

**Transcript:**

Conversations on Economic Inclusion

The State of Racial Inequality in the US: Where Are We? How Did We Get Here?

Federal Reserve Bank of Cleveland

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Dionissi Aliprantis:

Welcome to Cleveland Fed Conversations on Economic Inclusion. I'm Dionissi Aliprantis, the Director of the Program on economic inclusion here at the Federal Reserve Bank of Cleveland. We aim to bring together researchers and practitioners to learn more about economic inclusion. What are the existing obstacles to economic inclusion? What successful strategies are there to overcome those obstacles? And what can we do to build off of those strategies?

Dionissi Aliprantis:

All right, welcome to part three of four part series on the state of racial inequality in the United States, where we ask, "Where are we and how did we get here?" A part of the Cleveland Fed's Conversations on Economic Inclusion. Now today's guest is Richard Rothstein who among other books has written The Color of Law. He's thought a lot about racial inequality and residential segregation in the United States. We feel very fortunate to have him on the show today. So, Richard, I was wondering if you could just tell us a little bit about your background kind of personally, professionally, what led you to where you are today?

Richard Rothstein:

Well, before I wrote The Color of Law, I was a policy writer, journalist specializing, mostly in the field of education. I was The New York Times education columnist for several years, with a weekly column. In those days, it was a, a paper product, not something online. And I wrote a bad education, an education policy in the 1990s and early 2000s, we had a national education theory that said that the reason we had an achievement gap between Black and white children was because teachers had low expectations of Black children. They just didn't try very hard to educate them. And if only we can force teachers to try harder, the achievement gap would disappear. I thought this was a ludicrous theory. I spent many, many columns and articles explaining why. I understood that the reason that we have an achievement gap is not because of lazy teachers; of course, that's a very small part of the explanation. It's because so many African American children in particular, coming from urban neighborhoods come to school with social and economic challenges that impede their ability to learn.

Richard Rothstein:

And I remember writing one column about asthma, as you probably know in places like Cleveland, Chicago, other urban areas, African American children have asthma at a much higher rate than middle class children. In some measures, it's been four times the rate, it's an enormous difference. And if a child has asthma because they live in a more polluted neighborhood, because they have more trucks driving by their homes, more vermin in the environment, more dust, more peeling paint. If a child has asthma, that child is more likely than a child who doesn't, to be up at night wheezing and then come to school drowsy the next day.

Richard Rothstein:

And if you have two groups of children who are identical in every respect, same racial composition, same social economic background, same family structure, but one group has a higher rate of asthma, that group is going to have slightly lower achievement, simply because it's a drowsy group. Now that doesn't make a big difference, but then you begin to think of all of the other challenges like this, the children from low income neighborhoods come from a disadvantaged neighborhoods. Asthma, lead poisoning, measurable impact on IQ, and African American children are more likely to have lead poisoning than middle class white children because they live in buildings that are more likely to have peeling paint from many generations prior paint jobs. Many urban neighborhoods still have water being delivered in lead pipes. Well, you begin to add up all of these things; lead poisoning, asthma, homelessness, economic and security, toxic stress from being exposed to violence. You add these all up and pretty soon you've explained the achievement gap. It doesn't leave much left to explain with low teacher expectations, lazy teachers.

Richard Rothstein:

But this was a widely shared view, the lazy teacher theory, we passed a law in 2001 called the No Child Left Behind Act that required children to be tested every year, proposed to hold schools and teachers accountable for those test scores, with the prediction that the achievement gap would disappear in just seven years because teachers would be so ashamed of the fact that their African American children were scoring lower, they would try harder and the achievement gap would disappear. This was a ludicrous theory, but it was enacted into law. We're now 20 years out, and the achievement gap is still about where it was then.

Richard Rothstein:

Well, I realized that it's one thing, if a child has asthma, or lead poisoning, or homelessness, or economic insecurity, or toxic stress, it's another thing if you have a school where every child has one or more of these challenges. And we call those schools, "Segregated schools." I realize that the schools are segregated because the neighborhoods in which they're located are segregated. School segregation today is more intense in this country than it has been any time in the last 45 years, because of neighborhood segregation. And that's why I began to think that neighborhood segregation was an educational problem. I still wasn't thinking about housing. I was approaching this is an educational problem. And that's really how I got into this.

Dionissi Aliprantis:

Your book, *The Color of Law*, it provides this history of public policies leading to this kind of residential segregation, which it sounds like you kind of, I don't want to say, "Happened upon," but your work in education kind of pushed you that direction. I'm wondering if you could describe some of the public

policies that you found that are in the book and maybe some of their effects, whether on residential segregation or school segregation?

Richard Rothstein:

Perhaps the biggest, and the one I regard as the most powerful policy that segregated this country was a program most intense in the period immediately after World War II, where it began before then, of the Federal Housing Administration, and then after World War II, of the Veterans Administration, to move the entire white working class, middle class population out the urban areas into single family homes in all white suburbs. This was a racially explicit program. We were, as you may know, not a suburban country at that time. Both white and Black working class and middle class families were living in urban areas. We were a manufacturing economy. Factories had to be located in a deep water ports or railroad terminals to get their parts, ship their final products. So if you had a factory district that employed both Black and white workers, they had to be able to walk to work, they didn't have automobiles in those days, maybe take short street car rides. But they had to live in broadly the same neighborhoods. Same thing with the middle class workers who were working at the banks that serviced those manufacturing facilities and other service industries.

Richard Rothstein:

Well, the federal government began a program immediately after World War II intensified it rather, it began it before then, to move the entire working and middle class population, into single family homes in all-white suburbs, the white population, as I say, this was a racially explicit program. It wasn't the action of rogue bureaucrats. The Federal Housing Administration had a manual called *The Underwriting Manual*, which was distributed to appraisers all over the country whose job it was to evaluate the applications of builders, developers who wanted to build one of these all-white suburbs. And the manual said explicitly that you couldn't approve an application for a federal bank guarantee of a developer or builder who is going to sell to African Americans.

Richard Rothstein:

The manual went so far as to say that you couldn't even recommend for a federal bank guarantee, a loan to a developer who was going to sell to only whites, but was going to locate this project near where African Americans were living, because the manual said, and I'm quoting, "That that would run the risk of infiltration by inharmonious racial groups." In the book, *The Color of Law*, I have a photograph of a six foot high, half mile long concrete wall with a developer of an all-white project in Detroit area proposed to build, but would get a federal bank guarantee from the federal housing administration only if he constructed a six foot high, half mile long concrete wall separating his project from a nearby African American neighborhood. So this was a racially explicit program, nothing unintentional about it. It wasn't the action of rogue bureaucrats, as I say.

Richard Rothstein:

Well, perhaps the best known of these, though, is Levittown, East of New York City. It was the largest in this immediate post-World War II period; 17,000 homes in one place. No bank would be crazy enough to lend William Levitt the money to build 17,000 homes in a rural area where we weren't a suburban country, the banks thought nobody would want to buy these places. He had no buyers yet. No bank would lend them the money. The only way he could lend the money was by going to the Federal Housing Administration and Veterans Administrations, submitting his plans for the project, making a commitment never to sell a home to an African American. The FHA and VA even required Levitt and

builders all over the country, I don't want to imply that Levitt was any way unusual, builders all over the country to place a clause in the deed of every home prohibiting resale to African Americans or rental to African Americans.

Richard Rothstein:

Well, the reason I say that this is probably the most powerful of the policies was because unbeknownst to the FHA and VA at the time, unbeknownst to the white returning war veterans, working class families who bought those homes at the time, they appreciated in value enormously over the next couple of generations. Homes in Levittown, for example, and this is true of virtually every one of these developments that I've looked at, sold in the late 1940s for about \$8,000 a piece. In today's inflation-adjusted money that's about \$100,000. Twice national median income. Any working class family, Black or white can afford to buy a home for twice national median income, African Americans had jobs in the postwar boom, they could easily afford to these homes.

Richard Rothstein:

Well, as you know, everywhere in the country, they no longer sell for \$100,000. They sell for, 300, 400, \$500,000, and some places, \$1 million or more. The white families who bought these homes, not as a way of gaining wealth, but simply as a place to live, suburban lifestyle that was advertised to them, gained this wealth from the appreciation in the value of their homes. They used the wealth that they gained, the equity that they gained in homes to send their children to college. They used it to finance their own retirements. They used it to take care of temporary emergencies, maybe a medical emergency or short term unemployment. And they used it to bequeath wealth to their children and grandchildren, who then had down payments for their own homes. African Americans were prohibited by explicit federal policy from participating in this wealth generating program.

Richard Rothstein:

Today in this country, African American family incomes on average are about 60% of white incomes. You'd think that African American wealth health would be about 60% as well, because families can save the same amount of money from the same incomes. But in reality, although African American family incomes are 60% of white incomes, African American household wealth is now about 5% of white household wealth. And that enormous disparity between a 60% income ratio and a 5% wealth ratio is entirely attributable to unconstitutional federal housing policy practice in the mid 20th century, that has never been remedied. That wealth gap locks African Americans into urban neighborhoods, especially now that the prices of these homes has escalated. So, without substantial down payments, it's impossible to buy one. Being locked into those neighborhoods explains, to a significant extent, as I said earlier the achievement gap in schools. It explains health disparities between African Americans and whites. African Americans, as you know, have shorter life expectancies, greater rates of cardiovascular disease.

Richard Rothstein:

All because, or in large part, because of living in more dangerous, more polluted neighborhoods. It explains a good part of the mass incarceration of young African American men. It's not that no police officer would ever abuse a young man if it weren't for the segregation that we imposed, but when you concentrate the most disadvantaged young men in single neighborhoods where they have no access to good jobs, the transportation to get to them, to schools that aren't overwhelmed by the social and economic challenges of their pupils, when you concentrate those young men in single neighborhoods,

it's inevitable that the police are going to engage in confrontations with them, and adopt methods of control that they would never adopt in more middle class neighborhoods.

Richard Rothstein:

And finally, let me say that the segregation, that this particular policy that I've just described is responsible for, is a good part of the explanation is very, very dangerous and frightening political polarization that we have in this country today. It's not entirely racial, but it largely tracks racial lines. How can we ever expect to develop the common national identity that we need to preserve this democracy if so many Blacks and whites live so far from each other, that we have no ability to understand each other, no ability to empathize with each other? So that's the consequences. Those are the consequences of just this one policy, the FHA, and the VA, and there were so others that the federal government, state and local governments followed as well.

Dionissi Aliprantis:

So, Richard, I was wondering if you could maybe give an example. So, one question that might arise is just the question of how binding, or how powerful, or how strong was this policy? So could you say a few words, how strong were the obstacles to say Black families, suppose that a Black family wanted to move into one of these neighborhoods? Was it just these policies? Were there additional issues that arose that created obstacles? Could you speak to those?

Richard Rothstein:

Well, African American families could not move into these neighborhoods with very, very rare exceptions. FHA required these developers initially to place clauses in the deeds, prohibiting African Americans from either buying or renting homes in those neighborhoods. One family in Levittown, in its early years rented to an African American family, and Levitt had them evicted because it was in violation of the deed. And because of these covenants were considered legally binding at the time, these racial deeds, there were hundreds of cases where courts ordered the eviction of African Americans who were able to buy or rent homes in white neighborhoods, that were excluded from them. Real estate agents refused to sell to African Americans in white neighborhoods. This was also a constitutional violation, because these real estate agents were regulated by state governments. Every real estate agent in the country is licensed by state government, real estate agents, members of what's now called The National Association of Realtors were required to subscribe to a code of ethics that prohibited selling homes in white neighborhoods to Black families, so every time a state licensing agency licensed a realtor who subscribed to that code of ethics, and every one of them was, it was a violation of the 14th Amendment on the part of those state licensing boards.

Richard Rothstein:

As the Black population of urban areas expanded, and the neighborhoods where they were living became more and more overcrowded, there were families who attempted to buy homes just outside the border of these Black neighborhoods, not even suburbs, but inner-ring neighborhoods that bordered Black neighborhoods. Typically when a Black family bought a home in these neighborhoods, and it was easy for them to buy one, because they were willing to pay much more than white families for homes of the same value, because it's simply a question of supply and demand. They had so little supply available to them that they outbid any white purchaser if they were willing to move into one of these neighborhoods.

Richard Rothstein:

And when the Black families move into these neighborhoods, the typical situation was a realtor would come into the neighborhood and try to terrify the other white families that their property values were going to decline because Blacks were moving into their neighborhood. Now, as I just said, the opposite was the case; property values were increasing when Black families moved into these neighborhoods, because they were willing to pay much more than white families, for the same homes. Nonetheless, these realtors, again, licensed by state governments engaged in this practice, we call it blockbusting. They engage in a variety of tactics to frighten white families, some of them even organized house burglaries in order to terrify white families that their neighborhood was deteriorating.

Richard Rothstein:

Well, as whites fled, more and more African Americans were buying homes. The realtors and speculators were purchasing these homes at far below their true market value from white families who were terrified, and then reselling them at above their market value to Black families. Once they did that, the neighborhood began to deteriorate because again, African Americans has so few housing options available to them these neighborhoods as well became overcrowded, all of this was heavily involved by government.

Dionissi Aliprantis:

Yeah, I was wondering if you could speak a little bit to the role of kind of a violence of enforcing those neighborhood boundaries, could you speak to that for a moment?

Richard Rothstein:

You asked me earlier how I got into this topic, and I told you about my interest in education. Well, the real thing that provoked me once I understood that neighborhood segregation was the cause of our educational difficulties was in 2007. The Supreme Court evaluated a program of two school districts, Louisville, Kentucky, and Seattle, Washington that had very, very token school desegregation plans. They permitted parents, the choice of which school in the district their child would attend, but the choice of a parent wouldn't be honored if it was going to intensify the segregation of the school, and if it was not going to do so, the choice would be. So if you had an all white or mostly white school and both a Black and a white child applied for it, the Black child be given some preference because it helped to desegregate the school.

Richard Rothstein:

Well Supreme Court evaluated this program, denounced it, said you couldn't do such a thing, said it was unconstitutional. The decision was written by Chief Justice John Roberts, who explained that the schools in Louisville and Seattle were segregated because the neighborhoods in which they were located with segregated, and they went on to say that those neighborhoods were segregated *de facto*, without any government involvement. Well, I read this decision in 2007. This is really what got me going on this. I read this decision, and I remembered something that happened at Louisville, Kentucky some years before. There was a white homeowner in one of these single family homes in all white suburb called Shively. He had an African American friend living in the center city of Louisville. The African American friend was a decorated Navy veteran, had a wife and the child that he wanted to move to a single family home, but nobody would sell in one.

Richard Rothstein:

So, the white homeowner bought a second home in Shively, and resold it to his African American friend. And when the African American family moved in, this gets to your question, an angry mob surrounded the home, protected by the police. They threw rocks through the windows. Police made no effort to stop it. Dynamite and fire bombed the home. The police made no effort to stop it. But when this riot was all over, the state of Kentucky arrested, tried, convicted, and jailed with a 15 year sentence the white homeowner for sedition, for having sold a home to a Black family in a white neighborhood. This is not *de facto* segregation, this is a blatant 14th Amendment violation.

Richard Rothstein:

And while I discovered I began to look into it further, and this is the first thing I began to look into is that there were hundreds of cases around the country of police-protected, sometimes even police-organized and -led, mob violence to drive African Americans out of homes that they had legitimately purchased or rented in previously all-white neighborhoods. And every one of these, it was a blatant 14th Amendment violation, where the police were involved in either protecting, leading, or organizing a violent mob. Every one of them was a constitutional violation and it happened all over the country. Not just in Louisville is part of your district, the Cleveland Fed?

Dionissi Aliprantis:

Louisville is not. Just on the other side of the border of the 4th District. Yeah.

Richard Rothstein

Oh, okay. All right. Well it's close enough, anyhow.

Dionissi Aliprantis:

Let's try to move forward a little bit here. So I'm curious to know how you see, I guess, kind of residential segregation after the creation of these neighborhoods and, thinking for example about the aftermath of the Civil Rights Movement and thinking about the Fair Housing Act. I guess, given the state of kind of racial inequality, residential segregation, and maybe just racial hostility at the time, what policies or general approaches, if you could go back in time, do you think would've been maybe some kind of combination of feasible and effective and how does that compare to what you think actually happened?

Richard Rothstein:

Obviously, if the federal government, state and local governments hadn't imposed segregation, it wouldn't have happened. It's not that there wasn't private bigotry and discrimination involved, of course there is. To go back to the example I was giving you before, Levitt was a bigot. Left to his own devices, he and these other developers would not have sold to an African American, but that doesn't make the segregation a private activity, because they weren't left to their own devices. They couldn't build these projects without government guarantees for their bank loans, and if the government, in the case of the example I've been giving you, if the federal government had fulfilled its basic 5th Amendment Constitutional responsibilities, it would've had to tell Levitt, "We'll guarantee your bank loan, provided your sell homes on a non-discriminatory basis." That's what it was required to do under our Constitution. And the fact that they didn't do that created the segregation that we know today.

Richard Rothstein:

If we had done that, all of our suburbs would be diverse today. We would not have the segregation that we know. And of course, to use the other example, we've talked about so far, and there were many

others, if the police had not protected mob violence to drive African Americans out of white neighborhoods, if states had not licensed realtors who engaged in blockbusting. Of course the realtors were bigoted. They loved doing this kind of thing, but they were permitted to do this only because of government blessing. So you ask how could it have been different? It could have been different simply if the federal government had fulfilled, and the state local governments, fulfilled their constitutional responsibilities.

Richard Rothstein:

Now as for the Fair Housing Act, it prohibited ongoing discrimination in the sale and rental of housing. Although, I'll say this; it didn't need the fair housing act to do that. We passed a Civil Rights Act in 1866 that prohibited discrimination in the sale and rental of housing, and the Supreme Court annihilated that Civil Rights Act, removed the protection of property rights from African Americans. But it's an empty promise now, because I'll take Levittown, and I'll use another example if you get tired of this one, but it's a good one because it's representative of them all. Levittown is now open to African Americans as a result of the Fair Housing Act, but homes in Levittown now sell not for twice national median income, but for four, five, six times the national immediate income, at 300, 400, \$500,000. Very few working class families, middle class families of either race, unless they have down payment assistance from their parents can afford to buy a home like that. So as a result of the Fair Housing Act, Levittown is now about 1% African American. In a broader neighborhood, that's about 15% African American.

Richard Rothstein:

So that difference between the 1% African American that the Fair Housing Act permitted to take place, and the 15% that you would expect if we had not imposed these policies, is the unremedied consequence of the unconstitutional policies that we follow at that time. And in my view, the only solution to that is a aggressive affirmative action program for housing.

Dionissi Aliprantis:

On that note, I actually want to turn a little bit back to education and I was going to bring this up a little bit later, but since you're bringing up now, I have to tell you a little bit about some of my own research, that some results that really, I guess, kind of shocked or surprised me, and I'm curious to hear your thoughts and response. So, I was very convinced, I've been doing some research on the racial wealth gap, and especially the connection between the racial wealth gap and access to opportunity neighborhoods, so essentially the issue that you were just describing. And I was very convinced that the reason why, so there's kind of this well-known fact that Black and white households with the same incomes live in very different neighborhoods in terms of their socioeconomic status. So things like unemployment rates, poverty rates, educational attainment. And when I started this research, I was very convinced that that was because of the racial wealth gap. That it was also that even at the same levels of income, there's very different levels of wealth across Black and white households.

Dionissi Aliprantis:

But the thing that we found, and I'm telling you, I was very convinced that we were just going to show that this is one more reason the racial wealth gap matters, what we found was that even households with the same income and wealth, Black households were still in these much lower SES neighborhoods. Now, there's a host of potential explanations for this, one is just continued discrimination in the housing market. But the one that really strikes me is the idea that this is about avoiding racial hostility and that, even just some of the stories that you just told, right? The kind of welcome that Black families received

in a lot of those neighborhoods. And it makes me wonder, if Black households are potentially trading off economic opportunity for, I don't know if you want to call it physical safety, or just the ability to avoid that kind of hostility. And if that is the case, or if that is an important factor in where Black households are choosing where to live, how do you think about that going forward in thinking about integrating neighborhoods?

Richard Rothstein:

Well, that's certainly part of it. Obviously the mob violence in Louisville sent a message, not just to the family that was being attacked, but to the entire African American population not to try to move to a white neighborhood. So that's a big part of it, but I will say this; despite that, there are many, many African American families who still choose to move to non-segregated neighborhoods to avoid the kind of environment that you described before. At the low end of the income scale, we have experimental programs involving the Section 8 voucher program, and we've had studies as you know, economic/econometric studies of this, of families who choose to move to higher opportunity neighborhoods. And when we have these mobility programs, the waiting lists for them are long.

Richard Rothstein:

At the more middle class end of the income scale, a majority of African Americans today live in suburbs. They don't live in their urban areas. A lot of people are moving to places that weren't initially Black neighborhoods. Now, in some cases, those suburbs are unstable, and when Black families move to them, there is still white flight that turns them into predominantly Black neighborhoods. But the families that moved in there initially, the Black families, were choosing to live in neighborhoods that weren't segregated Black neighborhoods. I believe I'm right about this, and you can check this, you're the quantitative guy, I'm not, but I believe that as of 2000, a majority of African American families, households, lived in suburbs in this country surrounding urban areas. So, the notion that we have inner city Blacks and suburban whites is no longer the case. And every one of those suburbs, as I said, started out as places that were white, that African American families chose to move to.

Dionissi Aliprantis:

I guess there's, maybe two follows to that. And maybe we shouldn't push too much on it, but it seems like the question is, if it starts out white, then how do you create a neighborhood that fosters integration, or allows that to happen? And while there are households choosing to move to those majority white neighborhoods, or minority in those neighborhoods, what about the ones that don't, and that don't feel comfortable there, or that are feeling the hostility? How do we address that? Because if that is a major influence in where people move, that seems like a strong force kind of maintaining segregation. And just more generally thinking about some of the forces maintaining segregation, how do you address those?

Richard Rothstein:

Well, any program to redress segregation has to have, I'd say four different foci. One is, clearly improving the resources in existing, low-income, urban, predominantly African American neighborhoods. We do have a debate in the policy community, as you know, that's shorthand is it's "place based versus mobility" approaches. Place based means investing in existing low-income Black neighborhoods to improve their quality, to improve the quality of housing, bring transportation to them, bring a market selling fresh food, improve the quality of schools. All of those things. The problem with that is that the notion that you can improve the quality of a segregated Black neighborhood and keep it

Black is a fantasy. Because once you've created a higher quality resources in that neighborhood, the middle class families, including whites, are going to want to move in. Sometimes it's called gentrification, but it can't be stopped. Separate but equal doesn't work any better in neighborhoods than it didn't school, or restaurants or buses. The only way to keep a neighborhood homogeneously Black is to deny it resources.

Richard Rothstein:

So, the second focus has to be stabilizing the transition of that neighborhood so that there isn't massive displacement of existing, lower-income families. And we know what the policies to do that are, we're not following them anywhere, but we know what the policies to do that are; it should be rent controlled, should be limits on condominium conversions, should be inclusionary zoning programs, and it should be freezes on property taxes for existing homeowners, so that they're not forced to leave their homes that they may have fully paid off, because as the neighborhood improves in value, they can no longer afford their property taxes. So, that's a menu of four different, important policies that we should be following as we improve the quality of those neighborhoods. Those are two things.

Richard Rothstein:

The third thing is obviously to open up all-white neighborhoods to diverse populations, and that has a lot to do with zoning, and subsidizing not only low-income families, but middle-income families, as I was talking about before, when I talked about Levittown. Subsidizing middle income African Americans to move to neighborhoods that now are unaffordable.

Richard Rothstein:

And then, the fourth thing is to stabilize those neighborhoods, so that when they become diverse, they don't flip because of white flight, to predominantly Black neighborhoods. And again, we know what to do to try to do that. There are case studies we know of them, you probably are aware of them. You know, Oak Park, Illinois was able to stabilize it's desegregation, and actually, some places in the Cleveland area did so as well, Cleveland Heights stabilized its desegregation 30 or 40 years ago. In Oak Park, what they did was they adopted a program. One of my favorite programs is they adopted an insurance program to ensure homeowners against the loss of property values so that they would not feel that they had to move if Black families were moving into their community. The program only lasted a few years. It was terminated because they never had to pay out any premiums. After a while, people saw it wasn't necessary.

Richard Rothstein:

In the Cleveland area, the state of Ohio adopted a program, you may be familiar with it, in which it subsidized white families to move the Black neighborhoods, and Black families to move to white neighborhoods. It was a racially conscious program. And that was successful up until about the mid 1990s, and it was abandoned. Actually, maybe one of your participants in this meeting can tell me why. I've not been able to find out why it was abandoned.

Dionissi Aliprantis:

It's funny you say that, because I've actually been asking around town that exact same question, and I was hoping you could answer that for me. Coming back to education, if that's all right? I'm curious to know, you talked a little bit earlier about kind of the concentration of poverty, and the concentration in terms of neighborhoods that result from this kind of residential segregation based on race and

disinvestment, lack of access to opportunities. I was wondering if you could speak a little bit more about what that means for schools? You touched on it earlier, but I was wondering if you could, could say, what kind of challenges does that present for administrators, say a principal, or a teacher in a school? Whether that's for their entire school, or for a classroom, or even for just individual students, and some of the challenges they face as a result?

Richard Rothstein:

As I indicated before, if you have a school where, I'm just using the examples I gave before symbolically, but you have a couple of children coming to school who are drowsy because they have asthma, or some kids who are acting out because they're stressed from being exposed to violence, a school can handle that. When you've got a school where every has one or more of these challenges, not every, almost every child has one or more of these challenges, the school devotes an inordinate amount of resources to dealing with them, rather than to instruction. And it's not that they don't devote... They try very hard. I've been to many urban schools that are fantastic schools, but the children are coming to school in different circumstances than the children coming to middle class schools.

Richard Rothstein:

Middle class schools can get high achievement just by passing kids through. If their parents are highly educated, their children are going to do well, no matter what the school does. If you have a school where parents are more poorly educated, have lower attainment, and we saw all this in COVID. We expected parents to become teachers during COVID, and of course, they were able to – to the extent that they had high educational backgrounds themselves. So, if you had children with college educated parents, they typically have done, and I think we'll see when we track the evidence in the future, I think you'll see that the achievement gap widened during COVID, simply because the achievement of students during that period in the last two years was even more highly correlated with parental education levels than it had been previously.

Dionissi Aliprantis:

When we think about that kind of scenario, so there's a school serving a neighborhood with concentrated poverty, I'm just curious to know what you see as some potential paths forward to improving outcomes in those schools? So, I see a range of possibilities; so there's one set of policy prescriptions is to give kids choice among the schools in their districts. So trying to break some of the link between schools and neighborhoods. Another option I see is kind of trying to improve the technology of how education is delivered in the schools. And some of that has to do with things like wraparound services. Cleveland is Say Yes to Education city; a lot of supports for kids are being implemented. And then, another would just be kind of housing mobility programs and actually moving kids around.

Dionissi Aliprantis:

But focusing on that second option there, so thinking about trying to improve the technology of what's going on in terms of the delivery of education, I mean, technology very broadly, I don't mean just smartboards, I mean the process by which we're educating kids, I'm wondering if you could talk a little bit about out some combination of how you see that interacting with efforts for school accountability, and how do you see that interacting with some of these positive approaches, or whatever you think are some of the more promising approaches?

Richard Rothstein:

Up until 2007 when I was only following this, I had ideas that I think are not terribly unique or unusual. High quality early childhood programs, probably the single most important thing. I'm not talking about pre-K, but I'm sure you're familiar with the nurse-family partnership, with efforts to supplement what parents who don't have a lot of education themselves do in the years before preschool. That to me, is the single most important. Second is putting health clinics in schools. I wrote a book in 2004, well, it published in 2004 called *Class and Schools*, in which I described all of these many social and economic challenges that children from lower income neighborhoods face. And some critic made fun of it, he called it, "The dental theory of education." Because one of the points I made in the book was that lower income African American children, one third of them came to school with untreated dental cavities, which at the minimum caused some discomfort.

Richard Rothstein:

And again, all of these things, as I was describing before, they make a small difference, along with asthma and lead poisoning, and the other things I was talking about. Dental care, which is, even with clinics in low-income neighborhoods don't really give children the kind of dental care that middle-class children have. So putting full service, primary care clinics, and schools is something that I think is very, very important.

Richard Rothstein:

So I mentioned asthma earlier. You can't do anything in school about the trucks driving through people's neighborhoods, but what you can do is make sure the children who do have asthma, have inhalers. Again, most inhalators, I guess the name is. Middle class children with asthma, there are fewer of them, but then when they have it, they have treatments for the symptoms. Poorer children are less likely to have treatment for those symptoms. So a full service health clinic in schools is something I think is important.

Richard Rothstein:

And so, I've talked about early childhood and health clinics, and then finally is after school and summer programs that are not based on homework help, or more drill in math and reading. But give poorer children access to the kinds of enrichment activities that middle class children have. I'm sure you're familiar, and again, I haven't looked at this in 15 years now, but when I was 15 years ago, I was very familiar with the summer setback literature, which showed that-

Dionissi Aliprantis:

Now called Summer Melt.

Richard Rothstein:

Okay. Well, I hadn't heard of that term before, but yeah, which showed that children from lower class families lost much more learning in the summer than middle class children did. Not because they were being drilled more, not because they weren't taking the remedial courses, but because the middle class children were getting music lessons, and dance lessons, and organized sports, and all the things that the middle class children get in the summers that lower class children don't. So those are the kinds of wraparound surfaces that I think that schools have to become, I guess, the term, is it full service schools? Again, it's been 15 years since I did this, but-

Dionissi Aliprantis:

Yeah. Well, so I would tend to really agree, especially with this issue about kind of after school, summer programs, enrichment. I think we've seen a lot, just as an example, tutoring and mentoring programs can be wildly effective, right? And I think this is a time when you can do that; after school, during the summer, you can get kids access and exposed to things that get them excited about learning in ways that I think can really support our public schools and the kids there.

Dionissi Aliprantis:

I guess the other question I would have is just thinking about this issue of school accountability, it feels to me like, thinking about No Child Left Behind, and thinking about the use of test scores, and we can talk about the use of test scores, and I could be mistaken here, but I think the field has moved to in the direction you suggested in your book, or actually I think in several of your books, to think of a more holistic way to evaluate schools and teachers where, it's not that we ignore test scores, but it's part of the broader suite of outcomes or results that we're looking at. I'm just curious, how do you think about, I guess kind of, most of what we've been thinking about are kind of carrots, are there any sticks that you would think of as well? Because I personally see it kind of both sides. So I see, there need to be more supports for the schools, for the kids going there. A lot of the issues that you just raised are particular to those schools that they need those supports, but then, you think of kids in those schools at times coming away with educations that I don't find acceptable, and I don't think we as a society should find acceptable.

Dionissi Aliprantis:

So the question is, what do you do in those cases when a school is not performing anywhere near where it should be, and there is actually something that the people in the school could be doing to improve education there?

Richard Rothstein:

But the last book I wrote about education policy was something called *Grading Education: Getting Accountability Right*. And first, a coauthor and I commissioned a survey national survey of parents, of teachers, of school superintendents and the school board members, all of the separate groups, nationally representative survey, to see what they thought schools should be held accountable for. And at the top of the list was always things that can't be quantitatively measured. They wanted schools at the time to turn out good citizens, children who knew how to work together collaboratively, children who had a good ethical sense. I don't remember all of it. The book was called *Grading Education*; I don't remember them all.

Richard Rothstein:

Well, the only way you can evaluate those is with an inspectorate system. It's not a quantitative evaluation. And certainly, with an inspectorate system that prioritized the things that we really do want schools to do, you would find some schools that weren't doing it, and you would intervene in those schools. And I think you're right, that the field has moved a little bit in the direction of what I believed in when I was doing this, and what I wrote about, but still the only thing we measure is the quantitative stuff; the test scores. We don't measure school climate. We don't have an accountability system that's based on whether children engage in cooperative learning.

Richard Rothstein:

One of the chapters of this book, you'll be fascinated by it if you haven't read it, I think, it talked about early NAPE. Early NAPE did not use test scores as a way of evaluating schools. It sent inspectors into schools, observers to see how children worked together. It evaluated the quality of instruction, and that's the basis in which NAPE reported out on the condition of American schools. And then, we switched to a standardized test score metric for evaluating schools, and I think we're farther away from accountability now than we were then. But early NAPE is fascinating. And I urge you, if you haven't looked at that, to look at that chapter of the book.

Dionissi Aliprantis:

Well, it seems like what you're suggesting is instead of focusing on the outcome, I'm thinking about this; there's similar results, I guess, for students, right? So for students, if you pay them, I guess, for their GPA or something, it doesn't seem like it has any effect. If you pay them to read more books, they go and they read more books. Now I have kind of strong feelings about intrinsic motivation, and again, as you said earlier, what kinds of people are we trying to produce with our schools? What is education? But I think there is something analogous here in the sense of, what are the kinds of activities that we think will produce the kinds of outcomes we want, rather than just saying, we want just a test score?

Richard Rothstein:

The outcomes we want are good citizens. That's the most important outcome that we want. Good ethical sense. That's the outcome we want. And you can do that. You can send inspectors into schools and interview students. You can watch them work together. If we wanted to invest in a serious accountability system, that's what we would do. And there are countries that have more of a focus on inspectors, rather than test scores than we do, but it's more expensive.

Dionissi Aliprantis:

Yeah. Okay. So I guess before coming back a little bit to the residential segregation side and to things that you're working on more recently, I did want to ask you one other question, which was, and I guess this maybe goes both to education and to residential segregation, but obviously, I think COVID has been kind of a total disaster for education and a lot of disparities. I guess the question is, do you see any positives coming out of it, especially with respect to potentially changing our mindset around certain practices, or our thinking, or some of our habits? And if there is anything positive that COVID might have shaken loose, what are those things?

Richard Rothstein:

Well, I don't think this is the answer you want, but I think the most positive thing that came from COVID is it demolished this notion that somehow we can substitute technology for teaching, and that somehow we can get away from in-person instruction in classrooms with teachers. That didn't work. In fact, it had enormously negative consequences, and I can tell you that from my own grandchildren who are middle class. I mean, my wife, who's a retired school principal, and an elementary school teacher, has spent the last few months trying to catch up one of our grandkids to grade level, because he learned nothing, seven year old, learned nothing sitting in front of a computer. And one of the older grandchildren had the same experience. So it's not just a question of age; they needed the social contact with other children. So I think that's the most positive thing that came out of COVID; it taught us to forget about this notion that we can save a lot of money by substituting machines for teachers.

Dionissi Aliprantis:

I'm going to let that one sit. And I'll just say, yeah, as someone with small children entering the education system, that really resonates with me, seeing how they've done the past, I guess at this point, almost two years. And yeah, and just thinking how much education is about relationships and how much of it, it really is a social activity.

Dionissi Aliprantis:

Going back to issues about residential segregation. So, going toward wrapping up, and thinking about some kind of last thoughts, I'm just curious if you can think about, you mentioned some federal housing policies, I see individual choices as a continued force towards segregation, not all always, but in some circumstances. And I guess, my question is, if residential integration is hard, I'm wondering, are there any stepping stones toward it?

Dionissi Aliprantis:

As I've been thinking about it more and more, I think there is promise in things like mixed income communities, but I also feel like, maybe there's some stepping stones that we could catch that might be helpful in terms of bringing people together toward a common goal, breaking down barriers, expanding what the sociologist Elijah Anderson calls, "the cosmopolitan canopy," where people of different races, of different background can have positive interactions with each other. And I'm curious if you have any thoughts on that, or how we can foster those kinds of positive interactions in a way that might foster more residential integration?

Richard Rothstein:

Well, I do have thoughts about it and I don't think it can be done from the top down. I think what we need is a new Civil Rights Movement that's going to do exactly what you're talking about, but it's going to have to be organized by people who are energized by this mission. There's nothing that government can do to make that happen. We're having the most accurate and passionate discussion about race than we ever have had before in American history. More accurate than ever before in American history, we had 20 million Americans participate in Black Lives Matter demonstrations. But then they went home and put signs on their lawn, and nothing came of it. And a ground-up, organizing civil rights movement is necessary to make the kinds of relationships that you just described come out of those demonstrations. COVID interfered. It would've been a lot easier for it to emerge if it were not for COVID, that prevented people from having any kind of relationships, much less interracial ones. But I think that's where it has to begin.

Dionissi Aliprantis:

Some of the difficulty of that, that I see is this question of kind of, where do you begin, and what are some of the activities you do together? And I guess it has to come around a common goal, or some kind of common activity. Okay, so I guess then is there anything we should have spent more time talking about. I know you're working on a new book, is there anything that you find particularly compelling from that that's getting you excited these days?

Richard Rothstein:

Well, I am working on a new book, but the new book is about what local civil rights groups can do in their own local communities to begin the process of readdressing segregation. It's not at all about national policy. It's not all about what government can do. It's about what local civil rights groups can do, and how they can as the late Congressman John Lewis said, "Make good trouble," to try to raise the

temperature of these issues and win local victories, and there are lots of what local victories that can be won if people are organized to try to accomplish them.

Dionissi Aliprantis:

Okay. On that note, thank you very much, Richard Rothstein for participating in this Conversation on Economic Inclusion, really appreciate you're being here.

Richard Rothstein:

Thank you. It was great talking to you.

Dionissi Aliprantis:

This conversation is part three of a four part series, where we investigate the state of racial inequality in the United States by asking, "Where are we and how did we get here?" While we think about economic inclusion in a universal sense, inequality of opportunity appear stubbornly persistent across racial groups. Why has racial inequality remained so persistent? Today, we spoke with Richard Rothstein, author of books, such as *The Color of Law* and *Class and Schools*. Richard told us about some of the ways that government policies help to segregate neighborhoods in the United States, and why this leads him to view today's residential segregation, as de jure, other than de facto. In talking about how segregation and concentrated poverty led, and continued to lead to inequality of opportunity and education, we discussed some potential paths forward in terms of both education and residential segregation.

Dionissi Aliprantis:

I hope you enjoyed this conversation about the state of racial inequality in the US. If you would like to learn more about the Cleveland Fed's Program on Economic Inclusion, please visit our website at [clefed.org/pei](http://clefed.org/pei).