

A VOLUME IN THE MULTI-CITY STUDY OF URBAN INEQUALITY

Detroit Divided

REYNOLDS FARLEY, SHELDON DANZIGER,
HARRY J. HOLZER

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DETROIT DIVIDED

The Multi-City Study of Urban Inequality

The Multi-City Study of Urban Inequality is a major social science research project designed to deepen the nation's understanding of the social and economic divisions that now beset America's cities. It is based on a uniquely linked set of surveys of employers and households in four major cities: Atlanta, Boston, Detroit, and Los Angeles. The Multi-City Study focuses on the effects of massive economic restructuring on racial and ethnic groups in the inner city, who must compete for increasingly limited opportunities in a shifting labor market while facing persistent discrimination in housing and hiring. Involving more than forty researchers at fifteen U.S. colleges and universities, the Multi-City Study has been jointly funded by the Ford Foundation and the Russell Sage Foundation. This volume is the second in a series of books reporting the results of the Multi-City Study to be published by the Russell Sage Foundation.

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Introduction: Three Centuries of Growth and Conflict

THE CENSUS OF 1990 counted seventy-seven U.S. cities with 200,000 or more residents. Detroit, the ninth largest, ranked 76th in terms of population growth in the 1980s—it lost one resident in six during that decade. It ranked first in terms of poverty, with one-third of its residents living in households reporting cash incomes below the poverty line. It also ranked first for percentage of households receiving public assistance payments, and it was the only large city in which the majority of family households were headed by a single parent. Detroit ranked 73rd of the seventy-seven cities in median income, and 75th in the percentage of adults with college diplomas. As for the worth of its owner-occupied homes, Detroit ranked at the very bottom, with a median home value of only \$25,600. The comparable figure for the city of Boston was \$161,400 and for Los Angeles, \$244,500 (U.S. Department of Commerce 1994, table 3).

Detroit, the Motor City, was once the symbol of our national industrial prowess, the home of an innovative automobile industry that played a key role in the development of the modern middle class. Its engineers created the production line, and its firms soon dominated the world in the manufacturing of cars and trucks. Because of its specialization in the production of heavy equipment during World War II, the city earned the sobriquet Arsenal of Democracy. Thousands of trucks, jeeps, tanks, planes, and weapons built on Detroit's assembly lines helped bring the Allies to victory. Throughout the post-World War II boom, Detroit was known as a city where blue-collar workers of all ethnic and racial backgrounds could prosper, largely by working at tough, but high-paying, jobs in auto plants—jobs that came along with membership in a powerful union that successfully fought for high pay, generous fringe benefits, and good working conditions. Especially for the thousands of African Americans who migrated northward from the fields and towns of the Deep South, Detroit offered opportunities for full-time employment at good wages—and the right to vote.

Detroit no longer symbolizes industrial might or technological innovation. Rather, the city is frequently seen as leading the nation in unemployment, poverty, abandoned factories, empty office buildings, high crime, and bitter racial strife. Instead of offering great hopes and opportunities for its African American residents, today Detroit's blacks are frequently viewed as poor and disconnected from the mainstream economy. No longer is Detroit a place where blue-collar workers of all racial and ethnic groups can prosper together. It seems to have become the quintessential underclass city, and attracts only a sliver of the great stream of immigrants now coming to the United States from Latin America and Asia. One resident of eight in metropolitan Los Angeles in 1997 had migrated to the United States earlier in the 1990s. In New York, the figure was also one in eight. In Detroit, just one in one hundred was a new arrival (U.S. Department of Commerce 1998). Nor does Detroit any longer attract migrants from the rural Midwest or South. In population terms, the city has been declining in size while metropolitan Detroit has been stagnant. The Census counted 4.2 million for its three counties (Macomb, Oakland, and Wayne) in 1970, and the Census Bureau estimated 4.1 million in 1998, or a drop of 3 percent. In the same span, the nation's population grew by 32 percent.

The important counterpoint to emphasize—one that will come up again and again in this book—is that Metropolitan Detroit is not an impoverished place. When one takes into account the overwhelmingly white suburban ring, one finds that the Detroit metropolitan area is among the nation's most prosperous. In terms of the earnings of employed men and women, Detroit ranked 7th out of 281 metropolises in 1990; in terms of per capita income, it was 24th of 281. In 1997, the average income of families in metropolitan Detroit was 13 percent above the national average. In that year, families in metropolitan Detroit had average incomes of \$56,000, far above the \$49,500 of metropolitan New York and the \$47,600 of metropolitan Los Angeles (U.S. Department of Commerce 1993, table 3; 1998). As the nation's major retailers know, Detroit's suburban ring is a good place to do business because of its highly-paid residents.

Metropolitan Detroit continues to be a high-wage, high-income location, even though the city's poverty rate remains elevated. The stark inequality between poor blacks living in the central city and the more affluent whites in the suburbs makes metropolitan Detroit unusual. A few numbers convey this polarization. In 1990, the city's population was 76 percent African American; the suburban ring was only 5 percent African American. The poverty rate for the city was 32 percent; for the ring, 6 percent. The economic disparity is even greater among children, with just under half (47 percent) of the city's population under the age of

eighteen living in impoverished households, compared with 10 percent in the suburban ring (U.S. Department of Commerce 1993). Detroit's extreme segregation is a recipe for racial tension.

How did this come to pass? What barriers are keeping African American residents of Detroit from pursuing better housing, steady employment, good earnings, and effective schools for their children? Is Detroit different from other cities? Do jobs go unfilled in the suburbs while unemployment remains high in the city? Is there a skills mismatch—lots of unfilled jobs for high-tech workers but much unemployment among the unskilled? Are there any processes under way that will address the city's decline, especially its poverty and unemployment? If so, will these processes provide more equal racial opportunities in the short run and declining black-white differences in the longer run?

Journalists, historians, and urban affairs experts have told the story of Detroit's fall from grace in many contexts. To present his provocative views about the causes and consequences of Detroit's polarization, Ze'ev Chafets (1990) focused on the unique—and fortunately contained—Detroit tradition of burning down hundreds of abandoned homes and garages the night before Halloween. He boldly labeled Detroit the nation's first Third World city. To portray her understanding of the black-white gulf, Tamar Jacoby (1998, pt. 2) focused on the bitter city-suburban controversy over integrating the area's public schools by busing both central-city black and suburban white children to the same classrooms—a plan stopped by an authoritative U.S. Supreme Court decision in 1974 (*Milliken v. Bradley*). Thomas Sugrue (1996) scrutinized employment and housing in the post-World War II era and described the contentious and often violent opposition blacks faced when they tried to move into the city's white neighborhoods.

In this volume, our goal is to discuss the economic and social processes that caused metropolitan Detroit to become so polarized, with an eye toward understanding how this situation might change in the future. We apply the concepts and research methods of the social sciences to answer questions about race, space, employment, and living standards in Detroit. As economists, demographers, and policy analysts, we analyze historical trends and examine information from censuses and data from surveys we administered to representative samples of Detroit residents and employers in the mid-1990s.

This key issue we address is why metropolitan Detroit became racially, economically, and geographically polarized. Similar political and economic forces were at work in most of metropolitan America, but we explain why they had such severe consequences in Detroit. But this is not only a look backward. We describe the trends and forces that are shaping metropolitan Detroit as it enters the new century. Some of

them suggest a continuation of today's polarization, others offer hope for change.

We focus on the entire Detroit area. A large part of our story tells how poor blacks came to comprise a large share of the central city's population and why the overwhelming majority of whites chose to leave the city and settle in the surrounding suburbs. The extent to which the geographic segregation of whites and blacks is due to social and economic forces, as opposed to being an independent factor that itself contributes to racial inequalities, will receive a large share of attention.

Our Surveys and Sources of Information

Several sources provided the information we analyzed to describe the social, economic, and demographic changes in Detroit. The University of Michigan's Detroit Area Study has gathered data from a random sample of residents of the metropolis every year since the early 1950s. The 1976 Detroit Area Study focused on racial attitudes: how blacks and whites view each other and the causes of continued racial residential segregation. The 1992 Detroit Area Study also investigated these topics and included an additional array of questions about employment, earnings, job search, and how people thought they were treated when they sought work.¹ Because African Americans make up only one-fifth of metropolitan Detroit's population, both surveys oversampled neighborhoods with many black residents in order to give us a larger sample and greater confidence in our findings. In 1976, 1,134 adults were interviewed; in 1992, 1,543.

Interviewing Detroit-area residents provided extensive information about racial beliefs and about the supply side of the labor market, including where blacks and whites looked for employment. Our investigation is unique, since we simultaneously carried out a survey with a random sample of 800 metropolitan Detroit employers, whom we interviewed by telephone between May 1992 and March 1993. This employer survey focused on those jobs that did not require a college degree, thereby providing a clear picture of the demand side of the labor market that minorities and less-educated workers now face. This survey gives us detailed information about what kinds of jobs are being filled, whether those jobs are located in the city or in remote suburbs, what skills employers demand, how long it takes them to fill their openings, and how employers screen candidates and put chosen applicants on their payrolls. (See Holzer 1996 for further discussion of this survey.)

In addition to the household and employer surveys, we analyzed data gathered by the Bureau of the Census and other state and federal

statistical agencies to explain the origins of Detroit's racial and economic polarization and to understand what policies might be effective in the future.

This study is one component of the Multi-City Study of Urban Inequality, supported by the Russell Sage Foundation and the Ford Foundation, to investigate why racial gaps remain large in urban America. The civil rights revolution of the 1960s and many programs implemented by federal and local governments at that time promised great racial progress and an eventual elimination of the gaps that separated whites and African Americans. In the subsequent decade, many indicators of poverty, income, and educational attainment revealed a diminution of those gaps as traditional barriers were eradicated and the black middle class grew. But by the 1980s, it became apparent that within most large metropolises, a significant minority of African Americans were making little progress. To some observers, it seemed that the civil rights revolution had stalled. The term "urban underclass" was frequently used to describe minority populations living in highly segregated, low-income neighborhoods where crime rates were high and opportunities for upward mobility rare (Wilson 1987).

The Multi-City Study addresses a number of questions related to this population: Are the problems of the urban poor due largely to changes in the nation's labor market, to their own reluctance to take advantage of available opportunities, or to racial discrimination? Four metropolises were selected for analysis. Interviews were conducted with nearly 9,000 household residents and 3,200 employers in the four sites to assess racial attitudes, the causes of continued residential segregation, and how labor market processes are linked to racial and gender differences in employment, occupational achievement, and earnings.

Two of the cities chosen for the study, Boston and Detroit, are in the North; one, Atlanta, is in the South; and one, Los Angeles, is in the West. Two (Atlanta and Detroit) have populations that are primarily white and African American, whereas Los Angeles is much more heterogeneous in its racial and ethnic composition. Two (Atlanta and Los Angeles) are characterized by high rates of recent population growth, while Boston has grown slowly and Detroit has stagnated. Immigration from Asia and Latin America has played a great role in changing neighborhoods and labor markets in Los Angeles, a modest role in Atlanta and Boston, and nearly no role in Detroit.

How Detroit Got Where It Is

The racial, economic, and spatial divides that have become entrenched in metropolitan Detroit result from the long-term interplay of four basic

processes: historical trends, changing labor markets, persistent residential segregation, and pervasive racial animosity and mistrust.

Historical Trends

First, there is the heavy hand of history. Chapter 2 recounts the development of the city since the arrival of Antoine de Lamothe Cadillac on the banks of the Detroit River in July 1701, stressing those economic and political decisions that made the metropolis what it is today. In the mid-nineteenth century, it was already evident that those few blacks who moved to Detroit from the South or the East Coast were treated very differently from the European and Canadian immigrants arriving at the same time. In the twentieth century, Detroit's destiny was governed by the rise of the automobile industry, symbolized by the inventions of Henry Ford and his 1908 production line—the first mass production of what came to be, next to housing, the world's favorite consumer durable. If there had been no automobile industry, Detroit would now resemble a dozen other medium-sized Midwestern manufacturing towns.

The demands of World War I produced a tremendous increase in Detroit's output of trucks. The building of roads, and then an explosion in automobile production, followed. Quickly, Americans came to depend upon Detroit's vehicles for transportation. By the 1920s, Detroit—home to the nation's fastest-growing major industry—was the nation's fastest-growing large city. This growth spurt distinguished Detroit from other American metropolises: its employment structure depended primarily on vehicle production and closely linked manufacturing industries. Detroit, more highly specialized than other large cities, thus never became a dominant center for trade, financial services, higher education, entertainment, or government. As demand for automobile workers soared in the 1920s, restrictive immigration laws forced auto firms to recruit workers from the American South rather than from Italy or Eastern Europe. As a result, the racial composition of the population began to shift. Today, metropolitan Detroit is distinguished from other Northern and Midwestern metropolises for its relatively large African American population: 22 percent in 1990, about twice the national average.

By concentrating thousands of men in one plant and tens of thousands of men in linked plants within the same city, Detroit's automotive industry provided a unique opportunity for industrial unions to organize workers. They were successful in the late 1930s, when shifts in the nation's economy led to a limited demand for cars one year and a large increase the next. By sitting down on the job, workers effectively stopped production and forced management to negotiate with unions

and meet their demands. This process was encouraged by the New Deal's labor policies. In the years just before and after World War II, unions and auto firms fought over how the company's revenues would be divided between workers and shareholders. After numerous bitter postwar strikes, management and the union signed the Treaty of Detroit in 1948, which made auto workers the nation's blue collar elite, enjoying generous fringe benefits and guaranteed wage increases (Lichtenstein 1995, chap. 13). Indeed, their benefits became a model for the demands of other unions around the country. When employers agreed to these demands, millions of blue-collar Americans and their families were shifted from hovering just above the poverty line into the prosperous middle class.

• Detroit's unions played a major role in the creation of America's middle class. In the 1930s, Detroit's union leaders feared that management would hire black men to replace the striking white men. As a result, the United Auto Workers stressed the principle of equal pay and equal opportunities for blacks and whites. This meant that no other American city had such a cadre of highly paid unskilled and skilled workers organized into an effective union that endorsed equal racial opportunities for its members.

The choice of where rail lines and huge factories are put, and whether neighborhoods are filled with wooden workingmen's houses or large brick homes on quarter-acre lots, has a great deal to do with who will live where for the next century or so. We generally don't tear down large sections of cities and replace them, or move railroads and expressways. Factory districts tend to remain unattractive long after the plants close and production moves to the suburbs or overseas.

Decisions about jurisdictional boundaries—county boundaries, city boundaries, and city-suburban lines—shape political battles for decades. In Detroit, they influence city-suburban struggles over dozens of issues, including who pays what for water, how much the city may tax suburban residents who work in Detroit, where public transit goes, and even where Detroit's major league sports teams play their games. For half a century or more, Lansing's legislative halls have been the battlegrounds for debates about whether the state of Michigan's spending would disproportionately benefit the city or the surrounding ring.

A more subtle way in which history shapes the present is in its effect on both styles of conflicts and the issues that become conflicts. In Detroit, the struggles between organized labor and management and conflicts over racial issues continue. In this era, when a firm's management is judged a success or a failure on the basis of every quarterly earnings report, United Auto Workers leaders know that by shutting down a crucial plant for just a week or ten days, they can still turn a

balance sheet from black to red. **But race, not class, is at the heart of the most controversial issues:** the assertions by Detroit blacks that they are profiled for arbitrary stops by police if they drive into white suburban neighborhoods; the 1998 fight to grant one of three licenses for casino gambling in the city to an African American entrepreneur or black firm. A well-developed history of political, economic, and racial conflicts continues to be played out in metropolitan Detroit, and the persistent blockage of attempts to merge the city and suburban public transit systems.

Changing Labor Markets

Changes in the structure of the labor market loom large in our explanation of how Detroit got to be where it is today and where it is heading. Three chapters in this volume are devoted to labor market trends including globalization, technological changes, and the subsequent decline in employer demand for less-skilled workers. Much of this discussion is based on our survey of Detroit's employers and what they seek from potential workers, and some on our household survey of the skills of Detroit's residents.

When the great boom in the automobile industry occurred, production was concentrated in huge, multistoried plants, many of them built within the city of Detroit or in the contiguous suburbs. Jobs were geographically close to city neighborhoods where whites and blacks lived. The increased demand for production in World War II led to the building of suburban plants, including the nation's leading bomber plant, about thirty-five miles away, in Ypsilanti. By the 1960s, Detroit's older plants had become technologically obsolete and, one after another, were closed: the Packard Motor Car plant, the Hudson Motor Car plant, the United States Rubber plant along the riverfront on Jefferson Avenue, Studebaker's Detroit plant, several Briggs Body plants, and, eventually, the Clark Avenue plant that had assembled Cadillacs for seven decades. Automobile firms and their suppliers shifted jobs, sometimes to the suburbs, sometimes to other parts of the United States or other countries. Because wage rates in Detroit were so high, plants that remained were retooled and modernized. Employment opportunities for unskilled workers declined dramatically, and by the mid-1960s, in-migration from the South had ceased.

In the early 1970s, Detroit's automobile industry was challenged as never before. German and Japanese producers sold high-quality vehicles at competitive prices and grabbed increasing shares of the American market. In 1973, oil prices skyrocketed, further curtailing the market for the larger American cars and trucks as the cost of gasoline doubled. The

large automakers responded by redesigning their products and changing the way cars and trucks were made, especially by reducing wage costs through labor-saving processes and machinery and by outsourcing parts to smaller, sometimes nonunionized firms. Technological changes and the pressures of international competition created better job opportunities for highly trained and highly skilled workers, but fewer opportunities and lower wages for unskilled workers. Traditional black-white differences in educational attainment and the shift of blue-collar jobs from the city to outlying suburbs meant that whites were better able to adjust to these pervasive changes in Detroit's labor market than were African Americans. White workers with blue-collar jobs have suffered a great deal from labor market restructuring, but the burden on African Americans was far greater.

Persistent Residential Segregation

Ever since blacks started coming to Detroit in great numbers—during the World War I labor shortage—residential isolation has been the norm. A history of the city's neighborhoods in the twentieth century (told in chapter 6) shows that as blacks moved up the ladder economically, they sought better housing for their families—just as Italian, Polish, and Russian immigrants to Detroit had. But, with few exceptions, whites staunchly opposed the entry of blacks into their neighborhoods. In the two decades following World War II, a series of “turf wars” broke out in Detroit neighborhoods as blacks and whites contested who could live where. Gradually whites withdrew from the city, taking advantage of generous federal programs that allowed the nation to invade and conquer a “crabgrass frontier” (Jackson 1985). A four-day riot in 1967 (with forty-three fatalities), court decisions upholding the property rights of blacks, a number of racial confrontations within the city in the late 1960s and early 1970s, and demographic shifts led many whites to conclude that they were no longer welcome in the Motor City. They joined the well-established migration stream to the suburbs.

The city's white population fell dramatically, from 1,546,000 in 1950 to 222,000 in 1990—a drop of 85 percent. For whites, a move up the economic ladder typically meant a move to the suburban ring, but residential mobility was constrained for Detroit's African American residents, as most suburbs gave them the clear message that they were not welcome. Neighborhood segregation does not distinguish Detroit from Atlanta, Chicago, Boston, or New York. In all the nation's older metropolitan areas with substantial African American populations, blacks and whites seldom live in the same neighborhoods. But the thoroughness with which long-term social, economic, and racial trends produced an