RACIAL-ETHNIC DIVERSITY AND SOCIOECONOMIC PROSPERITY IN U.S. COUNTIES

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EXTENDED ABSTRACT

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Abstract

Researchers interested in the spatial distribution of ethno-racial inequality tend to focus on nonwhites' overrepresentation in disadvantaged places, but less is known about places that are both diverse and economically advantaged. We use county-level data to explore the relationship between socioeconomic prosperity and diversity, paying particular attention to metropolitan status and other factors that might separate prosperous diverse counties from ones that are diverse but not prosperous. We find, among counties that are more diverse than average, only 13 percent are "prosperous" (that is, they experience less poverty and unemployment, lower high-school drop rates, and fewer housing problems than the nation). These diverse, prosperous counties are most commonly on the fringes of large core metropolitan areas, whereas diverse places that are not prosperous are typically classified as nonmetropolitan. Logistic regression models will be used to identify other dimensions along which diverse counties are stratified, including labor-market composition and migration-related characteristics.

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Background and Current Study

Racial and ethnic inequalities remain a persistent feature of U.S. society. Residential segregation has changed little in recent decades and, in some cases, worsened (Wilks and Iceland 2004). Since the Great Recession, poverty has become increasingly concentrated, particularly among blacks and Hispanics (Lichter, Parisi and Taquino 2012). In urban areas, deindustrialization, white flight and historical discrimination have given risen to an urban underclass that lacks access to good jobs and networks needed to access them (Wilson 1987, 1996). Rural minorities are similarly disadvantaged. In their analysis of prosperity in rural America, Isserman, Feser and Warren (2009), found that minorities are heavily concentrated in counties where poverty, unemployment, high-school dropout rates and housing problems are greater than national averages.

Researchers interested in the spatial distribution of inequality tend to focus on nonwhites' overrepresentation in disadvantaged places, but areas that are diverse and faring well economically remain underexplored. Although economic wellbeing has been shown to decrease cross-racial tensions and increase tolerance (Branton and Jones 2005), we know little about why some diverse places fare better than others. While prosperity among heterogeneous counties (our unit of analysis) is likely greater in the suburbs, where affluence is more ubiquitous (Wilson 1987; Orfield and Luce 2012), an investigation of labor-market contexts and demographic factors that separate diverse, economically advantaged counties from disadvantaged ones is warranted. Regarding the labor market context, high levels of occupational segregation (Tomaskovic-Devey et al. 2006) have been shown to worsen economic disadvantage (see, for example, Semyonov and Herring 2007), as does the disproportionate placement of minority workers into low-skill, low-paying jobs (e.g., Kalleberg 2011). At the same time, high rates of

immigration have also been shown to improve economic wellbeing, particularly where skilled immigration is concerned (Carr, Lichter and Kefalas 2012; Peri 2010).

In this paper, we build on Isserman, Feser and Warren's notion of prosperity, focusing specifically on its relationship with ethno-racial diversity. We ask the following research questions to expand our knowledge of diversity, its spatial distribution and its interaction with economic advantage: First, how many US counties are both more racially diverse and also more prosperous than nation as a whole? Second, how does the relationship between diversity and prosperity differ by county metropolitan status? Finally, examining only more racially diverse counties, how do diverse counties that are prosperous differ from diverse, but less prosperous ones in terms of labor market context (including industrial makeup and occupational segregation) and demographic change (e.g., immigration, domestic migration and natural increase)?

Data and Methods

The unit of analysis for this project is the county. We include all US counties, which, in their entirety represent varying levels of diversity and socioeconomic prosperity. We draw from several sources of data in conducting this research: the 2000 and 2010 decennial censuses, as well as the most recent five-year estimates (2007-2011) available from the American Community Survey (ACS). The decennial censuses provide detailed information regarding racial/ethnic makeup, population change by race, and other demographic factors. The ACS will provide data regarding various dimensions of prosperity and important labor market characteristics.

Following Isserman, Feser, and Warren (2009), we define prosperity based on county-level poverty, unemployment, education and housing. Prosperous counties are those where the poverty rate, unemployment rate, percent of 15-19 year-olds not enrolled in school, and the housing problem rate are lower than the national average. (Note that the housing problem rate

refers to the percent of households without complete plumbing and kitchen facilities, more than 1.01 occupants per room or where rent exceeds 30 percent of household income). Defined thusly, the prosperity index is a measure of *relative*, rather than *absolute*, economic advantage.

We use the diversity index as our measure of racial/ethnic composition. This index indicates the probability of two randomly selected individuals (in this case, from a county) being of different racial/ethnic groups. Counties with indexes above the county average are coded as "more diverse," and those below the average are coded as "less diverse." In future, more detailed analyses, we will use both the diversity index and percent minority. Using both will allow us to capture two fundamentally different county properties. The diversity index is a measure of homogeneity, where lower scores indicate more homogenous counties (little racial diversity) and higher scores indicate a more racially heterogeneous county (high racial diversity). This index complements the percent minority, which simply identifies counties with proportionally large minority populations. A county theoretically could have a low diversity index but a large minority population such as Texas counties that border Mexico (see Figure 1).

Preliminary Findings

Of the 3,113 counties included in this analysis, we find that 1,396 (45 percent) are more racially diverse than the average diversity of US counties. Figure 1 illustrates the spatial distribution of diversity and prosperity. In general, more racially diverse counties are also less prosperous. Only 176 racially diverse counties (13 percent of all diverse counties) meet the criteria of a prosperous county. In comparison, a third of less diverse counties are prosperous. We also find divisions based on metropolitan classification. Among counties that are more diverse and prosperous, 42 percent are located on the fringes of large core metropolitan areas, and 29 percent are in nonmetropolitan areas; only 5 percent of these counties are categorized as

large metro cores. For counties that are more diverse but *not* prosperous, only 10 percent are located on the fringes of large core metropolitan areas; most of these more diverse, not prosperous counties (61 percent) are nonmetropolitan. Less diverse counties in general, regardless of prosperity, are also nonmetropolitan (65 percent less diverse and prosperous; 76 percent less diverse and not prosperous).

Figure 1: Diversity and Prosperity in U.S. Counties, 2007-2011

Source: U.S. Census 2010; ACS 2007-2011
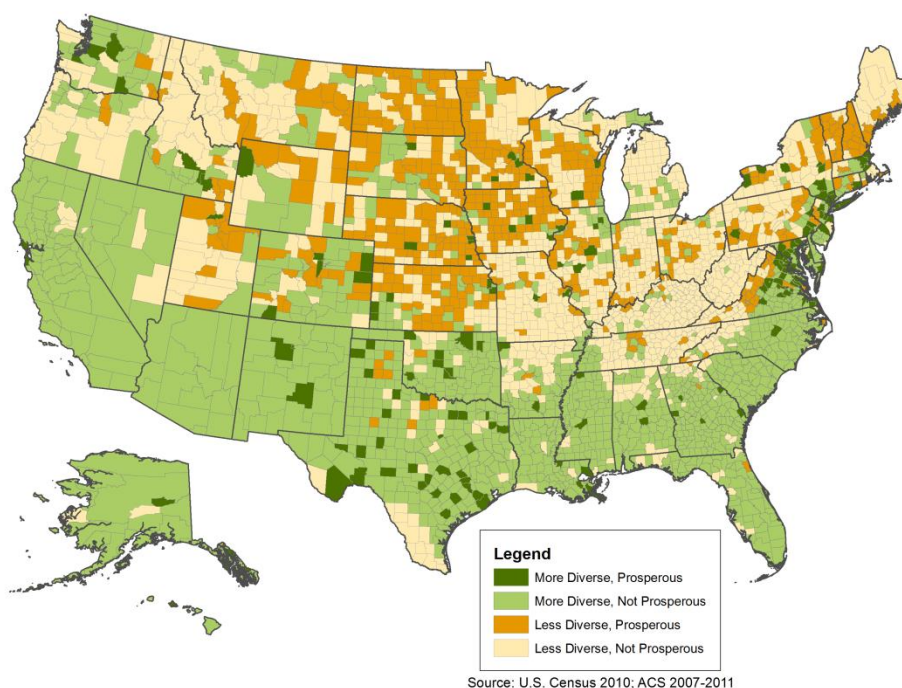
As these numbers suggest, ethno-racial diversity does not necessarily translate into a lack of prosperity, and metropolitan classification is one important axis along which prosperity in diverse counties is stratified. Extending this exploratory analysis further will allow us to uncover other key differences among diverse counties. Using logistic regression models that control for spatial autocorrelation, we will consider the extent to which county prosperity differs by certain labor market characteristics (including, but not limited to, occupational segregation and industrial composition) and dimensions of demographic change (e.g., immigration, natural increase and domestic migration).

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