

From
Justice and the
American Metropolis,
ed. by Clarissa Rile Hayward
and Todd Swanstrom
(Minneapolis: Univ. of
Minnesota, 2011).

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PROPERTY-OWNING PLUTOCRACY

Inequality and American Localism

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THE AMERICAN DREAM IS A dream of liberty and opportunity. It promises reward and advancement to those who pursue it. The dream is pursued by families: parents seek it for themselves and their children. It involves owning a home and sending one's children to a good school. These ideals organize our lives and inform our institutions. Public policy promotes it in all sorts of ways: for example, by encouraging home ownership and by providing free public education for all. It is a dream that most of us pursue, and it is a dream that we believe—or want to believe—is available to all. But is the dream available to all?

This chapter argues that American local institutions are deeply flawed. Competition among local communities, homeowners, and school districts creates a race to the top for some, while leaving many behind. The nexus of home ownership, local funding and control of schools, and the power of local communities to zone to exclude the poor provides enormous positional advantages to those who can afford to live where the best schools are. It also, as we will see, builds perverse inegalitarian incentives into the motivational structures of ordinary citizens, who function as parents, property owners, and citizens.

Good Schools for All?

The website GreatSchools.org allows parents to search the country for the “best schools for your housing dollars.” It reports that “every year millions of U.S. parents consider pulling up stakes to make a city and school upgrade,” and many move “from city to city in search of educational excellence and affordable living.” The website helpfully rates cities and towns across the country, sorted according to housing prices and

the quality of the local schools. It combines research on school quality with analysis of the local housing market. The best school districts “recruit and retain, motivate, and develop great teachers.” Other keys to success, according to the website, are small class sizes, low teacher-student ratios, constant innovation, access to “cutting-edge technology,” and superintendents who approach their work with “unflagging intensity and creativity.” The very best schools, in places like the wealthy suburbs around Boston, “offer students an enriching environment of artistic, athletic, and musical extracurriculars” (GreatSchools Inc. 2010).¹

Not all the towns with excellent schools are superrich, and GreatSchools.org insists that it is possible to have excellent schools in places where homes are affordable. Tiny Harrison, Arkansas (population 13,000), has excellent schools and a median home price of only \$99,800. Harrison also has a thriving business community and “an intensely committed parent body.” The high school’s booster club recently raised \$7 million for a new sports facility. Generally, however, many of the very best schools are indeed in wealthy communities. There are medium-sized cities with good schools—such as Raleigh, North Carolina; Pittsburgh, Pennsylvania; and San Francisco, California—that, in fact, score much lower than top suburban and small-town schools. So while the website provides options for anyone who can afford to live in a wide range of places, it also candidly states, “Want a superior education? Follow the money.”

GreatSchools.org is not a source of cutting-edge research on income and school achievement, but it is a window into the American dream and apparently, at least, a helpful guide for concerned parents with sufficient resources to be mobile. Across the country, suburban realty web pages boast of the quality of local schools. Home values are enhanced by the quality of the local schools. Ideally, every family, by choosing where to live, will be able to find a community with at least a decent school for their children. And the whole system of fragmented metropolitan areas with many local jurisdictions, each with their own local schools, competing for residents based on the relative quality of schools, and thereby helping to bid up home prices, should lead to educational improvements overall. And indeed there is some evidence that school quality increases, and the general cost of public services may be kept down, in metropolitan areas with multiple suburban and ex-urban jurisdictions.

Decentralization and Democracy

Decentralization of political power to the local level has long been seen as a key to the health of American democracy; it is one of the central themes of Alexis de Tocqueville’s *Democracy in America*. Keeping power local and accessible rather than distant helps engage the interests of ordinary citizens in public affairs, which they then perceive to be connected with their immediate interests and capable of being influenced. Tocqueville also thought that widespread property ownership was a key to diffusing energy in society and promoting social equality. Some of the most astonishingly hopeful reflections in Tocqueville’s influential book are connected with these themes and occur very early on (in a chapter called “The Social State of the Anglo-Americans”). In eloquent passages Tocqueville introduces his pivotal idea that the “social condition” of Americans is “essentially [or “eminently”] democratic” (Tocqueville 1988, 50). Tocqueville argues that “equality of conditions” is the central characteristic of democracy and that it was more highly developed in Jacksonian America than anywhere else on Earth: in America “men are nearer equality in wealth and mental endowments, or, in other words, more nearly equally powerful, than any other country of the world or in any other age of recorded history.” “In America now,” he says, “the aristocratic element, which was from the beginning weak, has been, if not destroyed, at least made the feeble still, so that one can hardly attribute to it any influence over the course of things,” while “the democratic element” is “not merely preponderant but, one might say, exclusive” (56).

These are very strong statements. And it is worth recalling that for Tocqueville, the effects of equality of conditions are completely pervasive. Democracy is not merely an arrangement of political offices, based on political equality and accountability to the people; it is rather a “regime” in Aristotle’s sense, where principles of political order shape and depend on a common way of life. The democratic way of life for Tocqueville was pervasively egalitarian and included distinctive forms of family life, literature, and even philosophy.

So what is it, Tocqueville asks, that gave rise to equality of conditions in America? Why is equality—and therefore democracy—so highly developed here? The reasons seem to be many and include distinctive patterns of immigration, plus American’s wide open frontier. But one factor in particular is singled out for extended scrutiny. Tocqueville says that “the laws of inheritance . . . caused the final advance of equality.” He meant

in particular the end of the feudal property laws of primogeniture and entail, which required estates to pass intact to the eldest son. Once freed of these restrictions on the distribution of inheritance, property tends to be divided among children equally, and then, Tocqueville says, "the death of each owner causes a revolution in property" in which estates are "continually broken up into smaller fractions" (52). I will quote at length to give the flavor and emphasis:

I am surprised that ancient and modern writers have not attributed greater importance to the laws of inheritance and their effect on the progress of human affairs. They are, it is true, civil laws, but they should head the list of all political institutions, for they have an unbelievable influence on the social state of peoples, and political laws are no more than the expression of that state. Moreover, their way of influencing society is both sure and uniform; in some sense they lay hands on each generation before it is born . . . The mechanism works by its own power and apparently spontaneously aims at the goal indicated beforehand. If it has been drafted in a certain way, it assembles, concentrates, and piles up property, and soon power too . . . ; in a sense it makes an aristocracy leap forth from the ground. Guided by other principles and directed toward other goals, its effect is even quicker; it divides, shares, and spreads property and power; then sometimes people get frightened at the speed of its progress; despairing of stopping its motion, men seek at least to put obstacles and difficulties in its way; there is an attempt to balance its action by measures of opposite tendency. But all in vain! It grinds up or smashes everything that stands in its way; with the continual rise and fall of its hammer strokes, everything is reduced to a fine, impalpable dust, and that dust is the foundation for democracy. (51–52)

The laws of property thus underwrite Tocqueville's master distinction between aristocracy and democracy. Under the rules of primogeniture and entail, "family feeling finds a sort of physical expression in the land," which perpetuate its "name, origin, glory, and virtue" (52). Under the democratic rules of equality of condition and divided inheritances, "a taste for every form of independence" is awakened (51). There is also a downside: as links across generations weaken, time horizons contract, and as connections across extended families wither, the family becomes "a vague, indeterminate, uncertain conception." Whereas once the heads of great families presided over far-flung dependents and thought in terms of centuries past and to come, democratic fathers think "about getting the next

generation established in life, but nothing further" (53). This discussion is a microcosm of the argument of *Democracy in America* as a whole. Democracy diffuses liberty and opportunity widely—leveling the economic and social order and dissolving inherited social hierarchies—but it also shrinks the greatest ambitions and narrows social circles. In every respect it radically remakes the social, political, and intellectual worlds.

The Laws of Property and Local Government

Tocqueville was right about one thing (many things, actually): laws of local property ownership interact with local political institutions to shape and distribute privileges across generations, fostering a distinctive set of values and interests and coloring the political regime. But we hardly notice.

The laws of property deserve to be regarded as part of what John Rawls, a more recent theorist of American democracy, calls the "basic structure of society" (Rawls 1999, 6). The "basic structure" is composed of the major institutions of society: the political and legal system, including the Constitution and its specification of basic rights and liberties; laws regulating property, inheritance, employment, and taxation; and laws regulating the family. The basic structure is the main subject of reflections on justice for several obvious reasons. These major institutions have pervasive and deep effects on our lives: they shape our opportunities and expectations from cradle to grave. These institutions persist across generations and are crucial for stabilizing expectations and promoting reciprocal subscription to common principles: mutual expectations of fair cooperation based on principles of justice are far more realistic when they are embedded in institutions. Finally, these major institutions can have a profound *educative or formative effect*: our self-understandings and identities are shaped by the major social, political, and economic institutions within which we live. "Those who grow up in a well-ordered society will, in good part," says Rawls, "form their conception of themselves as citizens from the public culture and from the conceptions of person and society implicit in it" (Rawls 2001, 122). Our self-understandings and identities are equally shaped by flawed institutions.

Both Tocqueville and Rawls hope to lay bare the deep structure of liberal democracy for the sake of helping us to correct it via political science. The effects of local institutions and property arrangements are profound and pervasive: they shape our life prospects and standing relative to

others. And they operate in advance, as it were, of our individual choices and transactions: local institutions and property arrangements become part of the background architecture of our social, political, and cultural lives, the effects of which are often preconscious and liable to be taken for granted. Local institutions of property ownership and political power ought to be given a much more prominent place among these formative institutions.²

What Does Justice Require?

What principles should guide the design of the basic institutions of society? While Tocqueville is mainly concerned with identifying the possibilities and pathologies of modern democracy, Rawls provides a more systematic account of the principles of political morality that should guide the design of our most basic institutions.

So what principles should guide our assessment and reform of our institutions? What principles give fair consideration to the well-being of all Americans? According to Rawls's thought experiment, we imagine ourselves behind a veil of ignorance, not knowing the circumstances of our birth, race, gender, talents, or genetic endowments, but knowing that all of these will differentiate people. We also put aside knowledge of our conception of "the good life" and religious views. The point of the veil of ignorance is to put aside knowledge that could lead us to favor ourselves. In order to think about principles of justice that are fairly acceptable to all, we should imagine ourselves occupying any social position—rich or poor; white, black or brown; man or woman. The moral aspiration at work here is the desire to discern principles of social justice that could be endorsed by all of our reasonable fellow citizens, with full information, and regarded as free and equal. We ask, which principles of social justice, were they adopted as a basis for institutional construction and reform, would make the political and social order acceptable from everyone's point of view, especially the least well off?

Rawls famously proposes three main principles. First, we should give priority to the protection of a list of familiar basic liberties, including freedoms of religion, expression, privacy, movement, choice of occupation, and so on. In addition, we should endorse two principles of distributive justice to guide the design of the basic structure for the system of property, taxation, inheritance, and the provision of public services, including education. First is *fair equality of opportunity*: systems of education and

inheritance, taxation, and social provision should be organized so that all children—regardless of the circumstances of their birth—have a *fair chance* to compete for the best jobs or positions of leadership in society based on talent and effort.³ Second is the *difference principle*: having satisfied the fair equality of opportunity principle, we should look at the inequalities that are subsequently generated from the position of the least well-off group in society and further arrange systems of property and taxation so that the inequalities tend to make the least well off as well off as possible. These three principles are "lexically ordered," meaning that the basic liberties should be fully provided for first, then fair equality, and finally the difference principle. We pursue collective well-being and the whole range of public goods subject to these principles. We allow people to garner unequal rewards to help call forth their free and willing effort, but only when we have done our best to design the background institutions of society to satisfy these three principles of justice.

Why does Rawls argue that these principles are required as a matter of justice? The core idea is that in a democratic society each and every citizen is ultimately responsible for the way power is exercised over others: political institutions belong to all of us, and we must justify their effects to one another or work to reform them. The principles of political justice should guide our political decisions and those of our leaders so that our politics tend to be justifiable to all. We want the whole social order to be freely acceptable or endorsable from everyone's point of view, with full information and on due reflection. When the institutions that generate economic inequalities tend to satisfy the two distributive principles, the system allows for unequal rewards but also expresses to the least well off that they matter as moral equals.⁴

How should property be organized in the just society?⁵ Instructive for our purposes is Rawls's contrast between a "capitalist welfare state" (similar to what we have in the United States, though the "welfare" part is underdeveloped) and what Rawls calls a "property-owning democracy." Both of these allow "private property in productive assets." The capitalist welfare state "permits very large inequalities in the ownership of real property" so that "control of the economy and much of political life tend rests in a few hands." Welfare benefits provide a decent minimum and there are no *legal* bars to anyone competing for the best jobs and positions of leadership in society. But while capitalist welfare states may redistribute unequal gains downward, they fail to provide for fair equality of opportunity (Rawls 2001, 138).

Capitalist welfare states place too much emphasis on the redistribution of people's very unequal gains, via income and other taxes, at the end of the day. Even if high levels of redistribution are put in place, so as to satisfy the difference principle, the system would fail to provide a fair opportunity for all citizens from the beginning, and the redistributive commitments of such a system seem liable to be unstable. Participants in a redistributive welfare state, which generates large inequalities based not only on unequal talent but also on unequal family advantages, will tend to regard the least well-off as "objects of charity and compassion" (Rawls 2001, 139).

Far preferable, says Rawls, is a "property-owning democracy," which gives priority to fair equality of opportunity by putting "in the hands of citizens generally," and not only a few, productive means, including real and human capital, "knowledge and an understanding of institutions, educated abilities, and trained skills" (Rawls 2001, 140). A property-owning democracy seeks to insure that property and educational opportunities are sufficiently dispersed across each rising generation so that everyone starts off with a fair chance to compete for the best jobs and positions of leadership in society. The idea is to try to arrange things so that our equal standing is guaranteed from the get-go and not simply restored at the end of the day after great inequalities have been generated. Such a system should do a much better job of creating the conditions for all citizens to interact as equals. It is important that the principles of justice be institutionalized in the right way—that is, as part of a system that guarantees fair distribution of wealth, education, and other sources of opportunity and advantage from the start, and not simply as a *redistributive* system that generates great inequalities and then hopes to rearrange them.⁶

Like most political observers nowadays, Rawls's view is generally top-down: his vantage point is that of national institutions. But we need to look at the problem from the bottom up as well: from the frequently ignored standpoint of local political institutions and laws that shape home ownership and access to the best neighborhoods and schools, including taxing, spending, and zoning powers. If local background institutions operate so as to generate large and systematic inequalities from the start, especially ones that are inheritable and closely connected with family ties, then there may be very little chance that people—as citizens—will support the sort of redistributive system that would be necessary to correct for these mal-distributive effects. Indeed, if substantial inequalities are generated by background institutions, education, and market

transactions, aren't we, as Rawls suggests, liable to come to regard the less well off not as moral and social equals and participants in a system of social cooperation whose fate is closely bound up with our own but as distant objects of charity?

So how does our current system of local institutions and laws of property measure up?

Local Engines of Inequality

If the rules of property continued to work in the way that Tocqueville described—grinding, smashing, and leveling estates and holdings from one generation to the next—then that would evidently be very good from the standpoint of equality of opportunity. Tocqueville's description is, however, very far from current realities. For one thing, it is widely acknowledged that wealth and income are distributed very unequally in the United States and that these inequalities have been growing over the last 30 years. So how should we update Tocqueville, keeping in mind his emphasis on the fundamental nature of the "laws of inheritance," broadly conceived: do local laws and institutions make opportunity available to all or do they, conversely, allow—even encourage—special advantages to be passed from one generation to the next?

In America today, home ownership and the ways we organize local jurisdictional boundaries, powers, and privileges play unique and central roles in concentrating and perpetuating relative advantages and disadvantages. Because these patterns of home owning and local community membership are so closely intertwined, they deserve to be regarded together as central features of our "laws of inheritance," in Tocqueville's terms. Local institutions are also certainly core features of what Rawls calls the "basic structure," the primary subject of justice. For their effects are pervasive and they shape citizens' understanding of their interests and identities.

In thinking about the nature of poverty and inequality in America—including why poverty persists, why it is so hard to ameliorate, and why intergenerational mobility is not nearly as great as Americans seem to believe—it is important to look to the laws that organize property locally and with it the distribution of relative advantages and disadvantages. The laws of property at the local level make us stakeholders in inequality, shaping our operative interests and values as parents, homeowners, and citizens, and distorting our conception of freedom.

Douglas Massey and Nancy L. Denton provide an excellent account of the ways in which local policies and institutions foster geography-based inequalities in their aptly titled *American Apartheid*. The high concentrations of rich versus poor across American metropolitan areas is not simply the consequence of individual market choices. Local laws and background institutions facilitate the sorting of Americans by race and class.⁷ These deep pathologies result neither from political design nor private choice alone but rather from private choices within faulty institutional structures.

Local political structures—the way we organize local political institutions, draw their boundaries, and allocate powers among them—have contributed to the formation of communities marked by persistently high levels of racial segregation and high and increasing levels of class stratification. It is true enough that the old image of the “city-suburb doughnut”—with impoverished central cities and high concentrations of minority residents, and middle-class and overwhelmingly white outer rings—is outdated. Suburbs are diverse: many Asians, African-Americans, Hispanics, and immigrants live in suburbs (Macedo et al. 2005; Orfield 2002; Dreier, Mollenkopf, and Swanstrom 2004). Nevertheless, much of this diversity is *across* rather than *within* suburbs. Racial segregation has lessened somewhat, due partly to immigration, but segregation remains high. On average, as many as half of all blacks would need to move across census tracts to achieve an equal racial distribution (Massey and Denton, 1993; Glaeser and Vigdor 2003; Logan, 2000; Danielson, 1976). And economic *stratification*—the separation of rich and poor—continues to increase; *affluent people are ever more likely to live in the company of the privileged and poor people more likely to live in areas of concentrated poverty* (Macedo et al. 2005, 75; Massey and Fischer 2003).⁸ A study of fifty metropolitan areas finds that the percentage of suburban residents living in middle-class suburbs declined from 74.9 percent to 60.8 percent between 1980 and 2000 (Swanstrom et al. 2004).⁹ Most worrisome is the persistence of what Massey and Denton call “hyper segregated” inner-city areas marked by debilitating concentrations of disadvantage.

As my coauthors and I argued in another context, local and regional political structures and policy choices have profound effects on the composition and form of political communities—who lives where and with whom?—and this in turn has significant implications for Americans’ interests as parents, homeowners, and citizens (Macedo et al. 2005).

The crux of the problem is the way we organize public and private choices and ownership at the local level. Several features of local governance are especially significant. American metropolitan areas are often quite fragmented—crazy quilts of municipalities, counties, districts, and authorities. The St. Louis metropolitan area, for example, is composed of nearly 800 units of local government, including 300 cities and townships (Dreier, Mollenkopf, and Swanstrom 2004; Macedo et al. 2005, 75). This fragmentation helps keep government close to the people, and access spurs participation; it appears that Tocqueville’s observations on this score nearly 200 years ago remain true. However, our system decentralizes not only administration but also financing of local public services, including education, which is in significant measure supported by local property taxes. This creates a familiar and perverse local incentive to welcome higher-income residents whose contribution to the tax base and public service provision is high and whose draw on many public services is low and to exclude poorer people who depend on social services and pay less in taxes.

The local engines of inequality include more than public finance: the quality of schools is influenced by the available resources and also by the composition of the student body. Schools made up largely of children from better-off backgrounds have enormous educational advantages over schools composed predominantly of children from disadvantaged neighborhoods. Indeed, “peer effects” are significant in shaping student achievement levels (Burke and Sass 2008; Betts, Reuben, and Danenberg 2000), and better-resourced schools containing children from middle- or upper-class backgrounds have a host of other advantages. Teenage pregnancy rates are higher in schools containing mostly children from disadvantaged backgrounds, and high rates of pregnancy among peers influences individual behavior. And students attending schools in disadvantaged communities are much less likely to develop the social connections and networks that are important to finding employment (Kahlenberg 2001, 30–31).

As the designers of GreatSchools.org know, housing prices vary along with the relative quality of local schools, and homes represent the single largest investment—the largest wealth asset—of American families. As a consequence, *even those homeowners with egalitarian political and moral impulses have a powerful personal incentive to practice the politics of exclusion* (Danielson 1976; Macedo et al. 2005). Once again, local politics gives them the means to do so because local communities exercise

a great deal of control over the composition of local housing via zoning laws (e.g., by specifying minimum lot sizes for homes) and other development decisions. Specifying a two-acre minimum lot size for homes is a very effective way of making sure that homes for the poor will not be constructed in one's community, and one has the satisfaction of telling oneself and one's neighbors that it's really all about protecting the environment and preserving the character of the community.

The Liberty to Live Where One Wishes?

But what about liberty? Rawls made the protection of basic liberties the first principle of justice, giving it priority over equality (i.e., fair equality of opportunity and the difference principle). Does not that protect people's freedom of residence? Isn't deciding about the sort of community that one wants to live in, and raise one's family in, crucial to the autonomy of family life and the most basic liberties in our lives? But what understanding of liberty would we choose from behind the veil of ignorance and in the original position if we did not know into what family or class we might be born? The crucial question is not freedom of choice but how we would organize and structure the institutions within which people exercise their equal liberties.

Political and social scientists, economists, and law professors have celebrated the choices that metropolitan areas provide to citizens without adequately weighing the adverse consequences—that is, the ways that poorly structured choices in flawed institutions undermine an inclusive public sphere. In classic essays from the 1950s and 1960s, Charles Tiebout argued that metropolitan areas should be viewed as a kind of marketplace of jurisdictions in which “the consumer-voter may be viewed as picking that community which best satisfies his preference pattern for public goods” (Tiebout 1956, 418). From this perspective, metropolitan consolidation should be avoided because a multiplicity of local governments fosters greater choice and market efficiency (Ostrom, Tiebout, and Warren 1961). The basic premise of this public-choice approach to metropolitan governance is that citizens can “vote with their feet” on the particular bundle of local taxes and services that best meets their preferences. Fragmented local institutions would, it was thought, sort citizens according to their preferences for local public goods and reduce the need for traditional forms of participation. The exit option thus means that citizens can satisfy their policy preferences

via private choices, making public participation far less significant. Citizens' abilities to “exit” a jurisdiction that have policies they disapprove of might, thus, be viewed as substitutes for other forms of political “voice” and citizen participation (“getting your way” by moving to a place with like-minded others rather than persuading fellow citizens to adopt your point of view; Hirschman 1970).

Obviously, the consequences of this way of structuring the interaction of public and private choices is not all bad. There is evidence, for example, that public school competition in highly fragmented metropolitan areas with many school districts improves overall school quality (via competition; Hoxby 2000; Rothstein 2007). More centralized education funding could lead to leveling down.

Nevertheless, this model of metropolitan governance is deeply flawed: it has very effectively promoted exclusion rather than inclusion and worsened political inequalities. Local governments compete not so much to satisfy different preferences as to attract residents and businesses that will contribute more in taxes than they cost in services. The greatest problems come when local control of schools and local funding is coupled with exclusionary devices such as control over land use via zoning. Minimum lot sizes for building or restrictions on construction of apartments and low-income housing transform local control into a very effective engine for excluding the less well-off and worsening their disadvantages. Narrow interests are constructed and empowered at the expense of fairness to the wider community. Most significantly, households vary a great deal in their capacities for exit and entry. The experience of poor residents of New Orleans in the face of Hurricane Katrina exposed this fact in brutal ways.

“Voting with your feet” is not a way that poor people can effectively hold governments accountable, but it is often a way that better-off people hold governments accountable to their interests at the expense of the poor. Voting with one's feet can communicate information about personal preferences to local governments, but that does not make it a form of political or civic engagement. The choice to move is often a flight from the need to deliberate with others about common problems: it is often in search of private benefit rather than an engagement in public activity. Stephen L. Elkin puts it well: action is “public” when “others have to be convinced, justification is essential. I must, that is, move beyond assertions of what is beneficial to me” (Elkin 1987, 149). Exit is often an

alternative to political voice, and in today's metropolitan conditions, it undermines a sense of shared fate among richer and poorer citizens.

The laws of property in America today give all parents and homeowners as members of local communities, whatever their ideology or partisanship, an interest in and the capacity for zoning out the poor. The result is local communities and schools divided by class privilege. Stratification is especially harmful to those who live amid concentrated disadvantage. People's capacity to become involved in civic affairs, and their ability to develop human capital, is diminished greatly where inequalities are "cumulative rather than offsetting" (Rae 2003, 421). Disadvantaged areas are characterized by greater health problems, transportation difficulties, and crime and safety concerns. As Rae explains, "Too often, the end of urbanism has undermined [the democratic] experience by promoting social homogeneity within municipalities, leading to the evolution of regional hierarchies in which 'purified communities' [Richard Sennett's term] . . . bring likes together, safe from contact with persons different from themselves . . . The bottom rung more often than not lies in the formerly working-class neighborhoods of central cities, where opportunity is scarce, danger is commonplace; and democracy in any plausible sense seems out of reach" (Rae 2003, 421). Stratification by political subdivision thus encourages narrow and self-serving political activity. As Grant McConnell observed of narrow constituencies in general, "It often appears that the achievement and defense of particular status and privilege are the central goals of narrow and cohesive groups" (McConnell 1966, 12). Indeed, some would argue that such exclusionary appeals to localism often mask underlying racist motivations. It is hard to deny that the prospect of racial integration was among the factors that encouraged "white flight" to the suburbs. Local political structures and the ideal of local control (or "home rule") allow for the defense of what amounts to class-based and (to some degree) racial exclusion without explicit appeal to either class or race, as Thomas Byrne Edsall and Mary Edsall argue (1992).

Metropolitan regions carved into Balkanized pieces marked by concentrations of wealth or poverty, with few institutions capable of effectively addressing the larger problems of the region and with no adequate opportunities to hold political authorities accountable to all the citizens of the metropolitan region, suffer from serious democratic deficits. Such Balkanization impedes cross-class communication and intercourse, narrows citizens' interests and understandings, and sets

them in competition with one another (Young 2000; McConnell 1966; Dreier, Mollenkopf, and Swanstrom 2004). The greatest problems are the ways in which local institutions concentrate disadvantage and facilitate the assembling of unfair advantage.

Redistribution and Opportunity in America?

But don't our public institutions work to some extent to correct for the inequalities generated by American property laws? While we tax incomes progressively and provide a variety of public services, including public schools, these do not suffice to counteract the inequality-generating institutions we have been discussing. In addition, redistributive institutions, inadequate as they are, are under increasing stress.

Far from operating so as to dissipate accumulated privileges and promote fair equality for all, inheritance taxes have come under attack. Called the "death tax" by its opponents who seek to kill it, the inheritance tax is deeply unpopular. Research suggests that this massive unpopularity is matched by equally profound public ignorance: people think their chances of having to pay the tax are much greater than they in fact are, and they also do not understand the extent to which income and wealth are skewed (Philips 2002; Bartels 2004; Graetz and Shapiro 2005). But let's leave aside the estate tax and focus on the local organization of property, power, and privilege.

Following Tocqueville, we might seek a contrast between the beliefs and patterns of life of "aristocratic" Europeans and "democratic" Americans. Many Americans would no doubt continue to see the world that way. There is indeed evidence of differences in worldviews and distributive outcomes, but it defies the stereotypes that reassure Americans. Roland Bénabou and Jean Tirole describe evidence of striking differences across countries in beliefs about "the causes of wealth and poverty, the extent to which individuals are responsible for their own fate, and the long term rewards to personal effort" (Bénabou and Tirole 2006, 700). Thus Americans continue to believe in the American dream according to which "hard work and good deeds will ultimately bring a better life," and "people generally get what they deserve and deserve what they get" (Bénabou and Tirole 2006, 700).

Europeans, on the other hand, tend to be less optimistic and more "realistic." Whereas only around 30 percent of Americans believe that the poor are trapped in poverty and that luck "rather than effort or education,

determines income," the figures for Europeans are nearly double: 54 percent and 60 percent, respectively (Bénabou and Tirole 2006). Despite these differences in belief about the causes of poverty and the poor's prospects for emerging from it, upward mobility seems to be no greater in the United States as compared with Europe: "The actual evidence on intergenerational income or educational mobility . . . shows no significant difference with European welfare states" (Bénabou and Tirole 2006, 702–3). Bénabou and Tirole suggest that distinctive American belief patterns, while unsupported by what we know of the real extent of upward mobility, may serve to help rationalize and perpetuate a system of low social provision. The fact is that welfare for the poor, unemployment assistance, and other forms of redistribution are relatively generous in Europe and stingy in America: rich and poor alike in America may be better able to rationalize this situation by perpetuating a "myth" of unlimited opportunity for all. Bénabou and Tirole suggest, in effect, that the American dream according to which success is available to all who try—though no truer in the United States than Europe—plays an especially important motivational and ideological role in the United States.

We would, therefore, need to revise Tocqueville's estimation that democratic equality is most highly developed in America. Americans may still think this is the case, but it would appear that they are wrong. It is well known that the share of national wealth going to those in the top 1 percent, and even more so in the top one-tenth of 1 percent, increased considerably after 1980 (Philips 2002; Bartels 2008).¹⁰ In America the top fifth earn eleven times more than the bottom fifth, and that ratio is considerably higher than other advanced countries (only the United Kingdom comes close; Philips 2002, 124).

A consequence of these trends is that birth seems increasingly to determine one's fate. A sign of this would be the fact that entry into elite universities is increasingly correlated with family income. Among members of the entering class at the University of Michigan in 2004, more freshmen came from families earning more than \$200,000—the top 2 percent—than from families in the entire lower half of families earning less than the median national income of \$53,000 (Leonhardt 2004, 21).

Education is widely regarded as the key to economic success in the new economy. The main moral problem respecting education policy in the United States is the grossly unequal and inadequate education received by the poor. In 75 percent of the public schools in America, as Richard Kahlenberg puts it, "a majority of the students are from middle-class

households" and the schooling provided is generally fine. In the other 25 percent of schools, "a majority of the children are from low-income household, and those schools overwhelmingly fail to educate children to high levels of achievement" (Kahlenberg 2001, 1–2). As a consequence, Kahlenberg notes, "some 76 percent of high-income students complete bachelor's degrees, compared with a mere 4 percent of low-income students" (Kahlenberg 2001, 1–2). These assertions obviously refer not only to claims about educational inequality but also to a theory of causation: socioeconomic stratification across schools is a chief cause of highly unequal education opportunities and outcomes. The theory is very plausible. And obviously in the economy of the present and future, educational achievement is an important precondition of economic success.

So what do we say about all this from the standpoint of justice? Is this just a case of the old trade-off between equality and liberty, with important and basic values on both sides of the ledger? Nathan Glazer has suggested that it is: "To be sure, the case for both [racial] integration and equality of expenditure is powerful. But the chief obstacle to achieving these goals does not seem to be the indifference of whites and the non-poor to the education of white and the poor . . . Rather, other values, which are not simply shields for racism, stand in the way: the value of the neighborhood school; the value of local control of education and, above all, the value of freedom from state imposition when it affects matters so personal as the future of one's children" (Glazer 2005, 12–13). Glazer is mistaken to regard the operation of our current system simply as a matter of "freedom from state imposition": the system itself is a political imposition, with predictable winners and losers. Obviously, parents do have a right (across some range of activities) to help their own children and promote their interests. And people should have reasonable options to live where they want. But nobody has a right to the current system that *structures choice* in the ways I have described. There may be value in local schools but not in a system that makes the quality of different local schools so unequal, especially when the ramifying effects of increasing concentrations of advantage and disadvantage are likely to be so profound. The value of local control of education is instrumental. It may foster some good qualities—greater parental involvement and greater willingness to support educational funding—but it is an administrative device that ought to be designed with an eye toward basic principles of justice, including fair equality of opportunity. And so as Harry Brighouse and Adam Swift have pointed out, people have no basic liberty interest

in—and so no moral right to—the pathological features of the current system (2008).

Political boundaries help shape citizens' interests and identities pre-ideologically: they demarcate communities of shared interests. When inequality is geographically concentrated, the poor are conveniently hidden from the view and purview of the better-off, and some shock or eruption is needed to force our attention. Hurricane Katrina was such an event. It drew public attention (temporarily) to the pervasively unequal life chances associated with place-based inequality: unequal vulnerability to crime; to dysfunctional schools; and to poor conditions for health, recreation, and raising families. Public institutions are supposed to guarantee every child an equal opportunity to succeed and to provide every child with an adequate preparation to participate in politics. Whatever the sins of the parents, children are not responsible for their disadvantaged circumstances, and allowing their life chances to be made grossly unequal by virtue of the circumstances of their birth is fundamentally unfair.

Local politics as currently organized make all of us into stakeholders in undemocratic exclusion and the perpetuation of inequality. The system works very effectively without our ever thinking about it. Those with greater advantages "naturally" tend to live among others similarly advantaged. All we need to do is pursue the American dream in the normal way for ourselves and our children. Because this system of local housing and educational stratification has such profound consequences for home values and the quality of education, it is not too much of a stretch to see them as similar to Tocqueville's "laws of inheritance," though their effects are anything but egalitarian and democratic. Because the effects of these institutions on children's life chances and prospects are so great, they ought also to be understood as central features of our capitalist welfare state: no amount of subsequent redistribution is going to undo their effects. And indeed, since geographical sorting allows the advantaged to dissociate themselves from the disadvantaged, it is hard to imagine that these patterns do not undermine the patterns of reciprocal cooperation that might otherwise sustain a sense of solidarity and shared fate.

The pathologies described so far are deeply entrenched on account of the extent to which the local politics of exclusion shapes citizens' personal interests as parents and homeowners. These structures underwrite families' wealth holdings, and therefore their economic security and well-being and their desire to help their children do as well as possible. It

is hard not to be pessimistic about possibilities for fundamental change. But of course, there are several strategies for pushing against these tendencies. The problems we face at the local level are not altogether immutable.

What Is to Be Done?

While I have used the egalitarian theory of John Rawls to explicate the requirements of justice, one need not be a Rawlsian to regard the current organization of housing and schooling as deeply problematic. So what should we do about it? That is a hard question, and specific answers will not be found in the department of political theory. Importantly, policy proposals must address empirical questions of sustainability and likely effects. Policy and institutional design is importantly pragmatic: we must know what arrangements work best to advance our values and goals. Should we seek ways to integrate neighborhoods by class and race? How? Via litigation strategies or other political means? What forms of school choice might be designed to make a positive contribution to this most difficult and deeply entrenched problem, while also being politically sustainable? There are many things that might be done, but which are most plausibly efficacious and also capable of generating sufficient political support to be saleable and sustainable in our politics? These are not questions I can answer here.

We should find ways to reduce concentrations of rich and poor across metropolitan areas. Vigilant enforcement of fair housing laws already on the books would give some Americans a fairer shot at living in desirable neighborhoods. We need to encourage or require municipalities to provide a mix of housing that reflects the needs of the people who work and live in the area. Madison, Wisconsin, for example, several years ago passed an inclusionary zoning law that requires all new development to include low-income housing. Of course, Madison, Wisconsin, is a progressive enclave. State efforts—often driven by courts—to require fairer housing patterns have not been hugely successful.

An alternative to housing integration is the litigation has also sought to establish rights to more equitable education funding under state constitutions. Between 1972 and 1997, there were thirty-two serious constitutional challenges to state education-funding formulas, of which sixteen were at least partly successful, based on education provisions in state constitutions. Where litigation was successful, Douglas S. Reed

argues that state court judges did secure somewhat higher and more equitable school funding (Reed 2001). The well-known case of *Campaign for Fiscal Equity vs. State of New York* has succeeded in pressuring the state legislature and governor to increase state aid to the poorest school districts. Such successes are to be applauded—they swim against the strong currents that I have described previously—but they seem to temper somewhat rather than reverse a problem; the underlying political dynamics are still in place.

School voucher programs could be designed so as to promote egalitarian reform. Publicly funded school-choice programs in the United Kingdom and elsewhere in Europe often do include equality-promoting design features, including larger vouchers for disadvantaged students (Reuter 2004). Children with special needs, children from disadvantaged backgrounds, and children whose first language is not English should receive larger vouchers so that schools have an incentive to include rather than exclude them (Bowls and Gintis 1976; Brighouse 2000). In addition, wealthier parents should not be allowed to “top up” the voucher in order to use it to send their children to an expensive school. The amount of the voucher itself should be fully adequate, and schools receiving vouchers should be barred from receiving additional payments from parents. If parents can “top up,” then the subsidy will tend to flow to wealthy parents, making choices that are inaccessible to the rest.¹¹

Richard Kahlenberg argues that every publicly funded school should be required to maintain a certain proportion of students from disadvantaged (less-than-middle-class) backgrounds: he suggests that qualifying for federally subsidized school lunch is a good (and workable) standard (Kahlenberg 2001). And he suggests that an appropriate target would be that schools should be expected to enroll approximately 40 percent of students from disadvantaged backgrounds: up to approximately this point, there is no evidence that attending economically integrated schools in any way harms the education of middle-class kids, and so the requirement should be saleable to middle-class parents. Further, if this target were reached, every child in America would attend a school with a majority of kids from middle-class households, which in turn tends strongly to insure that children receive a good education.

Kahlenberg's proposals are an attractive combination of idealism and realism. Reformers must consider how best to deal with highly nonideal circumstances given various practical political constraints. Class-based segregation across schools and school districts is the great

underlying problem. Moral criticism helps to inform the critique, but, especially since the issue concerns far-reaching reform of highly visible and salient institutions, a crucial constraint is to devise proposals that have a chance of being politically feasible and sustainable. Criteria should not be prone to manipulation and data should be easily available. Moreover, if better-off people are going to support class-based integration of schools, then a crucial threshold is the point at which evidence suggests that the proportion of students from lower-class backgrounds will have a discernible negative impact on the education of children from middle-class families.

Other reformers advocate simply redrawing school district boundaries to create integrated public school districts (Levinson and Levinson 2004). The Supreme Court hit the brakes on school desegregation when it held, in *Millikin v. Bradley*, that suburban school districts could be included in desegregation plans only under limited circumstances (where a history of de jure segregation could be shown; *Millikin* 1974). In principle, this was a disaster for integration, though racial integration encompassing suburbs could have led to a wider flight from public education altogether.

The fragmentation of American metropolitan areas has facilitated a sorting of the population by race and, especially, class that now constitutes a deep problem for democracy; certainly it is a matter of “thick injustice” as the introduction to this volume suggests. Suburban homeowners are hugely invested in separate schooling and the other advantages that flow from class sorting. Property owners might need to be subsidized for the loss of value for some reform proposals to get off the ground. And of course, there would be dangers of a backlash in reforms imposed from above—if a highly egalitarian public-education regime were somehow imposed, better-off citizens might flee public schooling in favor of private schooling.

I raise these difficult questions not to answer them but to indicate some of the issues we must think about in moving from moral criticism to political reform. The first step is to redirect our attention and clearly identify the problems.

Local political institutions are too often neglected by scholars of American democracy and public policy and also by political theorists whose attention is typically drawn to national institutions. When local politics is addressed, it is usually to highlight local opportunities for civic participation. While the decentralized nature of many political functions does boost participation, the structure of local politics and property helps

create an extremely unequal distribution of opportunities and rewards in our society.

Conclusion

Some of the most serious shortcomings of American statecraft reside at the local level. The organization of local political life and home ownership defy the requirements of justice. Local political boundaries allow the better-off to form defensive cartels against the worse-off (including, or especially, the worst-off). Real opportunities are highly unequally distributed as a result: privileges are passed along to the next generation, along with wealth, in the form of educational advantages. I have suggested that these features of local political organization and ownership are crucial features of our "capitalist welfare state": they preserve and even enhance the advantages of the well off while imposing no formal barriers to advancement. Because this alternative regime—I have called it "property owning plutocracy"—is so well established and deeply entrenched, it is not easy to say how to go about dismantling it. It is supported by many entrenched interests and the American dream itself.

If consciousness-raising experiences are about encountering unfamiliar, previously hidden perspectives and recognizing their previously unseen familiarity (Young 2000), local political institutions often function as consciousness-lowering devices: they widen differences while also insulating us from their impact, and they place the unpleasant realities of class disparity at a distance. If we do nothing, then the situation will continue to worsen all by itself: geographically concentrated inequalities feed on themselves. But the pathologies are containable, and in many respects, the whole system seems highly sustainable. Aside from considerations of justice, the better-off seem to have little incentive to do anything. Nevertheless, we must seek first to understand this regime and then to address its shortcomings if we are to have anything resembling a reasonably just political order.

Notes

- 1 The quoted passages are all from GreatSchools Inc. 2010. <http://www.greatschools.org> (accessed April 24, 2010). Scholarly research on school achievement would place greater weight on parental education, which is closely related to parental income, however. Per-pupil spending alone is not a strong predictor of educational

achievement. See Hankla, Pate, Leech, and Grubbs (2007). See also the news report in Ohio that suggests that "the test score connection with income is more than twice as strong as with other state report card factors like race, teacher pay, teacher education or school district spending" (Scott Elliott, "Income, Test Scores Strongly Linked in Ohio Schools," *Dayton News*, September 5, 2006, http://www.daytondailynews.com/o/content/shared-gen/blogs/dayton/education/entries/2006/09/05/income_test_per.html).

- 2 The principles of justice, for Rawls, are designed to operate on the institutions of society that form the background and context of our individual choices and not, in the first instance at least, on individual choices themselves. This is a point that many mistake and fail to appreciate.
- 3 Given equal talent and effort, children should have a roughly equal chance of attaining the best jobs and positions of leadership in society.
- 4 This is a very quick, and I hope not entirely inaccurate, paraphrase of *A Theory of Justice* and what I take to be its core argument.
- 5 He allows for a liberal "democratic socialist" regime to be one just option. Here, ownership of productive capital is collectivized and organized for collective purposes in accordance with the principles of justice; it seems unlikely that the United States will embrace such a model anytime soon (see Rawls 2001, 135–36). There are still other alternatives: "laissez-faire capitalism" and "state socialism" are unacceptable, but "liberal (democratic) socialism" is a possible option for organizing economic institutions in accordance with principles of justice.
- 6 Obviously, in market systems, and given unequal talents and other differences among people, this will not be easy to arrange, and adjustments will, of course, need to take place after any system is established.
- 7 These policies included Federal Home Loan Association policies that "redlined" racially diverse inner-city neighborhoods and housing and transportation policies that encouraged middle-class flight and discouraged the renovation and rehabilitation of inner-city housing (see Massey and Denton 1993).
- 8 While the neighborhood of the average poor person was 13.6 percent poor in 1970, by 2000, the figure had risen to 24.6 percent (Macedo et al., 2005, 75).
- 9 Middle-class suburbs are defined as suburbs with per capita incomes between 75 and 125 percent of the regional per capita income. Swannstrom et al. (2004).
- 10 Philips reports that the share of the nation's wealth held by the top 1 percent increased from 22 percent to 39 percent between 1979 and 1989 (2002, xiii). He argues that "the essence of plutocracy, fulfilled by 2000, has been the determination and ability of wealth to reach beyond its own realm of money and control politics and government" (xv). For additional evidence, see Bartels (2008).
- 11 There would be other conditions on vouchers needed to protect children's freedom and to promote equal access: As in Milwaukee and Cleveland, schools that decide to admit children with vouchers should be limited in the criteria that they may employ in selecting children (especially, but not only, if they are oversubscribed). Giving preferences to siblings seems OK, as does preferring children from the local neighborhood (so long as the effect is not to segregate or stratify).

Religious schools should not be allowed to prefer coreligionists: schools that seem desirable to parents should be equally open to them without regard to their faith. Similarly, schools should not be allowed to require children attending with vouchers to pray or to attend mandatory religion classes. This reflects a reasonable concern that slots funded by the public should be open to all children and also that children should not be pressured into religious exercises within schools.

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