This paper consists of an exploratory analysis of factors associated with inequality in the distribution of fiscal resources—the capacity to generate public goods—among municipal governments in metropolitan areas in the U.S. Political incorporation by class and status into municipal enclaves is stated to be institutional mechanism creating and perpetuating inequality among residents in metropolitan communities in the U.S. and tending to divorce financial resources from public needs. An investigation of data collected for a large number of metropolitan areas in 1960 reveals a number of variables associated with inequality in the distribution of fiscal resources among municipalities in metropolitan areas. The population of metropolitan areas consists of standard metropolitan statistical areas outside of New England with three or more municipalities with populations of 2500 and above. The level of income inequality among municipal governments in metropolitan areas varies directly with: location in the South, age, size, and density of the metropolis, non-white concentration, family income inequality, residential segregation among social classes, housing segregation by quality, and governmental fragmentation. The data appear to provide support for the argument that governmental inequality occupies a central position in the urban stratification system. (Author/JH)
SEPARATE AND UNEQUAL:
GOVERNMENTAL INEQUALITY IN THE METROPOLIS

by

Richard Child Hill

December 1974

The research reported here was supported by grants from the University of Wisconsin Graduate Research Committee and the Institute for Research on Poverty, at the University of Wisconsin-Madison, pursuant to the Economic Opportunity Act of 1964. The views expressed are solely those of the author.
ABSTRACT

The political incorporation and municipal segregation of classes and status groups in the metropolis tend to divorce fiscal resources from public needs and serve to create and perpetuate inequality among urban residents in the United States. An investigation of data collected for a large number of metropolitan areas in 1960 reveals a number of variables associated with inequality in the distribution of fiscal resources among municipalities in metropolitan areas. The level of income inequality among municipal governments in metropolitan areas varies directly with: location in the South; age, size, and density of the metropolis; nonwhite concentration; family income inequality; residential segregation among social classes; housing segregation by quality; and governmental fragmentation. The data appear to provide support for the argument that governmental inequality occupies a central position in the urban stratification system.
Separate and Unequal: Governmental Inequality in the Metropolis

The suburb is the Northern way to insure separate and unequal. It has the advantage of being legal. If housing, education, jobs, and matrimony are to remain a charmed circle among formally equal citizens in an era of public goods, there is a powerful logic behind the existing fragmentation and the basis for considerable resistance to the creation of really general governments.¹

I. INTRODUCTION

Political incorporation by class and status into municipal enclaves is an important institutional mechanism creating and perpetuating inequality among residents in metropolitan communities in the United States. The salience of governmental inequality has been increasing. In a laissez-faire, capitalist society the distribution of valued commodities among urban residents is largely governed by the distribution of "effective demand" among consumers engaging in price competition in the private market place. However, with the rapid growth in the public sector of the economy in recent decades there have been vast increases in the consumption of public goods.² Concomitant with growth in the public sector, we have come to witness the segregation of public goods consumption through suburbanization as one central ingredient underlying the structure of inequality among urban residents.³ The municipal segregation of class and status groups tends to divorce fiscal resources from public needs in the metropolis. As one student of the problem has recently noted, "Because the political subdivisions of a metropolitan area are largely autonomous in matters of local finance, differentials in per capita income create inequalities in both fiscal capacity and public service
reeds between municipalities. And because we entrust local government to effect substantial redistribution of real income through local public services, a serious problem follows from the divorcing of income from need.\textsuperscript{4}

This paper consists of an exploratory analysis of factors associated with inequality in the distribution of fiscal resources—the capacity to generate public goods—among municipal governments in metropolitan areas in the United States. We commence by outlining a conceptual framework which then serves to organize the analysis of empirical findings. We conclude with a brief discussion of important directions for further research.

II. URBAN STRATIFICATION

The student of metropolitan political structure can draw upon a number of conceptual models to organize an empirical investigation. For example, urban-oriented political scientists have viewed the metropolis as a world arena in miniature in which "municipal nation-states" conduct delicate negotiations\textsuperscript{5}; as a market in which municipal corporations compete for the allegiance of fickle citizen-consumers\textsuperscript{6}; as an ecological coliseum housing recurrent games played by evanescent political teams\textsuperscript{7}; as a system of specialized, incorporated groups seeking to promote lifestyles and protect values through municipal balkanization\textsuperscript{8}; and the list goes on.

At the cost of contributing another image to this conceptual menage, I would like to argue the benefits of approaching the metropolitan complex as a system of social stratification. A number of central issues in urban politics center upon inequality among social groups. Basic urban
problems emanate from the different access of urban residents to scarce economic, social, and political resources. In order to deal effectively with these issues, it is necessary to conduct research within a conceptual framework that explicitly focuses upon the causes and consequences of inequality in the distribution of the surplus product among social groups in the metropolitan community. This framework should generate testable hypotheses as well as provide insight into potential sources of change in the urban system. An approach of this nature is of particular salience to an investigation of sources of inequality in the distribution of resources among local governments in metropolitan communities.

As Lenski has recently noted, virtually all the major theorists in the field of social stratification have sought to answer one basic question: who gets what and why? In this study, urban stratification refers to the institutionalization of social arrangements that generate and perpetuate intergenerational inequality in the distribution of scarce economic, political, and social values among collectivities in the metropolis. Institutional arrangements connote the principles, procedures, and policies governing and structuring the relationships between groups in the metropolitan community. An urban stratification system consists of a bounded set of individuals, groups, and organizations whose structured interactions culminate in the allocation and distribution of scarce resources among urban residents.

A basic assumption underlying this investigation is that the distribution of symbolic and material advantages among individuals is largely a function of the distribution of power among social groups.
Imbedded in the principles, procedures, and policies governing and structuring the relationships between classes and among status groups in the metropolitan community is a "mobilization of bias": a set of institutional rules of the game variously resting upon authority, influence, and force which benefit some at the expense of others.  

Intergroup conflict in the metropolis resides in the attempt of group members to gain access to, or control over, those institutions that govern the distribution of symbolic and material advantages. The social relations among classes and between status groups imbedded in the means of economic production and exchange in the metropolis structure differential access to income and economic goods and services. The unequal distribution of income and social status among groups fosters an unequal system of social relationships in the urban housing market and local government institutions, structuring differential access to housing, neighborhood, and "municipal life-style." Residential segregation by class and race shapes interaction patterns, friendship ties, marital selection, and social consciousness. The distribution of income and residential location shapes political relationships between collectivities with discordant interests and structures differential access to public goods and services. Access to public goods and services, in particular, educational and cultural facilities, structures access to jobs and income. In this manner an interdependent set of local institutions gives rise to the structure of inequality in the modern metropolis.

From the perspective of urban stratification the metropolitan city is composed of a set of interlocking institutional arrangements and interacting, organized interest groups whose relationships form the structural framework within which metropolitan citizens attempt to improve
the quality of their lives. Elucidating the nature of these institutions and organized interests and the substance of their relationships is the primary task of urban stratification theory and research.

A. The Role of Municipal Government

Residential location is an important resource in the urban stratification system. As Anton and Williams have argued:

> Because social values are unevenly distributed across urban space, the location of a housing unit determines as much about the opportunities available to residents as does the sheer physical quality of the unit itself. Depending upon where it is located, a house or an apartment may 'carry' with it more or fewer public services, better or worse schools, more or less access to commercial activities (and employment opportunities), more or less interaction with people who are prized, or people who are shunned.

Advantaged classes and status groups in the metropolitan community seek to maximize control over scarce resources and maintain life-style values through homogeneous and complementary residential groups. In the context of a fragmented system of governments in the metropolis, municipal government becomes an institutional arrangement for promoting and protecting the unequal distribution of scarce resources. As Wood has noted, modern suburbs often use their political boundaries to "differentiate the character of their residents from their neighbors," and their government powers—zoning, residential covenants, taxation, selective industrial development—"to promote conscious segregation."17

Within the suburbs, segregation by class and status has been enhanced as different builders produced new one-class communities with housing entirely in a particular price range. Because of the high cost of providing public services for new residents, many communities have made use of zoning and other land development controls to hold down population...
growth and to price out lower-income and middle-income families whose housing and lots would not yield enough in property taxes to cover their service costs. In addition, racial discrimination on the part of builders, real estate brokers, and mortgage institutions has reinforced economic segregation with direct policies of racial exclusion.

Thus, a decentralized, fragmented, metropolitan government pattern facilitates the maintenance and perpetuation of class and status group privilege. The more status homogeneous the suburb, the easier it is, politically, to maintain the primacy of prized values. Municipalities come to be characterized by specialized service packages and recruit residents according to the dictum: "all those who like the kind of life symbolized by these services come and join us, if you can afford it." Conflict over the production and distribution of values that depend upon location for their realization (e.g., land use, education, housing, recreation, cultural facilities) resides at the center of metropolitan politics.

B. The Roots of Urban Problems

As Fusfeld has argued, fundamental urban problems are deeply rooted in three long-term trends in the urban stratification system: (1) the persistence of poverty and income inequality in metropolitan areas; (2) the persistence of racial discrimination in the fabric of urban institutions; (3) the continuing decentralization of economic and governmental activities away from the urban core into outlying areas of the metropolitan community.

Each basic source of urban problems reflects an underlying struggle among collectivities in the metropolis. The persistence of
widespread poverty and income inequality reflects a division between the poor and the relatively affluent: a struggle between the less and the more privileged classes in the metropolitan economic order. The persistence of institutional racism reflects a struggle among racially demarcated status groups over the distribution of commodities, symbols of status, jobs, and valued ways of living in the metropolis. Spurred by increases in population and advances in transportation and communication technology, and shaped by government subsidy, the decentralization of economic and governmental activities has given rise to structured conflicts between inner cities and suburbs over the distribution of public goods and services within the metropolitan political order.

With the progressive decentralization of manufacturing industries, high wage industrial jobs are deserting central cities and locating beyond the reach of low-income inner-city residents. The central city has increasingly become the center for administration, finance, recreation, and other types of services, as well as the location for low-wage industries attracted by surplus labor in crowded slums. Decentralization has also had the effect of reducing the financial resources of central cities, as capital has progressively followed high-wage industries and the more affluent population to the suburbs. Thus, as the concentration of the low-income working class and unemployed in the central city and inner-ring suburbs has increased, the fiscal resources necessary to meet their needs have progressively drained to the suburbs and to the war chest of the federal government.

The structural contradiction between expanding public needs and declining fiscal resources was greatly intensified with the transformation
of Southern agriculture during the early and mid-fifties, which dispersed millions of agrarian workers to central cities at a time when mass production industries were automating and not hiring. Economic expansion was slowing down, and high wage growth industries were decentralizing to """"ily-white" sanctuaries at the periphery of the metropolitan areas outside the reach of black and low-income families. This wave of migration was followed by a population boom in the late fifties in central cities, which further intensified the problems. A rapid growth in social needs in central cities and inner-ring suburbs accompanied by a corresponding drop in employment opportunities and fiscal resources produced a deterioration of public services in such crucial areas as education, health, housing, and police and fire protection.23 This contradiction stimulated the outbreak of ghetto disturbances in the middle and late sixties.

In recent decades we have witnessed an increasing intermingling of all these conflicts as increasingly nonwhite, impoverished inner cities bump borders with rising friction with the more advantaged suburban populations. This struggle seems likely to persist, and may intensify, for while the black migration to the cities has slowed down considerably in recent years, natural increase in population is continuing. The first generation of children born to the migrants of the early 1950s have been starting the second round of the population explosion in the ghettos and impoverished neighborhoods of the central cities. Residential segregation by race appears to have been increasing24 while at the same time """"there has been little or no break in the oppressive forces of
overcrowded and deteriorating housing, bad education, poor transportation facilities, and inadequate employment opportunities.\textsuperscript{25}

Thus governmental inequality occupies a central position in the urban stratification system. Yet even the most casual survey of census data reveals marked variations in the degree of governmental inequality among metropolitan areas in the United States. The rest of this study is devoted to an empirical analysis of sources of variation in the degree of inequality in the distribution of fiscal resources among municipalities in a sample of metropolitan areas.

III. METHODS AND DATA

A. Measuring Governmental Inequality

Comparative research on inequality in the distribution of fiscal resources among governments in metropolitan areas involves three basic issues of measurement. First, how are units of government to be defined and aggregated? Second, what is the appropriate indicator of fiscal resources? Third, what measure of inequality is to be employed? These issues are discussed in turn.

Considering the importance of the first issue, i.e. the definition and aggregation of units of government, there has been relatively little comparative research on governmental inequality among metropolitan areas in the United States. The principal exception to this rule is the body of research devoted to explaining socioeconomic and fiscal differences among central cities and suburbs in urban areas.\textsuperscript{26} In this type of investigation, suburban characteristics are averaged together and compared to central city characteristics. Level of governmental inequality is measured by the ratio of central city to suburban characteristics and
an attempt is made to explain variations in the city-suburb ratio through the comparative analysis of urban areas. While these studies have advanced our knowledge of factors associated with city-suburb disparities in urban areas, they share a weakness in conceptualization and measurement.

An assumption underlying research on city-suburb inequality is that suburbs are basically similar in socioeconomic and fiscal characteristics, or are at least sufficiently similar to justify an aggregated suburban comparison with the central city. Yet urban research has amply demonstrated the inaccuracy of the image of suburbia as uniformly white-collar and high income. There have, of course, always been working-class suburbs. But as industry has been departing the central city for the suburbs, blue-collar workers have been following and working-class suburbs have been multiplying. A recent poll found that almost half of all union members now live in the suburbs, and the "suburbanites account for about three-fourths of unionists under age 40." However, as an indicator of the increasing embourgeoisement of blue-collar workers, this statistic can be highly misleading. Working-class suburbanites tend to live in older, low to moderate income residential and industrial suburbs on the borders of central cities. Manufacturing decentralizes as suburbs compete for industrial firms to alleviate property tax burdens. Yet few suburbs will permit public or low-cost housing to be build near the factories they entice to locate within their borders. The decentralization of manufacturing into middle-class municipal enclaves is likely to foster the further development of relatively low-income, low tax-base suburbs in areas adjoining the new industrial sites. The development is likely to exacerbate income disparities between municipalities in the metropolis.
As the Advisory Commission on Intergovernmental Relations has recently noted,

Of growing significance are the fiscal disparities among rich and poor suburban communities in many of the metropolitan areas—disparities that often are even more dramatic than those observed between central cities and suburbia in general. Many of the older suburban communities are taking on the physical, social and economic characteristics of the central city. This type of community is especially vulnerable to fiscal distress because it lacks the diversified tax base that has enabled the central city to absorb some of the impact of extraordinary expenditure demands.

Therefore, while the city-suburban disparity approach to metropolitan governmental inequality appropriately emphasizes the frequent plight of central cities, it tends to gloss over an increasingly class and status differentiated suburban governmental structure. It seems appropriate to go beyond the central city-suburb dichotomy when conducting research on governmental inequality. What appears to be required is the development of hypotheses and measurement procedures addressed to inequality in the distribution of resources among all municipalities in the metropolitan area.

Turning to the second issue, that of what the appropriate indication of fiscal resources is, there are a number of possible indicators of level of fiscal resources—capability to produce public goods and services—none of which seem fully satisfactory. Sources of municipal revenue vary by regions within the nation, by states within regions, by metropolitan areas within states, and by municipalities within metropolitan areas. Local governments frequently derive the major share of their revenue from taxes on mercantile, manufacturing, residential, and personal property. However, assessed valuations of property are notoriously unreliable indi-
icators of the actual level of fiscal resources available to a municipality. Municipalities also derive revenue from sales taxes on commodities, payroll and personal income taxes, and through other sources.

In this investigation the median level of family income in a municipality is employed as the indicator of level of fiscal resources or capacity to produce public goods and services. As Riew has noted, "When the local government relies principally on property as its tax base, personal income as a fiscal resource may seem to be unimportant. But this may be an important potential tax base. Furthermore, since all taxes are paid out of income, that is ultimately what measures best the ability to pay taxes." Median family income provides a very rough indication of the fiscal capacity and the level of service needs in the municipality and is a crude indicator of the class composition of the local government. In contrast to most indicators of fiscal resources, median income retains roughly the same meaning across regions, states, metropolitan areas, and municipalities.

While there are some extremely homogeneous suburbs, normally, municipal boundaries do not operate as sharp demographic, economic, or social dividing lines. As Williams has noted, any municipality can absorb a degree of internal diversity while maintaining a dominant life-style. Scanning the range of mean values of a characteristic among municipalities in metropolitan areas quickly establishes the existence of diversity and inequality. The standard deviation is the measure of inequality in the distribution of family income among municipalities in the metropolitan area adopted in this study.

The standard deviation is a measure of variability about the mean of a given characteristic. In this case the standard deviation in median municipal family income for a metropolitan area indicates the extent to
which municipalities in the metropolis deviate in median income from the average for all municipalities in the area. For example, a metropolis with a standard deviation in municipal income of zero would be a metropolitan area in which each component municipality has the same median family income. The larger the standard deviation, the greater the deviation of the wealth of some municipalities from the average income of all municipalities in the SMSA. Under the assumption that the distribution of median family income over all municipalities in the metropolitan area is bell-shaped or "normal," the standard deviation assumes a specific meaning. One standard deviation from the mean encompasses approximately two-thirds of the municipalities in the metropolitan area: one-third above and one-third below the mean. Therefore, a standard deviation of say $1000 indicates that roughly two-thirds of the municipalities in that metropolitan area deviate from the average municipal median income by $1000 or less. Therefore, as the numerical size of the standard deviation increases, the extent to which some municipalities have very high incomes and some have very low incomes, relative to the average, increases. The larger the standard deviation, the greater the governmental inequality in the metropolis. 35

In summary, the measure of inequality in the distribution of fiscal resources or capacity to generate public goods and services among governments in the metropolis is the standard deviation in median family income among municipalities in the metropolitan area.

B. The Data

We adopted the following procedure to construct a measure of municipal income inequality in the metropolis. We collected income data on all municipalities with populations of 2500 and above in metropolitan
areas of the United States.\textsuperscript{36} The population census provides income data only for municipalities of population size of 2500 and above. This was an important constraint on our data collection and a caveat to ponder in interpreting our findings. Under ideal conditions we would have collected income data on all incorporated municipalities for each SMSA. Although one-half of the municipalities in metropolitan areas have populations under 2500, these municipalities account for but 2 percent of the metropolitan population.\textsuperscript{37} Yet this is an important 2 percent of the population to the extent that it contains a disproportionate share of the very wealthy and/or the very poor members of the metropolitan area. For the purposes of this analysis, we are assuming that our measure of municipal income inequality based upon municipalities with populations of 2500 or above is an accurate reflection of income inequality among all municipalities in the metropolitan areas in our study.

For each metropolitan area, data on median family income for each component municipality of population size 2500 and above were collected, coded, and punched on IBM cards. Then, for each metropolitan area containing three or more municipalities of 2500 population or larger, a standard deviation was computed from the component municipal income data.\textsuperscript{38} Metropolitan areas in the New England region were omitted from this analysis.\textsuperscript{39}

In summary, our population of metropolitan areas consists of SMSAs outside of New England with three or more municipalities containing populations of 2500 and above in 1960. In 1960 there were 66 metropolitan areas with less than the required number of municipalities of appropriate size. Eleven New England SMSAs were omitted from the analysis and eight metropolitan areas were dropped for lack of sufficient data. This left a population of 127 metropolitan areas as a base for analysis.
Because the independent variables analyzed in this study were drawn from a wide variety of sources, there are rather marked fluctuations in the number of cases underlying various analyses of specific empirical relationships. For this reason, this study is best viewed as an exploratory investigation of an important political phenomenon. If the findings from this investigation prove to be provocative, they may spur more refined research efforts.

Table 1 presents the mean, standard deviation, and range in governmental income inequality among the 127 metropolitan areas in this study. The standard deviation in municipal income averages $920 among the 127 metropolitan areas in this investigation. The SMSA with the least inequality had a standard deviation in municipal family income of $14. The metropolitan area with the greatest governmental income inequality had a standard deviation of $3128. There is a vast range in inequality in the distribution of income among municipalities in this sample.

What are some of the factors associated with variations in governmental inequality among this sample of metropolitan areas? The remainder of this study is organized according to a sequence of empirical findings presented in the form of empirical propositions. A brief rationale accompanies each proposition. We conclude with a discussion of the relationship between the empirical findings and the conceptual framework prefacing this analysis.

IV. HYPOTHESES AND FINDINGS

1. Metropolitan areas in the South tend to have greater inequality among municipalities than metropolitan areas located in other regions of the country. Income inequality among families and racial discrimination are hypothesized to be two of the principal factors fostering governmental
Table 1. Mean Standard Deviation and Range in Municipal Income Inequality for 127 SMSAs, 1960.

<table>
<thead>
<tr>
<th>Municipal Inequality*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>$-920</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>5.33</td>
</tr>
<tr>
<td>Range:</td>
<td></td>
</tr>
<tr>
<td>Minima</td>
<td>14</td>
</tr>
<tr>
<td>Maxima</td>
<td>3128</td>
</tr>
<tr>
<td>Number of SMSAs</td>
<td>127</td>
</tr>
</tbody>
</table>

*Standard deviation in median municipal family income computed over all municipalities with populations of 2500 and above in the metropolitan area.
inequality in the metropolis. Southern metropolitan areas tend to have higher levels of income inequality among families and among racial groups. Southern metropolitan areas also tend to have more marked residential segregation by race and by social class. There is reason to suspect, therefore, that Southern metropolitan areas may display higher levels of governmental inequality as well.

The evidence presented in Table 2 gives a small measure of support to these speculations. The zero order correlation between the dummy variable, absence or presence of a metropolitan area in the South, and municipal income inequality, is $r = -0.132$. It would seem that governmental inequality is less related to the historical and cultural features imbedded in the regional concept than we at first surmised.

2. Older, larger, and more densely populated metropolitan areas tend to have greater inequality among municipalities. Williams has suggested that the degree of differentiation among municipalities increases with age and size of the metropolitan area. First, neighborhood and municipal identities become crystallized over time. Moves are made with a greater awareness of the life-style of each place. In younger, expanding metropolitan areas, growth may take place so rapidly that the visibility of the life-style remains low, and the local political structures are not sufficiently stable to employ effective screening policies over entering residents. Secondly, suburban specialization in a small metropolitan area is likely to be rudimentary. Larger metropolitan areas are likely to contain many gradations of class and status homogeneous residential suburbs as well as suburbs with highly specialized economic bases. Ecological research and theory seems to imply much the same hypothesis.
Table 2. Zero Order Correlations Between Regional and Demographic Characteristics and Income Inequality Among Municipalities for 127 SMSAs, 1960.

<table>
<thead>
<tr>
<th>Region:</th>
<th>Municipal Inequality*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan presence in the South**</td>
<td>.132</td>
</tr>
</tbody>
</table>

Demographic Characteristics:

1. Population Size of SMSA               | .392                  |
2. Population density of SMSA: number of persons per square mile | .124                  |
3. Percent of SMSA population residing in urbanized area | .267                  |
4. Age of SMSA: year central city reached 25,000 population | -.239                 |

*Standard deviation in median municipal family income computed over all municipalities with populations of 2500 and above in the metropolitan area.

**0=absence, 1=presence, of a metropolitan area in the South.
From this perspective, increases in population size and density foster increased competition for scarce resources resulting in increases in the division of labor as individuals seek new means of sustenance. As specialization increases, spatial segregation among individuals with similar social traits becomes a mechanism of social integration in a highly complex urban world.

Data presented in Table 2 indicate that there is a tendency for older (r=.230), larger (r=.392), more urbanized (r=.267), and more densely populated (r=.124) metropolitan areas to have higher levels of inequality among municipal governments. On balance the evidence seems to support the ecological hypothesis that population size, age, and density provide a demographic potential for increased inequality among governments in the metropolitan community.

3. The larger the relative size of the nonwhite population in the metropolitan community, the greater the inequality among governments. We have suggested that, in addition to purchasing power, status rivalry operates to structure the residential location and segregation of residents in the metropolitan city. Since members of nonwhite minorities have disproportionately lower incomes, and since because of their racial status they are frequently denied access to neighborhoods and housing they could otherwise afford, we would expect that as the relative size of the nonwhite population increases, governmental inequality in the metropolis will increase.

This hypothesis is given support by the data presented in Table 3. Governmental inequality varies directly with percent of the metropolitan population nonwhite (r=.206) and percent of the central city nonwhite (r=.352). It would appear that status group exclusion should be added...
Table 3. Zero Order Correlations Between Racial Composition and Income Characteristics and Income Inequality Among Municipalities in Metropolitan Areas, 1960.

<table>
<thead>
<tr>
<th>Racial Composition**:</th>
<th>Municipal Inequality*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Percent of SMSA population, nonwhite</td>
<td>.206</td>
</tr>
<tr>
<td>2. Percent of central city, nonwhite</td>
<td>.352</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income***:</th>
<th>Municipal Inequality*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Median family income</td>
<td>.239</td>
</tr>
<tr>
<td>2. Percent of families with incomes at or below $3000 a year</td>
<td>-.043</td>
</tr>
<tr>
<td>3. Percent of families with incomes at or above $10,000 a year</td>
<td>.419</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Median Earnings***:</th>
<th>Municipal Inequality*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Professionals and Managers</td>
<td>.419</td>
</tr>
<tr>
<td>2. Craftsmen and foremen</td>
<td>.202</td>
</tr>
<tr>
<td>3. Operatives</td>
<td>.030</td>
</tr>
<tr>
<td>4. Laborers</td>
<td>.085</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income Inequality***:</th>
<th>Municipal Inequality*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gini coefficient: family income</td>
<td>.234</td>
</tr>
<tr>
<td>2. Racial income inequality****</td>
<td>.126</td>
</tr>
</tbody>
</table>

*Standard deviation in median municipal family income computed over all municipalities with populations of 2500 and above in the metropolitan area.

**N = 127.

***N = 63.

****Median white family income divided by median nonwhite family income. Reflected to read the higher the score, the greater the inequality.
to the distribution of purchasing power as a basic element of the set of forces fostering inequality in fiscal capacity among municipal governments in the metropolis.

4. The greater the inequality in the distribution of income among families in the metropolis, the greater the inequality among municipalities. As Thompson has argued, the unequal distribution of fiscal capacity among governments is rooted in the unequal distribution of income among families in the metropolis. Family income inequality is translated through the dual mechanisms of residential segregation and political incorporation into inequality in the distribution of wealth, and hence, the capacity to produce public goods and services, among governments in the metropolis. Data provided in Table 3 offer support for this argument.

Among the 63 metropolitan areas for which we have combined income and government data, we find that inequality among municipalities is directly related to family income inequality ($r = 0.234$) and racial income inequality ($r = 0.126$) in the metropolitan community. At the same time, it appears that the size and level of income of the upper-income groups in the metropolis has an even more important bearing on government inequality. The larger the percentage of families with incomes of $10,000 a year and above, the greater the inequality among municipalities ($r = 0.419$). Similarly, as the average median earnings of professional and managerial occupations increase, governmental inequality increases ($r = 0.419$). On the other hand, there is essentially no relationship between the level of poverty, or the median earnings of blue-collar workers, and governmental inequality in the metropolis. It would appear that as the size and wealth of the upper-income groups rises, the structural potential for the development of upper-status political enclaves within the metropolitan area increases.
5. **The greater the residential segregation by social class in the metropolis, the greater the inequality among municipalities.** Income is unequally distributed among social classes. As residential segregation by social class increases, inequality in the distribution of income by neighborhood increases. When class and status homogeneous neighborhoods come to coincide with municipal boundaries, inequality in the distribution of fiscal capacity among municipal governments arises.

6. **The more segregated the distribution of housing by quality in the metropolis, the greater the inequality among municipalities.** The distribution of social classes by residential area also depends upon the distribution of housing by quality in urban territory. If all housing in the metropolitan area were of the same quality and price, the residential distribution of classes would not be mediated by ability to pay for housing. Or, if low, medium, and high priced housing were randomly distributed among neighborhoods in the metropolis, and if the quality of a family's housing were directly related to level of family purchasing power, we would expect that income would be rather equally distributed among neighborhoods and local governments in the metropolitan community. Therefore, it seems reasonable to expect that the greater the segregation of housing by quality, the greater the government inequality in the metropolis.

Avery M. Guest, in a recent study of patterns of urban ecological organization, collected 1960 data from the Census of Housing on a variety of social characteristics of families by census tracts for seventeen metropolitan areas. For each metropolitan area, Guest coded data on the proportion of families with white-collar heads of household and the proportion of dwelling units found, with all plumbing, in each census tract.
this detailed information on census tracts, he computed the standard deviation in percent white-collar and percent sound housing across census tracts for each metropolitan area. The greater the standard deviation, the greater the segregation. Combining Guest's data with our own yielded fourteen metropolitan areas for which joint data were available.

As revealed in Table 4, the residential segregation of white-collar families is directly related to governmental inequality (r= .356) as in the segregation of sound housing (r= .452) in the metropolitan community. While findings from such a small sample of cases can hardly be more than suggestive, the evidence does support our expectations. 53

7. The larger the number of municipal governments in the metropolitan community, the greater the inequality among municipalities. Suburban governments tend to function as corporate representatives of the class and status groups interests of their resident populations. 54 Through political devices like zoning ordinances, selective industrial development programs, and building regulations, class and status homogeneous suburban enclaves pose barriers to social and economic "undesirables" and maintain control over the composition of their incorporated fiefdoms. 55 The degree of municipal fragmentation would appear to indicate the governmental potential for fiscal inequality among municipalities in the metropolis.

Data presented in Table 4 offer support for these speculations. The concept of government fragmentation seems to refer both to the absolute number of governments and to the density of governments in a metropolitan area. 56 The data indicate that metropolitan areas with large numbers of municipalities tend to have greater inequality among municipalities. (r= .359). 57 On the other hand, the density of governments, indicated by the number of
Table 4. Zero Order Correlations Between the Residential Segregation of Social Classes, the Segregation of Housing by Quality, Number, and Density of Governments and Income Inequality Among Municipalities in Metropolitan Areas, 1960.

<table>
<thead>
<tr>
<th>Class Segregation: **</th>
<th>Municipal Inequality*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Standard deviation: percent white collar***</td>
<td>.356</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Housing Segregation: **</th>
<th>Municipal Inequality*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Standard deviation: percent housing sound with all plumbing***</td>
<td>.452</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government Fragmentation: ****</th>
<th>Municipal Inequality*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of municipalities in SMSA</td>
<td>.359</td>
</tr>
<tr>
<td>2. Number of municipalities per capita in SMSA</td>
<td>-.212</td>
</tr>
</tbody>
</table>

*Standard deviation in median municipal family income computed over all municipalities with populations of 2500 and above in the metropolitan area.

**N = 14.

***Computed over all census tracts in the SMSA.

****N = 127.
governments per capita, is inversely related to governmental inequality $(r = -0.212)$. However, as noted below, when other salient variables are held constant, governmental density is positively related to inequality among municipalities in the metropolis.

A. A Multivariate Analysis

Thus far we have surveyed a number of empirical hypotheses and partial explanations of variations of municipal inequality in fiscal capacity among metropolitan areas. A number of questions naturally arise. To what extent is the impact of any particular independent variable independent of its relationship to other independent variables under discussion? What is the combined predictive power of the independent variables? Multiple correlation and regression analysis helps provide answers to these questions. We have joint data on all of the variables, except class and housing segregation, for 63 metropolitan areas and this constitutes the data base for the regression analysis.

Results of the regression analysis are presented in Table 5. With the exception of region and number and density of municipalities, the variables in the regression model retain the predicted relationships to municipal inequality. The relationship between metropolitan presence in the South and government inequality reverses direction when other salient variables are held constant. Number of municipalities has little predictive power, net of other variables in the model; governmental density becomes positively associated with inequality among municipalities $(r_p = 0.317)$.

The relative size of the nonwhite population has the strongest independent influence on government inequality $(r_p = 0.511)$, followed by percent
Table 5. Multiple Regression of Income Inequality Among Municipalities and Salient Independent Variables for 63 Metropolitan Areas, 1960.

<table>
<thead>
<tr>
<th></th>
<th>Municipal Inequality*</th>
<th>Partial Correlation</th>
<th>Beta Weight **</th>
<th>t-value of Significance ***</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. South</td>
<td>- .268</td>
<td>- .313</td>
<td>- .844</td>
<td></td>
</tr>
<tr>
<td>2. Population size of SMSA</td>
<td>.146</td>
<td>.167</td>
<td>.280</td>
<td></td>
</tr>
<tr>
<td>3. Percent of families with incomes at or above $10,000 a year</td>
<td>.420</td>
<td>.466</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>4. Gini coefficient: family income</td>
<td>.277</td>
<td>.289</td>
<td>.037</td>
<td></td>
</tr>
<tr>
<td>5. Percent of SMSA population, nonwhite</td>
<td>.511</td>
<td>.601</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>6. Number of municipalities</td>
<td>.054</td>
<td>.068</td>
<td>.690</td>
<td></td>
</tr>
<tr>
<td>7. Number of municipalities per capita</td>
<td>.317</td>
<td>.342</td>
<td>.016</td>
<td></td>
</tr>
<tr>
<td>R = .701</td>
<td>( R^2 = .579 )</td>
<td>N = 63</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Standard deviation in median municipal family income computed over all municipalities with populations of 2500 and above in the metropolitan area.

**Standardized regression coefficient.

***Level of statistical significance of the regression coefficient using the t-test, two-tailed.
of families with incomes of $10,000 a year and above (rp=.420), number of municipalities per capita (rp=.317) and family income inequality (rp=.277). Overall, the variables in this model account for a not insignificant 58 percent of the total variation in inequality among municipalities in the metropolis.

V. SUMMARY AND CONCLUSIONS

The political incorporation and municipal segregation of classes and status groups in the metropolis tend to divorce fiscal resources from public needs and serve to create and perpetuate inequality among urban residents in the United States. Williams has suggested that much of urban politics consists of conflict over the production and distribution of scarce resources, like education and housing, that depend upon location for their realization. And, as Long has noted, if the increased demand among urban residents for public goods and services continues in the future, as it has in the past two decades, the governmental allocation of values may become as important as the private marketplace. Thus, inequality in the distribution of fiscal resources among municipal governments in metropolitan areas occupies an increasingly important role in the urban stratification system.

Considering the importance of the issue, there has been relatively little comparative research on governmental inequality among metropolitan areas in the United States. Past research on governmental inequality has largely been devoted to the investigation of city-suburban differences and has directed little empirical attention to an increasingly class and status differentiated suburban government structure. With this in mind, in this study we measured inequality in the distribution of fiscal re-
sources (capacity to generate public goods and services) among governments by the standard deviation in median family income among municipalities in the metropolitan area.

Our exploratory investigation of data collected for a large number of metropolitan areas in 1960 revealed a number of variables associated with inequality among municipalities in the metropolis. The empirical findings appear to be consistent with the urban stratification framework outlined in the introductory discussion. First of all, the data support the thesis that governmental inequality is rooted in income inequality among families in the metropolis. Family income inequality is translated through the dual mechanisms of residential segregation and political incorporation into inequality in the distribution of fiscal resources among municipal governments in the metropolis. Thus, we find that inequality among municipalities varies directly with level of family income inequality, the residential segregation of social classes, housing segregation by quality, and government fragmentation in the metropolis. Our second thesis, that racial discrimination is a basic component of the urban stratification system and underlies governmental inequality, is consistent with the data. Inequality in the distribution of fiscal resources among municipalities varies directly with level of nonwhite concentration in the metropolis, indicating status group exclusion operating in the urban housing arena and in the policies of local governments.

Finally, consistent with William's ideas, inequality tends to be greater in older, larger, and more densely populated metropolitan areas that indicate a demographic potential for municipal differentiation in urban space.

In conclusion, a number of caveats are in order. First of all, because the independent variables analyzed in this study were drawn from
a wide variety of primary and secondary sources, there are marked fluctuations in the number of cases underlying various analyses of specific empirical relationships. As a result, it is not possible to generalize from these findings to all metropolitan areas in the United States. Secondly, our measure of level of fiscal resources, median municipal family income, only captures a part of the phenomenon in question and needs to be supplemented with other indicators of the capacity to produce public goods and services. Finally, as noted above, the standard deviation as a measure of inequality is open to criticism on a number of grounds. Future research needs to consider alternative measurement procedures. On the positive side, it is worth noting that the empirical results revealed in this study are largely consistent with theoretical expectations. Further research is required to establish the generality of the findings and the accuracy of the interpretations offered here.
NOTES


2 In recent years the rate of growth in expenditures, revenues, and employment in state and local government has outstripped the growth rate of all other parts of the economy, public or private. Between 1954 and 1964 federal general expenditures increased 24 percent while state and local expenditures grew by 126 percent. In 1963-64 state and local expenditures were 42 percent of total general expenditures, and if defense and foreign policy expenditures are excluded this proportion rises to 64 percent. At the same time, state and local taxes as a proportion of national income have increased from 7 percent in 1954 to 21 percent in 1963. Cf. Alan K. Campbell and Seymour Sacks, Metropolitan America: Fiscal Patterns and Governmental Systems (New York: The Free Press, 1967), pp. 5-11.


This is a modified version of the definition of stratification provided by John Pease, William H. Form, and Joan Huber Rytina, "Ideological Currents in American Stratification Literature," The American Sociologist 5 (May 1970): 128. It is worth noting that this definition emphasizes the institutional bases of structured inequality among collectivities in contrast to the more "individualistic" opportunity structure approach characterizing much of the current research on social stratification. Current research in social stratification reveals an inordinate concern with explaining the distribution of occupational prestige among individuals and much less emphasis on the structural and institutional bases of the unequal distribution of power and privilege among social groups in the metropolis and nation.


According to Weber we may speak of a class situation when (1) "a number of people have in common a specific causal component of their life chances, in so far as (2) this component is represented exclusively by economic interests in the possession of goods and opportunities for income, and (3) is represented under the conditions of the commodity or labor-markets." The term class, according to Weber, refers to any group of people in the same class situation. Cf. Max Weber, "Class, Status and Party" in Hans Gerth and C. Wright Mills, eds., From Max Weber (New York: Oxford University Press, 1958), p. 182. Within a mature capitalist society there are essentially two, class-based, sources of inequality. First, inequality is associated with the differential ownership and control of property. Secondly, within the broad structure of property relations, inequality is associated with occupational positions.


Cf. Long, "Political Science and the City," for a lucid discussion of the interlocking components of the structure of urban inequality and the failure of political science to fully address the issues stemming from "social politics" in the metropolis.


20. Ibid.


23. Fusfeld provides a striking illustration of this process at work in the inner city of Detroit. In the census area surrounding the conflict-ridden Twelfth Street, the number of families and unrelated individuals counted by the census fell by about 4700 between 1950 and 1965. But the number of children of school age increased by 20,900 in the same period. As Fusfeld notes, "Even with all the good will in the world, in the absence of vastly increased resources the school authorities could do little but watch the quality of education deteriorate. Unable to provide the funds needed, school officials have presided over the breakdown of the educational system of the central cities. The people who needed the best got the worst." Fusfeld, "Basic Economics," pp. 55-66.


In a series of empirical studies Schnore and his colleagues have found that older, larger, more urbanized areas with high levels of manufacturing activity, high percentages of unsound housing in the central city, and low rates of annexation activity tend to have higher status populations in the suburbs relative to the central city. Cf. Leo F. Schnore, *The Urban Scene*.


Williams, "Life Style Values," p. 62.
34. The standard deviation consists of the square root of the average squared deviations from the mean of a frequency distribution. As a measure of inequality it suffers from certain weaknesses. For one thing, average squared deviations from a mean have little intuitive meaning and are not easily translated from statistical to popular parlance. Secondly, the standard deviation is usually sensitive to values lying at the extremes of a frequency distribution so that the presence of a few extreme values may have a somewhat disproportionate impact on the size of the standard deviation. Cf. Howard R. Alker, Jr., and Bruce M. Russett, "Indices for Comparing Inequality," in Howard R. Alker, Jr., and Bruce M. Russett, eds., Comparing Nations (New Haven: Yale University Press, 1966), pp. 356-57.

35. It should be noted that this is a measure of inequality among municipalities treated as corporate units. It is not a measure of inequality among the total population residing within those municipalities in a metropolitan area since the population size of each municipal unit is not taken into account in the construction of the measure.

36. The total number of municipalities came to 2169.


38. The following sources of data were utilized in constructing the standard deviation: (a) the list of names of all municipalities with populations of 2500 and above in metropolitan areas is provided in the 1962 Census of Governments, Table 14 (Washington, D.C.: U.S. Government Printing Office); (b) the income data for each municipality were coded from the 1960 Census of Population, Tables 32-34 (Washington, D.C.: U.S. Government Printing Office).

39. New England metropolitan areas were classified as located in the following states: Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island. The pattern of local government in New England is one of towns and townships rather than municipalities and counties. The population census provides data only on those New England towns with populations of 10,000 and above. Since the government structure and available data for New England metropolitan areas are not strictly comparable with metropolitan areas in other regions of the country, New England SMSAs were omitted from this analysis.


In this analysis the South includes metropolitan areas in the following states: Texas, Oklahoma, Kansas, Missouri, Arkansas, Louisiana, Alabama, Mississippi, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia, Kentucky, and Tennessee.

Williams, "Life Style Values," p. 62.


In essence these are the metropolitan areas that included in 1960 five or more municipalities with populations of 2500 and above, outside of New England, with populations in excess of one quarter of a million people.

It is interesting to note here that the degree of family income inequality is more closely related to variations in the distribution of poverty among municipalities in the metropolis than it is to variations in the distribution of median income. The zero order correlation between the gini coefficient of family income and the standard deviation in percent of families with incomes of $3000 or below among municipalities is r=.407. Thus, variations in median income among municipalities is more a function of the level of wealth in the metropolitan area while variations in level of poverty among municipalities is more closely related to the level of income inequality among families in the metropolis.
Assuming that this price was in reach of even the lowest income groups.


We also found that as white-collar groups and sound housing becomes more decentralized—as larger proportions of white-collar groups and sound housing become located at increasing distances from the center city—inequality among municipalities increases.

Williams, "Life Style Values."


It seems clear from our analysis that number of governments and density of governments are quite different properties of the government structure of metropolitan areas. The concept of government fragmentation requires elaboration and refinement to take account of the several dimensions it appears to subsume.

The same pattern of correlations exists for other forms of government in the metropolis. Number of school districts (r=.261), number of special districts (r=.171), and number of governments of all types (r=.228) are all positively associated with inequality among municipalities in the metropolitan community.

This appears to be partially explained by the fact that the number of governments per capita decreases as the population size of the metropolitan area increases (r=.161).

Williams, "Life Style Values," p. 58.


Williams, "Life Style Values."