic speculations about the future. I agree with him in regard to two trends. First, economic inequality has increased in the United States in the last quarter-century. The oil price crisis of the early 1970s demarcates a post-World War II era of rapid economic growth and moderately declining economic inequality from our present era of slower growth and increasing inequality (Danziger and Gottschalk 1995; Levy 1995). Second, in regard to the largest metropolises in 1990, census tract data reveal somewhat more geographic segregation of the impoverished population from the nonpoor than in the past. These changes merit our attention and may call for new policies, but Massey’s address does not place them in an appropriate perspective.

My comments focus on the United States and deal with three issues: the incompleteness of Massey’s description of recent economic trends, his promotion of the idea that residential segregation by economic class is increasing while black-white residential segregation is unchanged, and his presumption that we are on the verge of an increase in violent crime.

The United States is not a nation in economic decline. Although there are good reasons to concentrate on the top and the bottom of the economic distribution, a fair portrayal also directs attention to the entire distribution. Per capita income in the United States in 1995 was \$17,200, compared with just \$11,700 in 1970 (in constant 1994 dollars). That is a rise of 47%, meaning that the typical person’s purchasing power has increased by an average of 1.5% each year for the last quarter-century. Incomes certainly have not been stagnant. If we consider families and move to a measure affected less strongly by growth at the top end, we find considerable improvement: a rise in median family income from \$36,400 in 1970 to \$41,200 in 1995, or a gain of 13%. Among married-couple families, the rise in the median was even larger: 21%.

If we look at wealth holdings and the ownership of consumer durables, we find that we are a richer society now than a quarter-century ago. Tangible net worth in constant dollar amounts has been growing at about 2% annually as Americans have acquired vans and pickups rather than Volkswagen Beetles, bigger color television sets rather than smaller black-and-white models, and two now-common household items that almost nobody owned a quarter-century ago: VCRs and personal computers (Committee on Ways and Means 1993, app. L).

Important trends not cited in Massey’s address encourage a continued rise in prosperity, implying improved well-being for those at both the top and the bottom of the economic distribution. Whether these trends will foster more or less economic inequality is still unknown. The human capital of the population continues to increase, as indexed by educational attainment and test scores. Innovative programs, social pressures, and the dearth of good jobs keep youths in high school to such a degree that now, by the time birth cohorts reach their early twenties, just under 90% have high school diplomas or GED certificates. Also, the black-white gap in high school completion continued to narrow in the 1980s. In addition, as Robert Mare (1995, table 4.3) reports, the intellectual performance of the nation’s elementary and secondary pupils, as gauged by the National Assessment of Educational Progress tests of reading, science, and math-

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ematics, was higher at the end of the 1980s than at the beginning.

Two other trends are producing greater economic prosperity. Massey does not mention the most important social and economic changes of the latter half of the century: the incorporation of women into universities and into the labor force on a basis increasingly similar to that of men. Young women in the late baby boom cohorts and those from Generation X have continued to enroll, thus causing a feminization of higher education. In 1970, 42% of college students were women; in 1993, 56% (U.S. Department of Education 1995, table 173). When those educated women bring their skills to the labor market, Spain and Bianchi (1996) tell us that their earnings, occupational achievements, and labor force attachments increasingly resemble those of their brothers, although the gender gap certainly has not disappeared. It is still too early to know the implications of utilizing women's human capital for trends in economic inequality, but it is far from certain that it will produce more economic polarization.

As Derek Bok (1993) observed, the United States now benefits greatly from the emergence of English as the language of science, finance, diplomacy, and sports. Employers in this nation now can recruit talented individuals from around the world. This may encourage more economic polarization in the short run, but in the longer run, the increased efficiency, higher productivity, and greater ingenuity of this nation's economy should lead to fatter paychecks and more prosperity for everybody.

Without doubt, income inequality has increased since the 1970s. According to Massey, findings from the 1990 census reveal that this polarization is now playing itself out in a geographic segregation of the poor from the prosperous in metropolitan areas. That may be happening, but a caution flag is needed because the evidence is far from convincing. We know how to measure labor force participation and unemployment, but we have yet to develop and popularize straightforward indexes of residential segregation by social or economic class. The most thorough investigation of long-run trends in such segregation was conducted by Michael White (1987). His analysis begins with the 1940 census but ends, unfortunately, with the 1980 census. His findings point toward a modest overall decline in residential segregation by occupational attainment, by income, and by educational attainment. Although blacks and the poor remained highly segregated, a summary of his study leads to the conclusion that American neighborhoods generally became more heterogeneous with regard to social and economic class.

What about the decade from 1980 to 1990? Borrowing from the investigations of Abramson, Tobin, and VanderGoot (1995) and John Kasarda (1993, 1995), Massey portrays a sharp increase in the economic segregation of neighborhoods. I am skeptical. In the 100 largest metropolitan areas, the average index of dissimilarity, computed from census tract data comparing those living in households with cash incomes below the poverty line to those living in households with incomes above the poverty line, rose from 35 in 1980 to 36 in 1990. Is

that a large change? In the same metropolitan areas, the typical poor person in 1980 lived in a census tract where 20% of the other residents were poor but 80% were above the poverty line. In 1990 the typical poor person lived in a census tract where 21% were poor and 79% were not poor. Is that a large change? The overall poverty rate for metropolitan areas rose from 11% to 12% in that decade, implying that the rise in the percent poor living in the typical impoverished person's census tract was due primarily to a rise in poverty (U.S. Bureau of the Census 1981, table 9; 1991, table 7).

Because of persistently large black-white differences in poverty, any process that geographically isolates the poor helps to maintain high levels of black-white residential segregation. A strong argument in Massey's address is that little progress has been made in reducing this racial segregation; thus a growing number of metropolitan areas are hypersegregated. In his view, the Fair Housing Act of 1968 achieved little. We do not need a demographic investigation to tell us that most neighborhoods are still color-coded, but there is more to the story.

The presidential address focuses on the largest metropolitan centers. That is appropriate, but it overlooks new developments in the migration of African-Americans. Most of the traditional centers of black population lost migrants in the 1980s as economic opportunities declined in those places but improved elsewhere. Detroit, New York, Chicago, Los Angeles, and St. Louis rank among the metropolitan areas losing the most black interstate migrants from 1985 to 1990, while Norfolk, Raleigh, Dallas, Richmond, Orlando, Minneapolis, and San Diego gained many black residents (Farley 1996, table 7-6). Just as African-Americans once moved from the rural south to better jobs in the factory towns of the north, they are now responding to different economic stimuli: They are leaving the locations with the most extreme American apartheid systems and moving to places where racial residential segregation is considerably less. There is no reason to think that blacks' geographic isolation from whites will decline sharply in the near future. Since 1970, however, increasingly egalitarian racial attitudes among whites, the stronger enforcement of fair housing laws, the gradual growth of a black middle class, and new African-American internal migration patterns have been matched by modest declines in segregation in most places and larger declines in the new destination points for blacks: Riverside-San Bernardino, Sacramento, Dallas, and Orlando.

The data summarized in Figure 8 in Massey's presentation led him to conclude that blacks became more isolated from white neighbors in the 1980s. That is true for the 30 largest metropolitan areas, but we find a different trend when we consider the full array of 318 metropolitan areas. In 1980 the typical metropolitan black lived in a block group—a collection of about 220 housing units—where 29% of the residents were white; in 1990, 32% were white. Whites in 1980 lived in a block group where 4.5% of the neighbors were black; in 1990, 5.4% were black—a small change, but certainly a change toward more interracial contact. There is no reason

to think that the two-decade-long trend of declines in black-white residential segregation has come to an end.

After contending that rising economic inequality will be matched by more intense geographic segregation by class, Massey warns us of an impending epidemic of violence. Income deprivation and the spatial concentration of the poor promote violence, he contends, because this is one effective strategy whereby the poor can simultaneously protect themselves and secure the material goods denied to them by economic polarization. Yet when violence comes to be used frequently, Massey believes it will be internalized, leading to organic changes in the brain stem itself. Then the threshold for anger will decline, the intensity of emotions will grow, and the rational centers of the brain will be so overwhelmed that they can no longer contain the urge for violence.

Today's newspapers are filled with stories of murder, rape, and gang violence. Fear of crime keeps many Americans out of major sections of our largest cities. At least with regard to this point, it seems that Massey's address is on target.

That conclusion is hasty and unwarranted. Two different systems measure crime. First, crimes reported to and recorded by police agencies revealed a dismal upward trend at least until 1995, when homicides showed a sudden, unexpected decline of 8% (U.S. Center for Health Statistics 1996). These police data show persistently high or even increasing crime rates.

In another, more informative system for measuring crime, a representative sample of households participates in a yearly survey. The National Crime Victimization Survey asks householders if they or a member of their household were victims of violent crimes such as rape, robbery, or assault or were victimized by property crimes including larceny, burglary, and auto theft. Surprisingly, these surveys show a modest but consistent trend toward lower crime rates. The larceny victimization rate fell 35% between 1973 and 1992, the rape victimization rate decreased by an equal amount, and robbery victimization declined by 12%. In 1980, 3% of the nation's households reported victimization by crime; by 1992 this figure had decreased to 2.3% (U.S. Bureau of the Census 1995, tables 317–21).

There is no consensus about why crime rates have fallen. Perhaps the decline is due to the population's rising educational attainment and the improvements in economic welfare, although these improvements have occurred simultaneously with income polarization. Two other possible reasons are increased policing and the higher rate of incarceration of those convicted by the criminal justice system. Whatever the cause, trends in crime in the United States are currently moving in a favorable direction, directly opposite to that predicted by Massey.

Growing economic inequality is one of the dominant themes of this era, but scholars, reporters, and policy makers have been aware of it and, I believe, have developed policies to minimize the adverse trends described by Massey. During the prosperous 1960s, federal and local governments began to devote an increasing share of their

spending to education and health; this trend continues today. Congress passed Medicare legislation to ensure health care for the older population, a group traditionally at great risk of poverty, and Medicaid now provides health care to the poor. This money has not been spent in vain: The life span at birth in 1994 was five years longer than in 1970. Thanks to mothers' greater human capital and to the expansion of health services, infants—both black and white—were only half as likely to die before their first birthday in 1994 as in 1970.

After the end of the post-World War II "rising tide that lifted all boats," Congress began to target programs to those at the bottom end of the income distribution. In 1972 Social Security payments were indexed to protect the elderly against inflation; the Supplemental Security Income program, dating from 1974, sends checks to those too infirm to work; the Women, Infants, and Children nutrition program, beginning in 1977, provides food to poor pregnant women and their babies; and the Low Income Energy Assistance Program, established in 1980, pays the fuel bills of the impoverished. Congress never adopted President Nixon's negative income tax proposal, but in 1975 its cousin, the Earned Income Tax Credit (EITC) was passed. Then Congress indexed EITC for inflation in 1987, and expanded it in 1990 and again in 1993. As a result, employed parents with modest incomes now receive federal checks. The most frequently mentioned tax change of the 1980s was the drastic cut in the rates of the rich, but those at the bottom also received an important cut, such that a family of four is now likely to owe federal income tax only if they earn more than \$22,000.

Contrary to assertions in Massey's address, programs assisting those adversely affected by economic trends are well known. The question is whether we are willing to implement them. Several major programs were begun in the 1970s, but since the election of President Reagan the only two major equalizing policies have been reducing income tax for the near-poor and expanding the EITC. These programs have minimized but certainly have not reversed the trend toward greater inequality.

How much inequality are we willing to accept? Although there are many reasons for concern, it is too early to conclude that the twenty-first century will be characterized by more polarization and by geographic concentrations of poverty and affluence, or that the United States will be an increasing violent country.

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