

# Handout

## Overview of De Facto Segregation

There are two forms of racial segregation: **de jure** and **de facto**. Judicial rulings and legislation passed during the era of the Civil Rights Movement ended **de jure** segregation, separation that was mandated by law and enforced by the government. But **de facto** segregation — separation that exists even though laws do not require it — persists to the present day.

We saw this kind of segregation in *Prom Night in Mississippi*. The community's tradition was to hold a black prom and a white prom. The laws didn't require it, but people separated themselves anyway. De facto segregation can be caused by personal bigotries and the personal choices we make about whether to live in an integrated fashion or not.

At the societal level, de facto segregation in the U.S. is perhaps easiest to see when looking at housing patterns. Even today — more than 50 years after the Civil Rights Movement — we are still unlikely to live in integrated neighborhoods. Some of this is about personal choice. A recent study of San Francisco homeowners that appeared in the *Journal of Political Economy*, for example, found they tend to self-segregate in order to be with people of the same race and education level: blacks were willing to pay \$98 more per month to live in a neighborhood with more black households, while whites were willing to pay more to have *fewer* black neighbors.

But residential segregation is fueled by more than personal choices. Among the factors that also contribute to this kind of de facto segregation:

**Redlining** — denying or increasing the cost of services to residents in certain areas. Perhaps the most insidious kind of redlining is mortgage discrimination. Up until the 1970s, for example, some banks simply refused to provide loans to people of color who wanted to purchase homes in particular communities. Even today, people of color are more likely to be tracked into “sub-prime loans” than are white applicants with similar credit histories.

**Pricing disparities** — Home prices and rent in white areas tend to be more expensive, effectively shutting out people of color who may be unwilling, or unable, to pay the premium to buy entry into white neighborhoods. And even when they do, they are likely to live with white neighbors who are less affluent than they are.