Panethnicity, Ethnicity, and Nativity in Residential Choice

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Abstract

This paper furthers the understanding of panethnic versus ethnic boundary-making, via residential choices. I study how people respond to local panethnic versus ethnic composition when making residential choices, where mobility is a measure of racial tolerance and interracial relations. This paper investigates whether or not ingroup preferences and outgroup avoidance behaviors operate in residential mobility, especially comparing the differences when group concentration is defined by panethnicity versus ethnicity. I find that people respond less to local size of the same panethnic group and more to concentration of people of the same ethnicity. In addition, groups with very large immigrant populations are substantially more likely to respond positively to ethnic composition rather than panethnic composition. I examine these issues for four panethnic groups- whites, blacks, Latinos, and Asians, at the labor market area level, using restricted data from the 1990 U.S. Census. I employ nested discrete choice models to test hypotheses.

I. INTRODUCTION

Residential racial[1] composition and segregation have been important topics in the study of social stratification and of race relations. Access to economic and other resources are related to residence (Massey and Denton, 1993; Wilson, 1987; Jargowski, 1996). Poverty is often concentrated in urban areas (Quillian, 1999),

[1] I use the term "race" throughout this document as short hand for "race and Hispanic origin." The five "races" I recognize in this paper are "white", "black", "Latino", "Asian", and "Native American." The group "Latino" is included as a race, and it encompasses all individuals of Hispanic origin, regardless of race, as understood in the U.S. Thus, a black person of Hispanic origin is a Latino, as is a white person of Hispanic origin. In this document, I use the terms "white", "European American," and "Anglo" interchangeably. Likewise, I use as synonyms the terms "black" and "African American," "Latino" and "Hispanic," and "Native American" and "American Indian."
I use the term "ethnicity" to indicate a particular ethnic group within a race-Hispanic origin combination. For example, Russian and Lebanese are different ethnicities within the white racial category. I will use "native blacks" to distinguish African Americans who have resided in the U.S. for three or more generations from immigrants and children of immigrants from Africa or the Caribbean.
In addition, I define a panethnic group as "a politico-cultural collectivity made up of people of several, hitherto distinct, tribal or national origins" (Espiritu, 1992, p. 2). In this paper, I

particularly in cities with large populations of recent immigrants (Clar k, 1998). In addition, spatial segregation and location affect child development and educational attainment (Jencks and Mayer, 1990; Brooks-Gunn et al., 1993; Sampson et al., 1999).

The racial composition of a geographic area is also related to spatial concentration and mobility. For example, people choose residential location according to local racial composition, avoiding persons of some racial groups as undesirable neighbors and preferring to live near persons of other racial groups (Bobo and Zubrinsky, 1996; Emerson et al., 2001). The racial composition of an area is a part of a neighborhood's character and affects neighborhood attachment (White, 1987). Thus, individuals must have racial tolerance in order to reside in a racially mixed area, where persons of other races or ethnicities reside in close proximity (Blalock, 1957). These relationships between space and race suggest that residential choice is an important way of measuring racial boundaries, especially in a context of economic inequality.

One weakness in the literature is that residential choice patterns may differ when groups are defined by race or by ethnicity. Research on residential choice and segregation typically focuses on racial rather than ethnic mixing. However, there is substantial heterogeneity within racial groups by language, religion, and socioeconomic characteristics (Lopez and Espiritu, 1990; Dodoo, 1997; Lieberson and Waters, 1988). People of the same ethnic group are more alike, while people of different ethnic groups within the same racial group may be quite different. This suggests individuals are drawn more to people of their own ethnic group rather

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conceptualize each racial group as consisting of multiple ethnic groups, so I also use the

than to people of other ethnic groups in the same racial group. Therefore observed racial concentration patterns may be due to ethnic rather than racial concentration. In other words, people choose residences based on proximity to co-ethnics rather than other co-racials, but since all co-ethnics are of the same race, both ethnicity- and race-based concentration results. The distinction between ethnicity and race may be particularly important in studying recent immigrants' behavior. Since immigrants have not yet been incorporated into the American social definitions of race, ethnicity may be more salient to them than race (Espiritu, 1992). Moreover, individuals may make more distinctions between ethnicities when considering their own racial group, but see fewer ethnic distinctions when considering other racial groups as neighbors. If so, this increases the importance of distinguishing between racial and ethnic composition. Despite these issues, most studies of residential choice study groups based on race and ignore within-race heterogeneity. Thus, examining residential concentration by ethnic group can contribute to the understanding of the relative salience and function of racial versus ethnic boundaries. This paper attempts to address these issues by answering this basic research question: How do people respond to race versus ethnicity when making residential choices?

II. BACKGROUND

Researchers have sought to explain these residential patterns of racial concentration and migration within social psychological, economic, and sociological frameworks. A variety of social-psychological theories explain racial interaction in

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terms "race" and "panethnic group" interchangeably.

general: Social distance, in-group preferences, out-group avoidance and prejudice. These theories may generalize to residential association between racial groups. Economic avoidance theories posit that economic characteristics are the primary factor in individuals' residential choices, while racial composition itself merely happens to be associated with, or perhaps is a precursor to economic conditions. Social capital theories suggest that ethnicity and race form important social and economic networks, leading people to gravitate towards others in the same group, and ultimately resulting in geographic concentration by race and ethnicity. For immigrants, spatial assimilation theories provide a model for how immigrants become both socially and spatially upwardly mobile. While these various hypotheses form starting points for the study of residential choice and their resulting patterns of spatial composition, this paper attempts to further the understanding of residential choice by filling in the gaps left open by previous theoretical frameworks.

Social Distance and Race Relations

One set of explanations for observed patterns of ethnic and racial residential concentration involves social psychological phenomena, such as attitudes towards one's own and other racial or ethnic group and perceptions of social distance. In particular, researchers have examined the roles of social distance and group preferences, prejudice, and power and access to resources as particularly important for understanding race relations. These factors can be barriers that may decrease interracial association through the relational behavior between ethnic and racial groups.

Social distance is the concept that some racial and ethnic groups are less distant, or more alike, than others are (Smith and Dempsey, 1983; Bogardus, 1947). The degree of similarity in values, culturally socialized ways of interacting socially, language and customs, social position and historical experiences affect how distant or close groups are to one another (Benson, 1990) In addition, some researchers argue that racial boundaries are more divisive, or create larger social distances, than ethnic boundaries (Smith and Dempsey, 1983; Lieberson and Waters, 1988)). Thus, ethnic groups within a race are less socially distant to each other than to people of another race. Extending the concept of social distance to residential association suggests that an individual would choose to move to a place where social distance to others will be minimized. This will occur in places where there exist others of the same racial group. If there are none of the same racial group, then people will avoid places where there is a large population of the most distant group to oneself.

Related to this concept of social distance is the in-group preference hypothesis, which suggests that people merely prefer to associate with their own groups, without necessarily feeling hostile towards outsiders (Clark, 1992). Rather than focusing on negative feelings towards outsiders, the ingroup preference hypothesis emphasizes the positive feelings one has towards one's own group. In the context of residential decisions, the hypothesis suggests that since people prefer to associate with those who are less socially distant to them, they will choose to live near those who are like them. Thus, people will move to a neighborhood or a place where there is a large population of coethnics. Since there is less social distance to people of the same race or ethnicity, these persons will be more likely

to share cultural values and customs, thus leading individuals to feel more comfortable socially and emotionally when living in close proximity to each other. Combined with the idea of social distance, such in-group preferences, and preferences for similarity implies that persons prefer to associate with their own groups first, but then with respect to outsiders, will have a hierarchy of groups in social interaction, depending on how distant the outsiders are to themselves. However, there is limited evidence for ingroup preference hypotheses in determining neighborhood level segregation, compared to other explanations (Bobo and Zubrinsky, 1996; Hwang and Murdock 1998).

An alternative outcome of perceptions of social distance is prejudice, which can be understood in a number of ways. Prejudice is an irrational hostility and negativity towards other groups. Because of the irrational nature of prejudice, the individual cannot process new information about other groups that may not cohere with his or her views about other groups. Prejudice is driven by an instinctive and emotional attachment to one's own group, and a natural aversion to others who are unfamiliar (Thomas, 1904). Another view of prejudice is that it gives groups a sense of social position. To individuals in the dominant group, outsiders are alien, inferior, and encroaching on the established, superior social position to which the dominant group is now entitled (Blumer, 1958).

These hypotheses suggest that prejudice, both as an irrational hostility towards others and as providing a sense of group position, is a motivator in whether or not people move to or stay in areas that have substantial out-group presence. There is evidence that attitudes towards other ethnic groups as neighbors have been and continue to be relevant in understanding neighborhood choice (Bobo

and Zubrinsky, 1996; Massey, 1985). For instance, according to the 1992 Los Angeles County Social Survey, blacks object the least to residential integration with whites, Hispanics, or Asians, while whites most object to residential integration with other groups. Conversely, whites are the least objectionable group, since 6-9% of other groups object to living near members of these groups, while blacks are the least desirable group, with a third of whites and Hispanics and almost half of Asians objecting. Thus, recent evidence shows that people are most willing to associate with whites as an outgroup and least likely to associate with blacks as an outgroup.

Each of these hypotheses, in-group preferences and racial prejudice, may exist simultaneously. Both factors, however, impede the spatial integration of groups by race and ethnicity. Moreover, these hypotheses imply that racial and ethnic segregation is the result of complex processes, involving the attitudes of not just one, but multiple groups. Over time, perceptions of social distance may have declined, but some historical patterns of racialization still exist, with Europeans and non-Hispanic whites being the most desirable groups with whom to associate, and blacks being the most objectionable.

While the concept of social distance and its variants have been tested for social circles as well as for residential choice, these studies rarely, if ever, link interracial association to level of geography. However, racial tolerance is likely to vary directly with actual spatial distance. In particular, the effect of the presence of a different group will be lessened when that group is less physically proximate, less visible (Hartley and Mintz, 1946; Blalock, 1957). As the physical distance between groups increases, the potential for interaction with persons of another racial group decreases, and the connection of racial composition to local identity decreases as

well. This suggests that people will be more tolerant of the presence of other racial groups at broader levels of geography, for example, in the same labor market area, and less tolerant at smaller levels, such as in the same neighborhood. Thus, the willingness to associate with other racial groups varies by distance.

Despite the relationship between tolerance and distance, most research in residential choice considers either metropolitan areas or neighborhoods, but not both. Where neighborhoods and metropolitan areas are linked, the metropolitan area is considered in an ad hoc fashion, and usually more as a context for comparing neighborhood residential patterns between metropolitan areas. Instead, I propose to examine the links between racial composition of labor market areas and of neighborhoods and their role in residential choice. By doing so, the paper addresses potential differences in decision-making, for instance, in the effect of presence of own versus other group, or of economic conditions, at the labor market area and neighborhood levels.

Economic Conditions

Instead of racial composition and interracial relations, many researchers have pointed to the importance of human capital and labor market conditions on residential choice. Such models suggest that economic factors are the primary motivations for migration and residential choice, trumping racial composition, which is merely correlated with indicators of economic conditions. Individuals weigh their abilities and the likelihood of obtaining a job with better wages with the costs of moving, then migrate in order to maximize their economic prospects (Greenwood, 1975; Treyz, et al., 1993). Such cost-benefit analyses also occur at the family and

couple level, and become more complicated when considering dual-earner couples (Clark and Davies Withers, 2002; Davies Withers and Clark, 2002). If conditions are poor in one place and good or better elsewhere, people will migrate in order to avoid these poor conditions (Stark and Bloom, 1985; Davis, 1974; Massey, et al., 1993). Therefore, whites move away from poor neighborhoods in the inner city, which often happen to have a high percentage of blacks. In other words, these models support the idea of economic avoidance, and a therefore a desire for upward social mobility, as a reason for observed ethnic and racial concentration patterns.

A variation on economic avoidance hypotheses suggests that race and immigration rates *are* related to residential choice by affecting economic conditions, creating an independent "push" factor for the migration of non-Hispanic whites. High and concentrated immigration rates lead to poor economic conditions, such as the suppression of wages and increase in housing costs, that not only deter native born whites from moving to high immigration metropolitan areas, but also lead to the migration of whites away from such areas (Frey, 1996; Frey and Liaw, 1998). Outmigrants from high immigrant receiving metropolises are typically middle class whites with relatively low human capital and low income, i.e. those who should be most negatively affected economically by locally concentrated immigration (Frey and Liaw, 1998). Since these migrants move to slower growing places that are also largely white, the outcome of this migration also is coethnic concentration of whites in nonmetropolitan areas and concentration of nonwhites in metropolitan areas. Thus, economic avoidance models posit that the primary factor that motivates migration is economic conditions. Race is either merely correlated with economic

factors, or, through immigration, is a cause of economic factors that in turn affect residential choices.

Work focusing on the economic factors in residential choice has generally considered either neighborhoods or metropolitan areas as the unit of analysis. However, the link between level of geography is of interest, since not only do the specific economic conditions that are important in residential choice differ for labor market areas and neighborhoods, but also the labor market area creates an important context and precursor to neighborhood conditions. For instance, the labor market area's economic conditions, such as labor market opportunities and unemployment, affect neighborhood conditions, such as housing prices and local poverty rates. In other words, the labor market area context affects the kinds of neighborhoods available within. However, this relationship between the economic conditions of a labor market area and of its neighborhoods has never been examined systematically in the study of residential choice. This paper addresses this issue by examining explicitly how choices are made for neighborhood of residence within the context of labor market area residential choice.

Social Capital and Pioneer Settlers

Another factor in residential choice that combines race and economic concepts is that of social capital, defined as those aspects of social structure that facilitate actions to achieve an end that would not be possible otherwise. Thus, social capital "exists in the relations among persons" and takes many forms, including information channels, a system of norms and sanctions, a system of obligations, expectations, and trustworthiness (Coleman, 1988). Coleman (1988) particularly

notes the significance of social capital in the formation of human capital and economic resources, and thus can create different labor market outcomes for individuals. In particular, social ties and networks provide individuals with information about and opportunities for employment, and can be used to gain access to the labor market.

Social capital differs from social distance in that social capital functions as a resource for individuals, while social distance is how different from oneself an individual perceives persons in other groups to be. However, the two concepts are related in that ethnicity and race appear to be particularly salient dimensions in in-group preference and in the formation of social ties, as well as economic ties to ethnic niches (Hagan, 1998). Ethnicity based social capital may be especially vital for those who must find employment in the ethnic economy, both formal and informal, if they lack employable skills or language abilities for working in the general labor market.

Social capital may affect residential mobility if individuals choose to reside near people in their social network, i.e. persons of the same racial or ethnic group, in order to utilize these ties. This implies that those people who lack human capital, and who therefore must rely on other forms of capital for economic gain, may especially prefer to reside in areas where they are in close proximity to their social ties. To the extent that size of ethnic or racial population measures the potential number of and strength of social ties, then the presence, size, and density of co-ethnic or co-racial population is an important factor in residential choice. Social ties deter migration to areas of low coracial or coethnic concentration (Kritz and Nogel, 1994) and promote migration to areas of high concentration (Bartel, 1989). So,

areas of high coethnic population both attracts new immigrants and impedes movement to areas of low concentration, and this is especially true for less educated immigrants (Bartel 1989). Although social capital is not consistently important for all members of all ethnic and racial groups, it is necessary for the survival of some people, and therefore can figure prominently in residential decision-making.

Like other studies of residential choice, most of the research focusing on social capital considers only one unit of geography. However, the quality and meaning of social capital may vary by geographic level. The presence of social ties in the general labor market, may form certain attractive social amenities and a pool for both employment and business patronage. This context, however, affects the availability of racial social ties within the labor market area, i.e. the kinds of neighborhoods available within one's labor market area. I explore this link explicitly in this paper.

Yet another aspect of social capital related studies of residential choice that remains unexamined is the relationship between social ties and level of social boundary, i.e. race versus ethnicity. Race and ethnicity are likely to factor in differently in residential choice. Social capital may be more ethnicity based for some groups, especially for new immigrants who are not familiar with the American system of race. For some groups, such as whites, race may be more salient than ethnicity, while for persons whose ties depend largely on common language, for example, ethnicity may be more salient than race. This does not necessarily mean that the dominance of one social boundary over another renders the other completely inoperative in residential choice. Moreover, the degree to which race

and ethnicity matters varies with each racial and ethnic group. Due to small sample sizes, the relative importance of race versus ethnicity has not been visited with respect to spatial proximity, but this paper will explicitly examine this issue.

Finally, there is a gap in previous studies of social capital and residential choice because they take only a cursory look at people who migrate to areas *without* coracial social capital. This reveals that while social capital hypotheses can explain why people are attracted to places with a substantial population of persons in the same group, they are less equipped for explaining precisely why some people do *not* behave in the prescribed way. Some research suggests that the latter group of people consists of those with more marketable human capital characteristics. In this paper, I explore more thoroughly the phenomenon of what I call "residential pioneers" or "pioneer settlers," i.e. those who choose not to live near people of their own group but rather in an area dominated by other groups. In this study, I include all labor market areas in the U.S., including those that are rural and more likely to be racially homogeneous and experiencing changes in racial composition. I also examine the effect of non-race-related characteristics of a labor market area that may draw pioneers to it.

Above, I have discussed past research and hypotheses for how individuals make residential choices and how race and ethnicity may operate. I have also exposed some areas that require more understanding, thus leading this paper in a new direction of inquiry. This paper seeks to fill in new areas by examining the importance of racial versus ethnic composition at the labor market area versus neighborhood levels. I also ask: How do people respond to race, ethnicity, and

nativity when making residential choices? How important are ingroup preferences, compared to outgroup avoidance behaviors? Is ethnicity a more meaningful distinction when considering one's own group, and race more meaningful when considering an outside group? Is ethnicity a more meaningful distinction for the foreign-born, who are less likely to feel incorporated into the American system of race?

III. DATA AND METHODS

A. Data and Variables

The primary data for this project come from the U.S. Decennial Census of Households for the 1990 long form. The data include confidential geographic information for both census year and 5-year migration. The confidential data will provide information covering all geographic areas in the U.S. for both 1990, i.e. including nonmetropolitan areas. All county and county equivalents are categorized into labor market areas, areas tied by commuting across county lines (Tolbert and Sizer, 1996). Census tracts and block numbering areas approximate neighborhoods in this study.

I utilize information on the racial, ethnic, and immigrant composition for each labor market area and neighborhood area. I also include information on local socioeconomic characteristics, such as median household value, unemployment rates, and median income. At the individual level, I measure race, ethnic origin, and nativity, but also migration behavior, socioeconomic and human capital characteristics, and demographic characteristics. See Appendix A for a list of all variables.

B. Models - The Discrete Choice Model

In this paper, I will analyze migration behavior using a sequential nested logit model in which people are assumed to make two choices, in succession, between the mid-decade and Census year time points. At the top level, individuals choose a labor market area in which to live. The choices include all labor market areas in the U.S., including the mid-decade labor market area of residence. At the bottom level, people choose a neighborhood within the chosen labor market area. The choices include all neighborhoods in the labor market area. Unfortunately, due to data limitations, mid-decade neighborhood cannot be observed for those who moved, using the 1990 Census, so I cannot study neighborhood to neighborhood moves.

This project assumes that people make decisions about labor market areas prior to choosing a neighborhood. This is because labor market areas provide amenities, such as climate and social resources, that may be reasonably accessed from any neighborhood within. There are characteristics of the labor market area that affect all neighborhoods within the area. Moreover, empirically, most moves are neighborhood to neighborhood moves within an MSA or county (Hansen, 1997; Schachter, 2001). This suggests that people are more likely to be tied to their MSA or county, assuming that the social and economic costs of moving out of county and neighborhood are greater than moving out of a neighborhood only. The discrete choice model also fits behavioral models in that the *origin* labor market area of residence can occupy special status from among all locations. This is important, since people have relatively more information regarding their current locale and more social ties, thus increasing the benefits to immobility.

In this project, I will model migration between the mid-decade time point and the census year. I will reserve very recent immigrants for another analysis (see below). Also, I cannot observe movements out of the country by the census year, since this is not possible in the U.S. census. Due to data limitations, for the 1985 to 1990 time period, I can only fully model movements across labor market areas, not across neighborhoods. Whether a move between 1985 and 1990 is inter-neighborhood can be observed, but it is not known *which* neighborhood is the origin. Origin to destination neighborhood analyses could be performed for the 1995 to 2000 migration period only, and using zip code as the measure of neighborhood rather than tract, if the information is available. However, in order to maintain continuity for time trend analyses between 1990 and 2000, I will use census tract in the Census 2000 as the measure of neighborhood.

Generally, the discrete choice model is given by

$$Pr_{nl} = Pr_{n|l} * Pr_l$$

$$Pr_{n|l} = \frac{\exp (B * x_{n|l})}{\Sigma_n \exp (B * x_{n|l})}$$

$$Pr_l = \frac{\exp (A * z_l + t_l * I_l)}{\Sigma_l \exp (A * z_l + t_l * I_l)}$$

$$I_l = \ln (\Sigma_n \exp (B * X_{n|l}))$$

where ***l*** denotes labor market area, ***n*** denotes neighborhood, $\boldsymbol{z_l}$ are the attributes of the labor market areas, and $\boldsymbol{x_{n|l}}$ are the attributes of the neighborhoods within each labor market area. ***A*** and ***B*** denote the coefficients for choosing a labor market area and a neighborhood within a specific labor market area, respectively. $\boldsymbol{I_l}$ is the inclusive value for the $\boldsymbol{l}^{\mathbf{th}}$ labor market area (Greene, 2000), and can be interpreted as the aggregate effect of a labor market area's characteristics on all its

neighborhoods within. The $\boldsymbol{t_l}$ parameter scales the effect of specific labor market areas on their neighborhoods. If all $t_l = 1$, then all labor market areas have the same effect on their neighborhoods.

The individual's labor market area ($\boldsymbol{z_l}$), and neighborhood ($\boldsymbol{x_{n|l}}$) characteristics will include the variables described in previous sections. In particular, $\boldsymbol{z_l}$ and $\boldsymbol{x_{n|l}}$ include the main trait of interest, the racial, ethnic, and immigrant composition, as well as area socioeconomic variables and type, such as metropolitan status and suburban status, interacted with the individual's demographic and human capital variables. In addition, geographic characteristics include an indicator variable for whether or not the area is an individual's *origin*, plus interaction terms between individual characteristics and the area's race and immigrant composition. The interaction terms allow for geographic characteristics to differ by individual characteristics. For example, using such interaction terms accommodates differences in the effect of local percentage black on the probability of whites, versus blacks or Latinos, moving into that area. Interactions between individual race group and origin status allow the models to study immobility, or people who do not move away from their origin area.

Thus, the discrete choice model is sufficiently flexible for studying many aspects of the migration phenomena of interest in this paper. The model is especially appropriate for studying individuals' reactions to racial and ethnic composition, since racial and ethnic composition can be included as an independent, rather than dependent, variable. However, one disadvantage of the discrete choice model is that the coefficients of this model are not directly interpretable. Fortunately, model interpretation is relatively easy when producing predicted probability curves based

on the interaction terms between individual level information and geography level information. Adding confidence intervals around the predicted probability curves allows for statistical tests of significance. These probability curves and tests are described in more detail in the hypothesis testing sections below.

Another disadvantage of the discrete choice model is its large size and number of choices. Since it is better to have more cases and fewer alternative choice, I will reduce the size of the data and modeling procedures by subsampling both the labor market area and neighborhood choices for each individual. The rules for the subsampling are:

(i) the origin area is chosen with probability 1

(ii) the destination area is chosen with probability 1

(ii) all other areas are chosen with a probability q, where q is chosen to yield an estimation sample that is of manageable size, e.g. 1% of the original size.

In most cases, the origin and destination areas are the same, i.e. most people do not move (Hansen, 1997). Also, for subsampling neighborhoods, the origin tract cannot be selected with probability 1, since, in these data, the origin tract cannot be observed for those who moved. By subsampling the choices for each individual at both geographic levels, this makes the project computationally feasible. If this does not sufficiently reduce the computational requirements, I will run models separately by race group, or by both race group and origin labor market area's racial composition type, i.e. low, moderate, or high percentage of own race in the area. Thus, there are a number of steps I can take to make the computation feasible, starting with subsampling the choices, and, if needed, running models separately by subgroups of the population. This stratified subsampling, if performed

correctly and with an appropriate estimator, will still provide consistent and efficient estimates of the model parameters (McFadden, 1978; Ben-Akiva and Lerman, 1985). The standard errors will not be affected.

IV. RESULTS

(In progress)