J. Phillip Thompson

The Economies of Central City Neighborhoods by Richard D. Bingham and Zhongcai Zhang. Boulder, CO: Westview Press, 2001, 248 pp., $49.95.

Color and Money by Gregory D. Squires and Sally O'Connor. Albany, NY: State University of New York Press, 2001, 202 pp., $19.95. DOI: 10.1002/pam.10040

The Economies of Central City Neighborhoods is an integrated analysis of socioeconomic and spatial demographic variables with labor market and industrial data. The focus of the book is on neighborhoods (defined by zip code) in and around seven cities in Ohio: Toledo, Cincinnati, Dayton, Youngstown, Columbus, Cleveland, and Akron. The result is an analysis of the neighborhood preferences of different kinds of businesses and government agencies, as well as the employment patterns of different types of neighborhoods. The authors find that poor neighborhoods are highly correlated with the proportion of workers employed in the service industry. Only 10 percent of workers living in middle class neighborhoods (defined as those whose poverty rate is below 10 percent) worked in the service industry. In "extreme poverty" neighborhoods (those whose poverty rate is above 40 percent), 25 percent of workers worked in service occupations (p. 47). The authors also develop a list of businesses that seem most averse to locating in poor neighborhoods. These include financial institutions (all sorts, except cash-checking businesses), retail stores, gas stations, restaurants, and even barber shops and beauty parlors (pp. 199-200). The main industry in poor neighborhoods is social service agencies.

> Because poverty and race are highly correlated, the authors attempt to isolate race from poverty and to determine, using regression techniques, whether industries avoid non-white areas regardless of class (or poverty status). They found that racial discrimination exists, but that, "racial discrimination, alone, is not very powerful" (p. 200). This finding, however, may be more a result of the author's method than a reasoned assessment of racial discrimination. The middle class neighborhoods to which businesses were most attracted consisted of fewer than 10 percent non-white residents on average (p. 46). There were no like black and white neighborhoods of various class compositions that the authors could use to convincingly test whether businesses discriminate on the basis of race alone, or because of poverty alone. Black people appear to be too racially segregated, and too poor, to structure that kind of test.

Color and Money is a collection of articles that document community reinvestment patterns of lending institutions in Milwaukee and in its surrounding suburbs. The book supplements the data on lending with background information on economic disparities in the Milwaukee area. In 1990 in Milwaukee, the median income of blacks was less than 40 percent of that of whites, down from 65 percent in 1970. The city has also become much poorer in relation to its surrounding suburbs, with central city per capital income dropping from 84 percent of the suburban income in 1970 to 63 percent in 1990 (p. 17). The book finds that minorities are rejected for loans at far higher rates than whites, but, as in *The Economies of Central City Neighborhoods*, it is hard to know if lending institutions discriminate for reasons of race or class status. The book finds some progress in mortgage lending to blacks and Hispanics in Milwaukee's suburbs, but at the current pace it will take 141 years to eliminate the black/white lending gap and 17 years to close the white/Hispanic gap (p. 23) in the suburbs. What is especially interesting is that the authors found wide variation in loan patterns among lenders. Blacks are rejected for loans at four times the rate of whites. However, some lenders made loans to whites and blacks at a similar rate, while others rejected loans to blacks at eight times the rate of whites. This suggests the existence of racial discrimination, intentional or not. Comparing banks' employment of blacks with their rate of refusal to white and black applicants, the authors found that not only do blacks tend to get more loans from banks that hire more blacks, but whites also get more loans from these banks. They speculate that banks making efforts to hire blacks may also alter their loan criteria to serve marginalized groups (including low-income whites) more generally.

The authors attribute patterns in increased spatial and racial inequality to economic globalization, de-industrialization within the city, and public policies that encourage urban sprawl and racial segregation. Perhaps the most significant empirical contribution of the book is that it shows the degree to which banks in Milwaukee, even more than elsewhere in the nation, concentrate lending in upper middle-class and white neighborhoods. Meanwhile, in poor black neighborhoods financial services are provided increasingly by "fringe" (and "predatory") banking service companies, such as check-cashing establishments, that charge the poor exorbitant rates for financial services. The shrinking of traditional banking services in poor black neighborhoods does not bode well for small business development and homeownership in those communities where residents do not develop personal relationships with local bankers. The authors' main policy recommendation is for strengthening fair lending requirements such as the Community Reinvestment Act (CRA), a statute enacted in 1977 that requires banks to report on their lending practices in neighborhoods where they are chartered. CRA allows the public to challenge banks when they apply for government permission to open new branches or to merge with other companies, which can cause costly delays. The authors credit CRA with increasing lenders' willingness to make loans in poor communities, but they identify many weaknesses in government enforcement of the act as well as the limited ability of the law to capture discriminatory loan practices.

Both books bring additional local data to bear on the effects of de-industrialization, which William J. Wilson, Bennett Harrison, and Barry Bluestone, and others have already identified as a critical issue for poor and minority neighborhoods. Neither book breaks new ground, however, on how to cope with the problem. Since globalization and de-industrialization are tied to national U.S. trade policies, an argument could be made that "open" global markets require powerful new national policies that mitigate against income loss and increased concentration of poverty associated with the transition to service jobs. Similarly, it may be more necessary now to debate and reform local development policies across states. California's publicly subsidized agriculture industry, for example, pays only about 5 percent of the market cost of water, often making it cheaper to buy California vegetables than locally grown products in the East (Williamson, Imbroscio, and Alperovitz, 2001).[1] But it is not at all clear that the public is better fed or more efficiently served by huge water subsidies that undermine the local production of tomatoes and other fresh vegetables and fruits in the East.

Secondly, neither book suggests government reform or voluntary changes in elite institutions to address problems of economic and racial isolation. Poor communities, it is often noted, have the fewest resources to change public policy (or elite institutions) and are the most ignored group in public policy development. Calling for large-scale public policy reform raises the question of who will effectively

[1] A copy of the unpublished ms. was provided to me on request from one of the co-authors: David Imbroscio, Department of Political Science, University of Louisville, Louisville, Kentucky 40292.

advocate for it. This is where some new thinking is most desperately needed. A variety of organizations throughout the country are attempting to increase the multiplier effect of local income (keep more money circulating in poor neighborhoods) while, at the same time, engaging low-income residents in politics and public policy issues. These include consumer and producer cooperatives in areas such as energy and telecommunications (not just food), municipally owned enterprises, community land trusts, and "first source" agreements that encourage local municipal contractors to hire local residents. These approaches link economic development, community resource development, and political development, to the unified action (and power) of low-income residents themselves. Such a marriage of policy analysis and social movement studies is long overdue.

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REFERENCE

Williamson, T., Imbroscio, D., & Alperovitz, G. (2001). Place, community, and democracy. Unpublished manuscript.

Sean Zielenbach

Making Nonprofits Work: A Report on the Tides of Nonprofit Management Reform, by Paul Light. Washington, DC: Brookings Institution Press, 2000, 114 pp., $14.95 paper.

Bootstrap Capital: Microenterprise and the American Poor, by Lisa Servon. Washington, DC: Brookings Institution Press, 1999, 155 pp., $39.95 cloth, $16.95 paper.
DOI: 10.1002/pam.10041

Individuals on both ends of the political spectrum increasingly have come to view nonprofit organizations as central players in the promotion of social welfare. This heightened support (evinced in calls for greater privatization of public services and in President Bush's faith-based initiative, among others) results as much—if not more—from cultural and ideological preferences as from an understanding of what nonprofits really can do effectively. Policymakers assume that nonprofits are oriented toward promoting the public good and are inherently more flexible, innovative, reflective of local concerns, and efficient in that pursuit because they have neither the profit constraints of the private sector nor the bureaucratic constraints of the public sector. The problem is that we simply don't know enough about nonprofits' capacity or effectiveness to assess the practical validity of these assumptions. The tremendous variety within the nonprofit sector—Princeton University, Hartford Hospital, the Northern California Community Loan Fund, the Chicago Symphony, and the Shelter for Abused Women all qualify as nonprofits—makes broad impact analysis virtually impossible. Assessing organizational and programmatic impact, even within a subfield such as micro-enterprise, proves daunting because of differing goals, missions, and approaches. Yet such impact information is critical both to nonprofits looking to improve their strategies and to policymakers looking to effect social change.

Paul Light's focus is on the first issue: how nonprofits can improve their management capacity. In *Making Nonprofits Work*, he examines the pressures on nonprofits to become more efficient and effective, as well as the strategies designed to facilitate such improvement. The pressures for reform come from numerous sources: individual