

One for You, Two for Me:  
Support for Public Goods Investment in Homogenous Communities

Jessica Trounstine

University of California, Merced

Abstract: Scholars have shown that increasing diversity is associated with a weakening commitment to the provision of collective goods. However, we lack evidence at the individual level that explains this pattern in the United States. In this paper I show that white individuals with more negative feelings toward racial and ethnic minorities live in more homogenous communities and that whites living in more homogenous communities are more supportive of public goods spending than those who live in more diverse communities. I use restricted access data from the General Social Survey to account for the selection problem that racially conservative people live in less diverse communities.

Address all correspondence to Jessica Trounstine, University of California, Merced, School of Social Sciences, Humanities, and Arts, 5200 North Lake Road, Merced, CA 95343. Email: [jessica@trounstine.com](mailto:jessica@trounstine.com)

In many different settings scholars have shown that diversity can be associated with a weaker commitment to the provision of collective goods (Miguel 2004, Alesina et al 1999; Glaser 2002; Alesina and Spolaore 1997; Easterly and Levine 1997; Poterba 1997; Habyarimana et al 2007, 2009; Putnam 2007; Cutler et al 1993; Goldin and Katz 1999, Hopkins 2009). Yet, we are only beginning to understand the micro-level processes responsible for the relationship between diversity and public goods investment. As the world becomes an increasingly diverse place, understanding the mechanisms linking diversity and public goods provision and the conditions under which they apply is vital to our ability to explain inequality in community investment.

One prominent explanation in the literature is that an inability to sanction or monitor non-contributors drives the relationship between diversity and low public goods provision (Habyarimana et al 2007, 2009, Miguel and Gugerty 2005, Miguel 2004, Algan et al 2011, Fearon and Laitin 1996). However, this free-rider mechanism does not provide a straightforward explanation for variation in public goods provision when such expenditures are funded by compulsory taxation.<sup>1</sup> I propose several alternative mechanisms that might account for the pattern in such a context. First, certain groups may be less supportive of public goods spending than others for various reasons. If diversity means that the low spending groups comprise a larger share of the population, their preferences may dominate and drive down investment in public goods. Second, diversity may be associated with divergent preferences over which public goods to support, leading to conflict over provision. Finally, groups may display out-group aversion. That is, individuals may be reluctant to pay for services that will be

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<sup>1</sup> One possibility proposed by Algan et al is that a government facing a diverse populous may be less likely to face collective action from residents for poor performance. This hypothesis remains to be tested.

utilized by groups that are unlike them, particularly when such services are viewed as redistributive.

In this article, I seek to adjudicate among these individual level mechanisms in the US case. Focusing on racial and ethnic diversity, I find that groups do differ in their support for public goods spending (with whites being generally less supportive than racial and ethnic minorities). However, I also find that context matters. Whites living in more homogenous cities are more supportive of public goods spending than those who live in more diverse cities. These results suggest that diverse cities may see less support for public goods spending because divergent preferences make it challenging to create broadly acceptable policy targets and also because white residents oppose spending that they view as beneficial to minorities. In the remainder of the paper I discuss hypotheses generated by existing literature, introduce my data and research design, present my results, and offer concluding thoughts.

### **Mechanisms Linking Diversity and Public Goods Investment**

The great majority of work on the relationship between diversity and public goods provision is focused outside of the United States context. Ethnic diversity has been found to be an important contributor to slower economic growth (Alesina et al 2003, Easterly and Levine 1997), higher levels of policy conflict (Powell 1982), lower levels of trust (Glennerster et al forthcoming, Habyarimana et al. 2007, 2009), and poor public policies (Posner 2004, Montalvo and Reynal-Querol 2005). In the United States, scholars have also found that racial and ethnic

diversity depresses public goods provision (Alesina et al 1999, Poterba 1997, Vigdor 2004, Hopkins 2009).<sup>2</sup>

Yet, we are only beginning to understand the mechanisms by which diversity may work. A number of scholars find support for a social sanctions explanation. That is, diverse communities find it more difficult to engage in collective action because cooperation is more difficult to ensure. For example, in experiments conducted in Uganda, Habyarimana et al (2007, 2009) find that public good provision is weaker in diverse communities because such communities are unable to sanction non-contributors. Given that public goods at the city level in the United States are largely funded by non-optional tax dollars, this mechanism does not work well to explain differences in public goods provision across city lines.<sup>3</sup> Cooperation is, at least in some sense, guaranteed. Instead, three other mechanisms may explain the link between diversity and public goods: preference aggregation, preference divergence, and out-group aversion.

First, the negative relationship between public goods investment and diversity could result from straightforward preference aggregation if groups differ with respect to their support for public goods spending and if diversity is associated with larger populations of low spenders. For instance, in the United States, if whites are generally more supportive of local

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<sup>2</sup> It is important to note that recent research provides powerful evidence that (racially and economically) diverse cities do *not* spend less on public goods – Hopkins (2011), Boustan et al (2010), Rugh and Trounstein (2011). In many areas (policing, fire protection, health, hospitals, and education), they appear to spend significantly more (Boustan et al 2010). Yet, greater spending does not necessarily translate into adequate or better public goods. More research is needed to determine the extent to which diverse communities are able to meet the needs of their residents and what explains aggregate inequalities in public goods provision. In the literature outside of the US, a similar debate exists. For instance, Glennerster et al 2012 find that local diversity is not associated with worse public goods provision in Sierra Leone and Miguel (2004) finds no effect of diversity in Tanzania where public policies have helped overcome division.

<sup>3</sup> It may be important in explaining public goods provision where a plausible private option exists, such as public schooling. In such cases diversity could discourage parents from agreeing to invest in public schools for fear that the best students will be placed in private school instead.

public goods spending than other racial and ethnic groups, then as the white population share falls (and a community becomes more diverse), we should see less aggregate support for public goods spending.<sup>4</sup>

A second possibility is that in diverse communities, preference divergence leads to a lower likelihood that voters can come to a consensus about the way public funds should be spent, leading to lower spending on public goods. If different groups prioritize different public goods they may be collectively unable to compromise and thus be unwilling to fund public expenditures.<sup>5</sup> This is an assumption made in many political economy models (Alesina et al 1999, Benabou 2000), but is not often tested directly.<sup>6</sup> However, new research by Lieberman and McClendon (2013) provides convincing evidence of substantial preference divergence across ethnic groups in Sub-Saharan Africa which could contribute to lower provision of public goods. Lieberman and McClendon study responses to a survey question regarding the most important problems that the government should address. They find that respondents use ethnicity as a heuristic for evaluating policy, leading to disagreement about priorities. Building on Lieberman and McClendon's findings, I analyze the presence of preference divergence over support for expenditures on public programs in the United States.

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<sup>4</sup> Research at the national level indicates that this is not a likely explanation. The gap between white and black support for government programs like social services, education, and assistance to the poor as well beliefs about the optimal size of government is persistent, systematic, and substantively large (Kinder and Winter 2001, Jackman 1994, Tate 1994, Kinder and Sanders 1996, Dawson 1994). A related, but distinct gap between high and low socio-economic status individuals also exists (Gilens 2005, Bartels 2008). Whites and the affluent tend to favor limited government while people of color and those of lower socio-economic status are more supportive of spending and intervention. These results would indicate that whiter (wealthier) communities ought to spend less, not more on public goods.

<sup>5</sup> Note that in the aggregate this could produce either logrolling (and thus very large budgets) or under provision.

<sup>6</sup> A great deal of work in American politics provides evidence that public opinion on national questions differs across racial and ethnic group lines (for examples see Kinder and Winter 2001, Bowler and Segura 2012). This research does not typically link preference divergence to public goods provision.

A third explanation is that some whites oppose spending on programs which they perceive to be beneficial to groups other than their own (Becker 1957, Sears and Citrin 1985, Edsall and Edsall 1992, Tedin et al 2001, Glaser 2002).<sup>7</sup> The link between out-group aversion, diversity, and public goods support is predicted by two bodies of scholarship. A large and very sophisticated literature on public opinion and political behavior reveals that whites' perceptions of racial and ethnic minorities are strongly predictive of their views toward redistributive spending (Bobo and Kluegel 1997, Sears 1988, Kinder and Sanders 1996, Rabinowitz et al 2009, Federico 2005, Gilens 1999, Quadagno 1994, Luttmer 2001) and government policies that have become racially coded (Winter 2006, Valentino et al 2002, Mendelberg 2001, Hurwitz and Peffley 1997). If an individual holds negative stereotypes of racial minorities (blacks in particular), he or she is likely to oppose expenditures on functions like welfare and support punitive criminal justice approaches. Scholars have also argued that in some settings, all government spending can come to be viewed as redistributive, especially when residents believe that there is a racial disparity in who shoulders the tax burden and in who benefits from public services (Sears and Citrin 1982, Kruse 2005).

Another body of research has been built on V.O. Key's (1949) "racial threat" hypothesis: whites living among large minority populations are likely to hold more negative attitudes toward minorities. Scholars have found significant support for Key's theory (Hajnal and Abrajano 2012, Ha 2010, Orey 2001, Taylor 1998, Campbell et al 1996, Bobo and Hutchings 1996, Blalock 1967), and further, show that diversity can generate lower levels of societal trust and cooperation (Putnam 2007). Oliver and Mendelberg (2000) provide evidence that a similar

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<sup>7</sup> If this stance is driven by an antipathy for redistribution, this relationship ought to be especially true for individuals with wealth above the community median assuming taxes are progressive (Penn 2004).

process operates with respect to socio-economic status. That is, individuals appear to exhibit out-group hostility toward low status individuals and communities.

Together, these literatures predict that more racially diverse communities may see lower expenditures on social welfare and redistribution (Dahlberg et al 2011, Alesina and Glaser 2004, Tolbert and Hero 1996, Plotnick and Winters 1985). And out-group aversion may also explain willingness to invest in public goods, especially when public spending is viewed as redistributive.<sup>8</sup>

Existing research yields mixed results on this hypothesis. Vigdor (2004) finds that diverse counties had lower response rates for the 2000 Census. He argues that this pattern may be due to a form of out-group aversion – individuals in more diverse places choose not to fill out their Census forms because they are less willing to participate in a process that will benefit the community at large. However, Vigdor's study does not provide direct evidence of this mechanism. In Atlanta, Kruse (2005) shows that the process of court ordered desegregation led working-class whites to abandon support for public investment. Kruse's historical analysis provides convincing evidence that out-group aversion drove down public spending in Atlanta, but we do not know the degree to which his conclusions are bounded by time and place. In fact, other public opinion scholarship finds no consistent effect of racial animus/out-group aversion on large public goods programs (e.g. Winter 2006) or public spending in general (Soroka et al 2007). Similarly, Habyarimana et al (2007) find that increased altruism toward co-ethnics fails to explain public goods provision in homogenous

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<sup>8</sup> We might think of the difference between public goods and redistributive programs as the benefit they provide to the average taxpayer. Peterson (1988) suggests the concept of a benefit/tax ratio. If the marginal cost exceeds the marginal benefit to the average tax payer, the policy is redistributive. If the marginal cost is less than or equal to the marginal benefit, the policy is a public good. Of course accurately calculating the benefit and cost of any policy for any particular individual is extremely complicated and I make no attempt to do so here.

communities. Given that scholars have shown that white attitudes toward Latinos and Asians tend to be less hostile and more variable compared to attitudes towards blacks (Dixon 2006, Link and Oldenshick 1996, Hood and Morris 1997) it is not clear whether or not we should expect public goods spending to suffer in a multiracial context.

The findings discussed above generate a number of hypotheses for individual support of public goods expenditure. If it is the case that out-group aversion leads to more conservative spending preferences, then we should expect support for public goods to change depending on the race and ethnicity of individuals' neighbors. If, on the other hand, only preference divergence is in operation, then we should see persistence in opinions across contexts. That is, we should see individuals oppose and support the same government programs regardless of the racial makeup of their neighbors and the spending target. I expect that white residents will react to the race and ethnicity of their neighbors; in more diverse communities we are likely to see more conservative spending preferences.

A related possibility is individuals suffer a disutility when they must share a public good or interact with people who they do not consider to be members of their in-group (Kruse 2005, Kinder and Kam 2009). If whites are reacting to sharing space with racial and ethnic minorities we might expect to see the strongest effect of diversity on public goods where people physically interact with each other like public parks, rather than on goods like public roads which are largely privately experienced.

## Data

To analyze the effect of community diversity on public opinion, ideally I'd have a survey which sampled opinion across time and a range of cities with detailed questions about support for city spending on a variety of public goods. No existing dataset comes close to this ideal. Instead I make use of the large sample sizes and long time series from the General Social Survey (GSS) to shed light on the relationship between diversity and public opinion. Since 1972 on an annual or biennial basis, the GSS has administered an approximately 90 minute survey to an average of 2,000 respondents representing adults living in non-institutional arrangements in the United States.

I use restricted access GSS data from the 1998, 2000, 2002, 2004, 2006, and 2008 surveys.<sup>9</sup> To the GSS data set I merged census data at the tract and city level. At the tract level, I use data from the 2000 Census of Population and Housing for all years. At the city level, I use linearly interpolated data from the 1990 and 2000 Census of Population and Housing and from the 2005-2007 American Community Survey. I use 2007 data for 2008 GSS responses. For cities not included in the American Community Survey, I use 2000 census data for all years of the GSS. I use these geo-coded responses merged with census data for my analysis. Because my hypotheses regarding the relationship between diversity and public opinion are driven by white attitudes, for the most part, I only analyze white, non-Hispanic respondents.<sup>10</sup>

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<sup>9</sup> These are the years for which the GSS was able to provide census tract level information for every respondent which is crucial for my analysis. The tract level information was provided after I submitted a sensitive data request to the organization that administers the GSS (the National Opinion Research Center at the University of Chicago).

<sup>10</sup> A question about Hispanic ethnicity was not asked in 1998. So, whites in this year may include some respondents who would have identified as Hispanic if given the chance. This is

## The Problem of Selection

I seek (in part) to determine whether or not the racial makeup of an individual's city affects his or her support for public goods spending. But, I face a selection problem.

Individuals' choices about where to live are unarguably correlated with a host of opinions and individual level demographics that are also likely to affect political behavior. Research reveals that whites' avoidance of non-white neighbors drives segregation at the neighborhood and city level (see Boustan 2011 and Ross 2008 for reviews) and a number of scholars have found that neighborhood diversity is correlated with racial attitudes (Farley et al 1994, Zubrinski and Bobo 1996, Krysan and Farley 2002, Quillian 1996). But it is not clear whether context influences public opinion, or if pre-existing opinions lead individuals to sort into different demographic communities, or some of both.

One possibility is that people who are more racially tolerant may be more likely to choose to live in integrated communities, and these same racially tolerant people may be more likely to support government programs or candidates that are perceived to benefit minorities (Orey 2001, Carsey 1995). Scholars have found that some whites use race to determine neighborhood quality (Ellen 2000). If whites who hold stronger negative stereotypes of racial and ethnic minorities are more inclined to use race as a heuristic for unobserved neighborhood quality, and if population sorting *does* affect the quality of public goods in communities, then we'd expect a positive correlation between racial antipathy, neighborhood quality, and low levels of diversity. Or it could be that exposure to minority neighbors increases tolerance and altruism (Allport 1954, Pettigrew 1998, Oliver and Wong 2003, Welch et al 2001). If this is the

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likely to be a relatively small problem since most Hispanic respondents in later years chose to identify as "other" race, not white.

case, we would expect whites in diverse cities to be most supportive of public goods and redistributive programs that benefit minorities. Alternatively, the effect could be the reverse. Perhaps whites in integrated communities are those who do not have the luxury to move if they so desire, and are therefore the group most likely to feel threatened by and animosity toward minorities (Sugrue 1996, Kruse 2005, Key 1949).

In an effort to untangle the role that sorting may play in support for public goods, I follow previous scholars (Ha 2010, Gay 2006, Oliver and Wong 2003) and begin my analysis by examining the attitudes of individuals living in white neighborhoods and in white cities. I then use this information to account for the selection problem in my analysis of individual support for public goods. My first dependent variable is the share of the respondent's neighborhood (measured by census tract) that is non-Hispanic white.<sup>11</sup>

My primary independent variables are a series of questions asked only in the 2002 GSS regarding feelings of antipathy toward different groups in society. The question reads "In general, how warm or cool do you feel towards African Americans?" The same wording is used for "Hispanics" and "Asian Americans." Responses range from Very Warm (coded 1) to Very Cool (coded 9). I take the natural log of each *Racial/Ethnic Antipathy* variable to account for the nature of the relationship that exists in the raw data (respondents with very cool feelings toward each group do not tend to live in much whiter areas than respondents with moderately cool feelings). I analyze the respondent's views toward each group separately because they are collinear. I supplement the racial antipathy question with a question from the 2000 GSS asking respondents to indicate their preferred racial makeup of their neighborhood. Each respondent

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<sup>11</sup> Results are very similar if I use a Herfindahl index of diversity ( $Diversity=1-\sum(\text{group}_i)^2$ ) instead of percent white for the dependent variable.

was handed a card with 13 blank houses surrounding the respondent's hypothetical home. The respondent was asked to put a letter in each house representing the race of that neighbor (A for Asian, B for Black, H for Hispanic, and W for white). I compiled these responses into a single variable measuring the *Proportion of Neighbors* the respondent coded as white.

In all models, I include the respondent's *Political Views* (where 1 is extremely liberal and 7 is extremely conservative), *Age*, *Education* (where 0 is less than high school and 4 is a graduate degree), *Sex* (coded 0 for male and 1 for female), the total number of *Kids* under the age of 18 living at home, and *Income*. I also include the *Median Home Value* for the census tract and dummy variables for the region of the country (*Northeast*, *South*, *Midwest*, with *West* as the excluded category). To account for the hierarchical structure of the data, I estimate a multilevel mixed-effects linear regression via maximum restricted likelihood, and include random effects for the state level. As table 1 reveals, I find that whites with more negative feelings toward Blacks, Hispanics, and Asians are more likely to live in whiter census tracts.

[INSERT TABLE 1 ABOUT HERE]

To the extent that sorting generates this pattern, these results indicate support for white flight as opposed to racial threat. Racially conservative whites are more likely to live among other whites than racial and ethnic minorities at the neighborhood level. But, I am most interested in the effect of *city* (as opposed to neighborhood) diversity on public opinion—because it is cities, not neighborhoods that raise revenue and spend money on public goods. In Table 2, I replace the whiteness of the respondent's neighborhood with the whiteness of his or her **city** as the dependent variable to determine whether or not we have evidence of sorting at the city level. The independent variables are the same as those presented in Table 1. For each

regression I run the analysis without the respondent's tract level white population share (in the top panel) and then with it (in the bottom panel).

[INSERT TABLE 2 ABOUT HERE]

Table 2 shows that whites who feel cool toward African Americans, Hispanics, and Asian Americans do tend to live in whiter cities, but this is largely because whiter cities have whiter census tracts. Once the respondent's neighborhood demographics are taken into account there remains no relationship between individual's feelings toward other groups and the whiteness of his or her city. It is also interesting to note that selection problems with respect to political views and income are also mitigated with this control. That is, more conservative and wealthier people *do* live in whiter neighborhoods and cities, but accounting for the racial demographics of the neighborhood eliminates these relationships at the city level. This would make sense if individuals have an easier time choosing their neighborhood than their city. That is, a person decides to move to a new city for some reason unrelated to racial sorting (e.g. employment opportunities) and then, within the city selects a neighborhood that most closely reflects his preference for diversity given some budget constraint. Most importantly for this paper, the result means that accounting for the racial and income characteristics of respondents' neighborhood mitigates the selection problem at the city level. As a result, I argue, that we can use the whiteness of a respondent's city (while controlling for neighborhood characteristics) to determine how racial and ethnic context affects support for public goods.

## Support for Public Goods Spending

Next, I turn to analyzing individual level support for public goods spending. I test three hypotheses. If the mechanism driving the negative relationship between public goods spending and diversity is preference divergence, we should see differences in spending preferences across racial groups, less preference divergence in more homogenous communities, and no effect of the diversity of the respondent's community on individual preferences. If the mechanism driving the negative relationship has to do with a distaste for spending that would benefit other groups we should see two things: first, whites ought to be more supportive of government spending in whiter communities and second, we should see a very powerful effect of community demographics on clearly redistributive programs. Finally, if the mechanism is an unwillingness to share public space with other racial and ethnic groups, we should see more powerful effects of community demographics for spending on shared space relative to spending on public goods that are privately experienced.

For dependent variables I use GSS questions asking about public spending. The first question reads: "We are faced with many problems in this country, none of which can be solved easily or inexpensively. I'm going to name some of these problems, and for each one I'd like you to tell me whether you think we're spending too much money on it, too little money, or about the right amount. First (ITEM)...are we spending too much, too little, or about the right amount on (ITEM)?"<sup>12</sup> I use three public good items that respondents might assign to local

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<sup>12</sup> While respondents were asked about spending in a number of different policy areas (as many as 17 in some years), they were not encouraged by the survey to think holistically about budgets or tradeoffs. A large literature on public opinion indicates that without explicit guidance respondents tend to ignore tradeoffs and "ask for nearly full achievement of every goal," Kuklinski et al 2001, p 411. Thus, while it may be the case that increasing or decreasing

government:<sup>13</sup> “highways and bridges”, “law enforcement,” and “parks and recreation.”<sup>14</sup> I also analyze support for “assistance for childcare,” and a second question which asks about the government’s role in providing a decent standard of living for the unemployed.<sup>15</sup> The childcare and unemployment questions tap respondents’ views on redistributive spending.<sup>16</sup> All dependent variables are coded so that higher values equate to more spending or governmental assistance. Summary statistics are included in the appendix.

First, I look to see whether or not different groups have different preferences for spending on these programs. My primary independent variables are dummy indicators noting whether the respondent is *Black* (non-Hispanic), *Hispanic* (of any race), or *Other* race (non-

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funding on all policy areas would be impossible in reality, respondents were free to answer in any way that they liked. As a result, I feel confident using these questions as a measure of underlying attitudes about public good provision.

<sup>13</sup> Atkeson and Partin (2001) provide evidence that developmental concerns – like transportation policy (and conceivably parks and recreation although this was not asked specifically), are seen by voters as non-federal responsibilities. They also find that respondents give non-federal officials responsibility for the economy. Respondents thought reducing crime and helping the poor were the responsibility of both federal and non-federal officials. Schneider and Jacoby (2003) report that nearly 3/4<sup>ths</sup> of their respondents view the maintenance of “public roads, bridges, dams and the like” as a non-federal responsibility and better than half view “reducing crime” and “reducing unemployment” as non-federal.

<sup>14</sup> I ran a factor analysis exploring the relationship between these spending items to confirm the non-federal focus of the questions. They, along with a question asking about spending on education, load onto a single factor. I do not analyze the education spending question because I do not have data at the school district level (and school districts do not coincide with city boundaries). As a result I am unable to investigate the effect of the proper community demographics for this item.

<sup>15</sup> The question reads “On the whole, do you think it should or should not be the government’s responsibility to provide a decent standard of living for the unemployed?” Response options include definitely should not be, probably should not be, probably should be, and definitely should be. The question was asked only in 2006.

<sup>16</sup> These questions were chosen because they too might be plausibly handled by sub-national governments.

Hispanic), with white as the excluded category.<sup>17</sup> I control for the respondent's *Age*, *Sex*, and *Income*. I include dummy variables for census region, and add random effects for the respondent's state and city of residence.<sup>18</sup> Table 3 reveals significant racial/ethnic gaps – but generally not in a direction that would predict a negative relationship between diversity and public goods provision.

[INSERT TABLE 3 ABOUT HERE]

I find that relative to whites, both blacks and Hispanics are less supportive of spending on roads and more supportive of spending on parks, childcare, and unemployment. On law enforcement blacks support higher spending than whites while Latinos' attitudes do not differ significantly from whites'. On most issues black respondents are the most supportive of spending, followed by Latinos, and then whites. Whites are most dissimilar from blacks and Latinos on the two redistributive measures – childcare and unemployment assistance. In additional analyses I find that the variation in spending preferences is lower in more homogenous communities for roads, parks, and unemployment aid (but not for law enforcement or childcare).<sup>19</sup> Taken as a whole, these results offer mixed support a theory of preference aggregation – diversity may discourage public spending because residents do not agree on policy priorities. But aggregate variation isn't well explained by these gaps and for the

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<sup>17</sup> The GSS codes race as White, Black, and Other so I am unable to analyze the responses of Asian Americans.

<sup>18</sup> I do not include random effects for cities in the regression on Unemployment Aid because it was only asked in one year.

<sup>19</sup> These analyses regress the standard deviation of each spending measure (for each year in each city) on the demographic makeup of the community (yielding one observation per city per year). I use a Herfindahl index of diversity to measure homogeneity ( $Diversity = 1 - \sum (group_i)^2$ ). This measure, developed to study market monopolies, is intended to capture the competitiveness of the environment and so corresponds well with the theoretic quantity of interest – the degree to which divergent preferences must be accounted for in city politics.

most part increasing diversity (meaning an increase in non-white residents) should be correlated with increased public spending. So, it is likely that preference divergence does not tell us the whole story. Perhaps white opinions regarding government spending are affected by the race and/or ethnicity of their neighbors. In order to see whether or not this is the case I turn to analyses of spending preferences among white respondents.

My dependent variables are responses to the same spending questions analyzed in Table 3. My primary independent variable measuring the homogeneity of the community is the share of the respondent's city that is *Non-White*.<sup>20</sup> Although diversity might be measured many different ways, I adopt this approach for a few reasons. First, it is parsimonious and easy to interpret. Second, the theory indicates that whites oppose spending on public goods when beneficiaries of that spending are unlike them, so it makes sense to measure heterogeneity as the proportion of the community that is most unlike the respondent (i.e. white). Finally, the variable is well distributed across the range of possible values (unlike the proportions of individual groups which have a strong leftward skew as shown in Appendix Figure 1).<sup>21</sup>

To account for the respondent's general view of government spending, I add the respondent's mean support for spending on all 27 spending items asked about in the GSS

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<sup>20</sup> Hopkins (2009, 2011) argues that the effect of diversity is not constant over time. He finds that diversity was more powerful in earlier decades and that changing demographics are more powerful than levels. I tested change in the non-white population at the city and tract levels and find no significant results.

<sup>21</sup> Alternate tests replacing percent white with the share of each city that is black, Latino, and Asian do not change the general conclusions. Although the coefficients are not always individually significant they tend to run in the same direction (negative). That is, for the most part larger populations of black, Latino, and Asian residents tend to decrease white support for public goods spending. The exception is that the proportion of the population that is Asian seems to positively (though not significantly) affect white support for childcare and unemployment.

(excluding the item represented by the dependent variable). At the city level I control for percent of the minority population below the *Poverty* line, *Median Home Values*, percent with a *College Degree*, and total *Population* (logged).<sup>22</sup> At the tract level I control for the proportion that is non-Hispanic *White* and *Median Home Values*. At the individual level I control for the same demographics as were included in Table 3 and, as above, I include fixed effects for region and random effects for the respondent's state and city of residence.<sup>23</sup> Robust standard errors clustered by state are presented. Table 4 shows the results of these regressions.

[INSERT TABLE 4 ABOUT HERE]

Although the results vary depending upon the policy area in question, Table 4 offers substantial evidence that the demographic context *does* shape white preferences regarding government expenditures. White respondents who live in whiter communities are more supportive of roads spending, law enforcement spending, parks spending, childcare spending, and unemployment aid. While it is possible that varied preferences drive the negative correlation between diversity and public goods to some extent, it also appears that white opinions actually shift depending on the racial makeup of the community. Whites are more generous spenders in more homogenous places. On average white respondents say that they'd like to keep spending on roads, law enforcement, parks, childcare and unemployment about the same. But in less white communities opinions shift toward saying that we are currently spending too much on these programs. These results are shown graphically in Figure 1.

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<sup>22</sup> Adding a control for the method of electing city councilors (by district or at large) does not change the results. I do not present the models with this variable because the sample sizes are significantly reduced.

<sup>23</sup> Random effects for city are not included in the regression on Unemployment Aid because the question was only asked in one year.

[INSERT FIGURE 1 ABOUT HERE]

In Figure 2 I present results from two alternate tests to check the robustness of the main results. First, to account for the possibility that the effect of community homogeneity is really driven by respondents' political ideology (if, for example supporters of more government spending are more likely to live in whiter cities), I add a control for partisan identification. Party id is measured on a seven point scale with 0 representing strong Democrats and 6 representing strong Republicans.<sup>24</sup> Then, I add dummy indicators for the GSS designation of the type of place the respondent lives that tends to correlate with diversity and could affect spending preferences. The categories include: within an SMSA and a large central city, within an SMSA and a medium size central city, a suburb of a large central city, a suburb of a medium size central city, an unincorporated area of a large central city, not within an SMSA and a small city, not within an SMSA and a town or village, a small unincorporated area, and open country (as the base category). If larger, more urban cities have less need for public goods spending (perhaps because of significant investments made in years past), then respondents might be less supportive of spending in such places because of a lack of need, not because of the race of their neighbors. The figure shows the coefficient on percent non-white in each base model (as presented in Table 4) compared to the coefficient in the two alternate models. Horizontal lines represent 95% confidence intervals.

[INSERT FIGURE 2 ABOUT HERE]

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<sup>24</sup> Respondents were asked "generally speaking, do you usually think of yourself as a Republican, Democrat, Independent, or what?" with follow up questions asking for the strength of partisanship and pushing independents to identify as leaners. Adding a control for political ideology instead does not affect the conclusions, but does result in a large amount of missing data because the GSS did not ask the question of every respondent.

The plot reveals that the effects of community heterogeneity are unaffected by the addition of party id or urbanity of the community.

Above, I noted that there are two different hypotheses that could generate a demographic effect on public opinion. First, it is possible that whites are reacting to sharing space with non white neighbors. If this were the case we'd expect white opinion on parks spending to be more heavily influenced by non-white neighbors than roads spending, but Figure 2 reveals that this does not appear to be the case. The coefficient on percent white is statistically identical in the parks and roads regressions. So, an aversion to sharing public space with racial and ethnic minorities does not appear to be the overriding concern for these respondents.

This leaves one final hypothesis for the mechanism that leads diverse communities to see lower spending on public goods: distaste for spending that would benefit others, particularly if the spending is viewed as redistributive. The substantial effects of community homogeneity on spending for childcare and unemployment aid lend support to this argument. It appears that diversity may depress public goods spending because whites view such expenditures as redistributive when their neighbors are not white.

## **Conclusion**

Political scientists (largely working in the subfield of comparative politics) have explored variation in the provision of public goods across national boundaries. Over the last decade ethnic diversity has arisen as one among other powerful explanation for these patterns. Whereas Habyarimana et al find little support for preference divergence and out-group

aversion in their analysis I find support for both hypotheses here. When asked about their preferences for spending on roads, law enforcement, parks, childcare, and aid for the unemployed, I find more diverse communities do have significantly more diverse preferences, but I also find that white preferences are sensitive to the demographics of their neighbors. Whites who have stronger aversion to blacks, Hispanics, and Asian Americans tend to live in whiter census tracts and whiter cities. And while whites are generally less favorable of public spending than blacks or Hispanics, when they live in whiter cities, they support greater expenditures on these public goods. In the United States, whites appear to be more altruistic when spending will benefit white neighbors as opposed to people of color.

**Table 1: Correlation between Racial Antipathy and Whiteness of Neighborhood**

	Antipathy toward Blacks		Antipathy toward Hispanics		Antipathy toward Asian Americans		Preference for White Neighbors	
	Coefficient	SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Log Racial/Ethnic Antipathy	0.044 **	0.011	0.038 **	0.011	0.028 **	0.012	0.130 **	0.032
Political Views	0.013 **	0.005	0.014 **	0.005	0.015 **	0.005	0.000	0.006
Age	0.000	0.000	0.000	0.000	0.000	0.000	-0.000	0.000
Education	0.003	0.007	0.003	0.007	0.002	0.007	-0.006	0.007
Female	0.025 *	0.014	0.023 +	0.014	0.023 +	0.014	0.008	0.016
Kids at home	0.010 +	0.008	0.010	0.008	0.009	0.008	0.004	0.008
Income	0.007 **	0.002	0.007 **	0.002	0.007 **	0.002	0.004 **	0.002
Median Home Value (10 thsds)	0.003 **	0.001	0.003 **	0.001	0.003 **	0.001	0.004 **	0.001
Northeast	0.037	0.045	0.036	0.048	0.044	0.044	0.032	0.057
South	-0.011	0.039	-0.014	0.041	-0.011	0.039	-0.059	0.048
Midwest	0.153 **	0.040	0.150 **	0.042	0.154 **	0.040	0.109 **	0.049
Constant	0.427 **	0.050	0.432 **	0.051	0.429 **	0.050	0.580 **	0.055
<i>N</i>	665		664		658		553	
LR Test vs. Linear Regression	34.99**		34.84**		36.20**		61.71**	

Note: Dependent variable in all models is percent of Census tract population that is white. Column headings refer to main independent variable.

† $p < .10$  one-tailed, \* $p < 0.10$ , \*\* $p < 0.05$ ; Hierarchical linear regressions with random effects for states; Robust standard errors clustered by state are presented.

**Table 2: Correlation between Racial Antipathy and Whiteness of City**

	Antipathy toward Blacks		Antipathy toward Hispanics		Antipathy toward Asian Americans		Preference for White Neighbors	
	Coefficient	SE	Coefficient	SE	Coefficient	SE	Coefficient	SE
Log Racial/Ethnic Antipathy	0.029 **	0.011	0.015 +	0.011	0.012	0.012	0.109 **	0.031
Political Views	0.012 **	0.005	0.013 **	0.005	0.013 **	0.005	0.003	0.006
Age	0.000	0.000	0.000	0.000	0.000	0.000	-0.000	-0.000
Education	-0.003	0.006	-0.002	0.006	-0.004	0.006	-0.006	0.007
Female	0.013	0.014	0.011	0.014	0.012	0.014	-0.006	0.016
Kids at home	0.008	0.008	0.007	0.008	0.006	0.008	0.006	0.008
Income	0.005 **	0.002	0.005 **	0.002	0.004 **	0.002	0.003 *	0.002
Median Home Value (10 thsds)	-0.002 **	0.001	-0.002 **	0.001	-0.002 **	0.001	0.001 +	0.001
Northeast	0.005	0.057	0.007	0.057	0.012	0.057	0.014	0.057
South	-0.077 +	0.048	-0.077 +	0.049	-0.076 +	0.048	-0.065 +	0.048
Midwest	0.103 **	0.050	0.104 **	0.050	0.104 **	0.050	0.115 **	0.049
Constant	0.572 **	0.054	0.584 **	0.054	0.580 **	0.055	0.613 **	0.055
Log Racial/Ethnic Antipathy	-0.001	0.008	-0.008	0.008	-0.007	0.009	0.018	0.022
Tract % White	0.669 **	0.030	0.671 **	0.029	0.664 **	0.030	0.724 **	0.028
Political Views	0.002	0.004	0.002	0.004	0.002	0.004	0.002	0.004
Age	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Education	-0.005	0.005	-0.006	0.005	-0.006	0.005	-0.002	0.005
Female	-0.004	0.011	-0.005	0.011	-0.004	0.011	-0.011	0.011
Kids at home	0.002	0.006	0.002	0.006	0.002	0.006	0.004	0.006
Income	0.000	0.001	0.000	0.001	0.000	0.001	0.000	0.001
Median Home Value (10 thsds)	-0.004 **	0.000	-0.004 **	0.000	-0.004 **	0.000	-0.002 **	0.000
Northeast	-0.013	0.036	-0.011	0.036	-0.011	0.036	-0.001	0.028
South	-0.052 *	0.031	-0.051 *	0.031	-0.052 *	0.031	-0.022	0.023
Midwest	0.011	0.032	0.012	0.032	0.011	0.032	0.038 +	0.024
Constant	0.265 **	0.040	0.271 **	0.040	0.274 **	0.040	0.191 **	0.037
<i>N</i>	642		641		635		553	
LR Test vs. Linear Regression	51.39**		52.42**		50.88**		21.08**	

Note: Dependent variable in all models is percent of the city population that is white. Column headings refer to main independent variable. † $p < .10$  one-tailed, \* $p < 0.10$ , \*\* $p < 0.05$ ; Hierarchical linear regressions with random effects for states

**Table 3: Preference Divergence on Support for Public Goods**

	Roads		Law Enforcement		Parks		Childcare		Unemployment	
	Coeff.	SE	Coeff.	SE	Coeff.	SE	Coeff.	SE	Coeff.	SE
Black (non-Hispanic)	-0.032 +	0.020	0.074 **	0.029	0.135 **	0.018	0.190 **	0.020	0.511 **	0.085
Hispanic	-0.088 **	0.023	-0.012	0.032	0.028 +	0.019	0.049 **	0.022	0.321 **	0.079
Other race (non-Hispanic)	-0.055 +	0.034	-0.078 +	0.048	0.040 +	0.029	0.016	0.033	0.363 **	0.15
Age	0.006 **	0.000	0.003 **	0.001	-0.003 **	0.000	-0.004 **	0.000	0.001	0.002
Female	-0.101 **	0.014	0.117 **	0.019	-0.001	0.012	0.110 **	0.013	0.083 +	0.055
Income	0.010 **	0.001	0.009 **	0.002	0.000	0.001	-0.001	0.001	-0.030 **	0.006
Northeast	-0.022	0.043	-0.098 **	0.043	0.049 **	0.021	0.120 **	0.032	0.319 **	0.091
South	-0.013	0.036	0.081 **	0.037	0.020	0.018	0.036 +	0.027	0.057	0.075
Midwest	-0.058 +	0.038	-0.025	0.039	-0.007	0.020	0.015	0.029	0.294 **	0.08
Constant	1.933 **	0.042	2.05 **	0.052	2.375 **	0.03	2.582 **	0.037	2.676 **	0.148
<i>N</i>	9079		4639		9174		8724		1005	
LR Test vs. Lin. Regression	66.19**		15.66**		21.48**		26.32**		0.00	

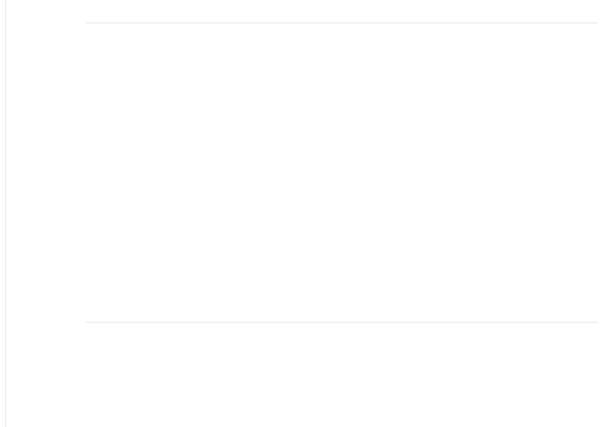
Note: † $p < 0.10$  one-tailed, \* $p < 0.10$ , \*\* $p < 0.05$ ; Hierarchical linear regressions with random effects for states & cities

**Table 4: Effect of Diversity on Support for Public Goods**

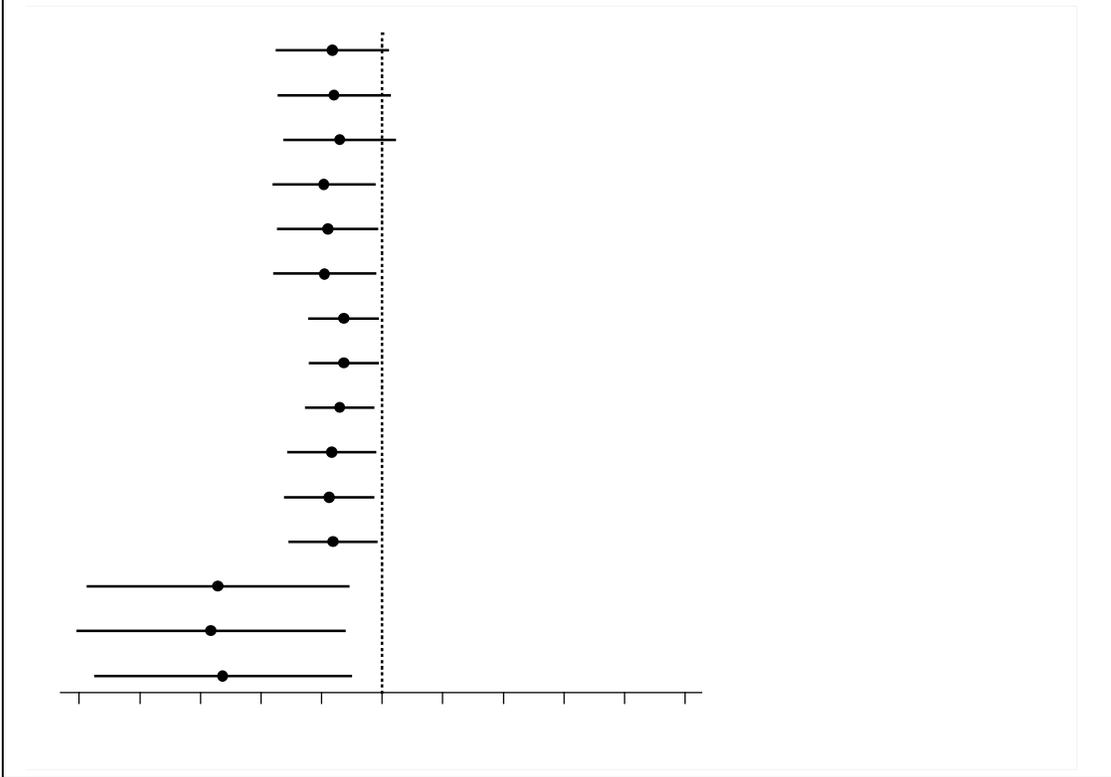
	Roads		Law Enforcement		Parks		Childcare		Unemployment	
	Coeff.	St. Er	Coeff.	St. Er	Coeff.	St. Er	Coeff.	St. Er	Coeff.	St. Er
City % Non White	-0.164 *	0.093	-0.192 **	0.085	-0.128 **	0.057	-0.167 **	0.073	-0.542 **	0.219
City % Minorities in Poverty	0.167 +	0.109	-0.090	0.113	0.106 +	0.069	-0.214 **	0.075	0.112	0.223
City Med. Home Value (10 thsds)	0.004 **	0.001	0.001	0.001	0.000	0.001	-0.003 **	0.001	-0.007 **	0.003
City % College Degree	-0.373 **	0.141	-0.694 **	0.162	-0.159 *	0.096	-0.068	0.165	0.009	0.304
City Population (logged)	-0.002	0.008	0.027 **	0.008	0.008 +	0.006	0.006	0.005	0.063 **	0.019
Tract Med. Home Value (10 thsds)	-0.001	0.001	-0.002 **	0.001	0.001 **	0.001	0.002 **	0.001	0.014 **	0.003
Tract % White	0.045	0.067	-0.007	0.062	-0.148 **	0.039	-0.106 *	0.063	-0.307	0.269
Age	0.006 **	0.001	0.002 **	0.000	-0.003 **	0.000	-0.004 **	0.001	0.005 **	0.001
Income	0.009 **	0.002	0.007 **	0.002	0.000	0.001	-0.006 **	0.002	-0.004	0.006
Female	-0.137 **	0.015	0.126 **	0.018	-0.033 **	0.013	0.095 **	0.014	-0.009	0.059
Midwest	-0.041	0.034	-0.030	0.026	-0.017	0.028	0.000	0.031	0.169 **	0.083
Northeast	-0.018	0.03	-0.098 **	0.04	0.048 **	0.023	0.105 **	0.048	0.134 *	0.072
South	0.018	0.042	0.081 **	0.023	0.009	0.026	0.024	0.032	0.028	0.07
Mean Spending Support	-0.361 **	0.027	-0.341 **	0.029	-0.474 **	0.025	-0.941 **	0.036	-0.857 **	0.03
Constant	2.59 **	0.114	2.672 **	0.087	3.302 **	0.081	4.497 **	0.099	3.588 **	0.324
<i>N</i>	7441		3801		7520		5849		653	
LR Test vs. Linear Regression	62.48**		7.34**		15.05**		9.64**		0.00	

Note: † $p < .10$  one-tailed, \* $p < 0.10$ , \*\* $p < 0.05$ ; Hierarchical linear regressions with random effects for states & cities

**Figure 1: Effect of Diversity on White Support for Public Good Spending**

**Figure 2: Robustness of % Non-White to Alternative Specifications**



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## Appendix

Variable	All Respondents					Whites Only		
	Obs	Mean	Std. Dev.	Min	Max	Obs	Mean	Std. Dev.
Road Spending	11071	2.24	0.65	1.00	3.00	7626	2.28	0.63
Law Enforcement Spending	5682	2.44	0.66	1.00	3.00	3893	2.44	0.64
Park Spending	11183	2.30	0.56	1.00	3.00	7701	2.26	0.55
Childcare Spending	8789	2.54	0.62	1.00	3.00	5887	2.49	0.64
Unemployment Spending	1016	2.57	0.92	1.00	4.00	658	2.41	0.87
Black	12585	0.16	0.37	0	1	8606	0.00	0.00
Hispanic	10535	0.12	0.33	0	1	7094	0.00	0.00
Other race	12585	0.05	0.22	0	1	8606	0.00	0.00
White	12585	0.68	0.46	0	1	8606	1.00	0.00
Age	12533	46	17	18	89	8572	48	18
Education	12558	1.57	1.20	0	4	8589	1.73	1.22
Female	12585	0.56	0.50	0	1	8606	0.55	0.50
Kids home	12453	0.60	1.05	0	8	8526	0.49	0.94
Income	12022	16.61	5.85	1	26	8274	17.29	5.52
Northeast	12585	0.18	0.39	0	1	8606	0.18	0.38
South	12585	0.32	0.47	0	1	8606	0.29	0.45
Midwest	12585	0.23	0.42	0	1	8606	0.25	0.44
West	12585	0.27	0.44	0	1	8606	0.28	0.45

Appendix Figure 1: Histograms of Racial/Ethnic Population Proportions

