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Better residential than ethnic discrimination!

Methodological Discussion Paper

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Better residential than ethnic discrimination!

Summary¹

François Bonnet, Etienne Lalé, Mirna Safi and Etienne Wasmer

Access to housing is difficult for minorities in France. An audit study we run in the Paris area showed that minority applicants do not face a strong disadvantage in the first step of the application; however, the fact that applicants come from a deprived area leads to more frequent unfavorable outcome (we call this residential discrimination as opposed to ethnic discrimination). The puzzle and paradox come from the fact that face-to-face interviews with real-estate agents in the city of Paris and the Parisian region DO NOT confirm this result. If anything, all discrimination arise from ethnicity and agents dismiss residential discrimination. Our paper, forthcoming in *Urban Studies*¹, documents this contrast between quantitative and qualitative methods and proposes interpretations.

As a matter of fact, we started out this project with two research questions. First, while there is no audit study based evidence of

housing discrimination in France, we wanted to document the extent to which ethnic discrimination is operating in the Parisian housing market. Second, we inquired into the intertwining of ethnic disadvantage (namely North-African background) with territorial discrimination that may undermine residential mobility prospects out of the deprived French banlieues. These questions are of importance for a broad literature studying discrimination and the cumulative effects of residential and ethnic/racial inequalities in the US. They are also increasingly relevant in the French and European contexts where ethnic segregation is more and more documented in urban studies. The French context is particularly challenging; the French Republican model embraces a color-blind, universalistic model of citizenship, which notably implies denying ethnic/racial identification and rejecting ethnic/racial categories in official statistics. Recent studies, partly in the aftermath of the 2005 urban riots in France, have challenged the myth of a color-blind society highlighting an ethnic/racial dimension of inequality in the French society. Direct evidence on ethnic discrimination has been documented in labor market studies with some support for interactive mechanisms involving territorial and ethnic factors.

A distinctive feature of our research is to make complementary use of two methodo-

¹ This summary provides a quick abstract of the research done by François Bonnet, Etienne Lalé, Mirna Safi and Etienne Wasmer, that is forthcoming in *Urban Studies*, [available here](#). And also as *LIEPP Working Paper*, n°36, February 2015.

Another publication on this subject is “À la recherche du locataire « idéal » : du droit aux pratiques en région parisienne”, *Regards croisés sur l'économie*, 2011/1 (n°9).

logical designs. We conducted: (i) an experimental paired-testing audit study involving rental housing applicants and (ii) a series of face-to-face interviews with real-estate agents in the city of Paris and the Parisian region. Our research has potential of offering both statistical and discursive evidence on discrimination in the housing market.

The testing audit consisted of approximately 500 phone calls to real estate agencies corresponding to 250 different housing vacancies. We relied on 8 trained male and female testers, matched by pairs, who called from two separate phones. They were attributed a few identity elements that may be revealed during the phone conversation: a name, a place of residence, an occupation, a wage, etc. They were all supposed to be married with no children. Wages for the candidate and his/her spouse were also attributed in a way to exceed 3 times the rent of the corresponding vacancy. Two discriminatory criteria were tested for in the experimental design: place of residence (testers informed the real estate agents of their current municipality of residence) and ethnic origin (names given during the conversation). Hence, Sébastien Fournier/ Kader Boualem, 31, accountant, currently living in La Courneuve/ Versailles is a typical example of pair-matched testers' identities. The testers call inquiring about a specific apartment vacancy; they may first reveal their geographic origin (1st procedure) or ethnic origin (2nd procedure). They first ask if the apartment is still available and then whether it is possible to visit. Controlling for a wide range of the experiment's parameters, econometric analyses show a significantly negative impact of place of residence in procedure 1 while the ethnic effect is not significant in both procedures.

The qualitative study relied on 29 face-to-face semi-directive interviews with real estate agents in the Parisian region. The study was presented in broad terms as focusing on the process of tenants' selection with no explicit reference to discrimination except if the respondent does not mention it spontaneously. Interviewees were not directly asked about their own attitudes or practises but were rather asked to inform us, as experts, about tenants' selection procedures in the housing market in general. Most agents comfortably talked about discrimination and overwhelmingly associated it with the applicants' ethnoracial origin (with skin color and African origin being the most cited). Conversely, no respondent spontaneously mentioned residence-based discrimination. Moreover, when the question was explicitly raised by the interviewer, most respondents seemed disconcerted and clearly expressed the irrelevance of this criterion.

Juxtaposing both sets of our findings from the audit and the interviews points to an interesting paradox:

- While the current residence of housing applicants has a significant negative effect in the audit, real estate agents clearly deny its relevance as a discriminatory factor affecting access to housing;
- Real estate agents overwhelmingly report that ethnicity has a discriminatory impact, whereas ethnic origin has no significant effect in the audit when we control for the current residence of housing applicants.

We discuss several hypotheses that may help solving this apparent paradox. We especially favour the following two hypotheses which, in our view, should not be seen as mutually exclusive.

First, the findings could reflect statistical discrimination whereby real estate agents seek to proxy the risk of non-payment of the rent (insolvency). In particular, residential and ethnic origins could correlate with access to housing simply because real estate agents use these characteristics to infer the risk that truly matter to them. Real estate agents deny the relevance of residential origin as a discriminatory factor with good reasons, in that only insolvency is relevant. In the meantime, if residential origin is strongly correlated with the risk of insolvency, then controlling for this variable explains why ethnic origin does not play a statistically significant role in the audit study data. This hypothesis thus entails that any apparent ethnic disadvantage is in fact “color-blind” and that correlation between socioeconomic, residential and ethnic factors is the driving factor of housing discrimination.

The second hypothesis poses on the contrary that ethnic stigma is predominant and that residential origin is of no direct relevance; it only intervenes in the selection process to proxy ethnicity. This proxying process may however have real implications in potentially discriminatory interactions given the differential “desirability biases” of ethnic/residential criteria. That is, it may be that overt information about ethnic origin (like, for instance, an African name) is not used to discriminate against housing applicants because such biased decisions appear highly undesirable (stressed by most real estate agents). While strongly correlated to ethnicity, residential origin may be more comfortably used to select housing applicants. This would explain why real estate agents report that residential origin is not a discriminatory factor while ethnic origin is. This would also help understanding why, in the audit study, overtly signalling ethnicity through the housing applicant's name did not result in dis-

crimatory behaviours. This hypothesis challenges the cumulative framing of discriminatory criteria in audit studies and points toward some potentially substitutive mechanisms.

Beyond the empirical findings and their theoretical implications, we also elaborate on some methodological reflections relatively to the use of mixed-method research design and its deriving challenges. We think that the complementary use of different methodologies helps overcome the shortcomings of each. This is particularly true in studies seeking to assess for discrimination since they always lack for direct and undisputable evidence with regard the genuine motivation of an apparently discriminatory outcome. In this respect, the paradox we find is anything but a weakness of this research: it proved very instrumental in developing rich hypotheses to understand underlying mechanisms of discrimination.

Comments by Robert Ellickson

Bonnet, Lalé, Safi, and Wasmer (BLSW) have made an admirable contribution to the literature on housing discrimination. BLSW report the results of an audit of real estate agents' leasing practices — to date, the best designed and most carefully executed study of this sort in France. Although they found some evidence of discrimination by agents in the Paris region, their results suggest that the people of France indeed widely honor the French Republican Model, with its implicit promise of equality of opportunity. BLSW found, to their evident surprise, that real estate agents were more likely to grant applicants an appointment to visit an apartment when applicants had begun their telephone conversations by identifying themselves by an Arabic name, as opposed to a traditionally French name. (Caveat: the BLSW results reveal nothing about the later stages of the apartment-search process, when ethnic discrimination might be more prevalent.) BLSW supplemented their statistical study with dozens of unstructured interviews with real estate agents in greater Paris. These differing quantitative and qualitative methodologies turned up conflicting evidence about the nature of discriminatory practices. BLSW claim, entirely plausibly, that their two methodologies ultimately complemented one another.

Before providing some thoughts on the paradoxical results that BLSW uncovered, I offer some more pointed observations. The online methodological appendix describing the audit indicates that BLSW focused on modest-quality apartments in metropolitan Paris. On average, the dwellings had an area of about 40 square meters, and a monthly rent of about

750 euros. The authors' decision to focus on modest dwellings is entirely defensible. But BLSW might have mentioned the possibility that the dynamics of discrimination would play out differently in other segments of French housing markets. At the expensive end of the market, for example, ethnic discrimination could be more of a problem.

BLSW use “residential discrimination” in their title and make heavy use of that phrase. At first glance, I could not understand what these two words meant. When a tenant moves, two residences are in play: an old one, A, from which the tenant wants to move, and a new one, B, to which the tenant wants to relocate. Most discussions of housing discrimination focus on protecting a tenant from discrimination in the search for B. But BLSW use “residential discrimination” to refer to the possible practice of agents involved in the renting of potential Bs of giving weight to the neighborhood in which the tenant's current apartment, A, is located. Might there be a clearer phrase to express this idea, such as “source-neighborhood discrimination”?

The article's title is provocatively normative. BLSW punctuate with an exclamation point the proposition that “residential discrimination,” as they define it, is “better” than ethnic discrimination. This normative stance certainly has appeal. Because individuals commonly have greater capacity to disguise and alter their source-neighborhoods than their racial and ethnic characteristics, ethnic discrimination likely is the greater barrier to social mobility. But BLSW might have said a few more words about their enthusiasm for the position their title embraces.

BLSW clearly articulate and explore the paradox that their competing methodologies unearthed. The results of the audit indicated that real estate agents disfavored applicants currently living in a relatively deprived neighborhood. But, once BLSW controlled for that bias, they found that agents did not favor applicants with traditional French names over those with Arabic names. In the free-ranging interviews, by contrast, most agents predicted that their peers in other real estate offices would act in diametrically opposite fashion — that is, discriminate among applicants on the basis of ethnicity, but not on the basis of source-neighborhood.

To resolve this paradox, BLSW offer two hypotheses. The first is that the quality of an applicant's source-neighborhood might serve as a proxy for the likelihood that the applicant would fail to make regular rent payments. Because French law indeed makes it difficult for a landlord to evict a tenant who has ceased paying rent, real estate agents likely would be eager to find a proxy for risks of rent default.

But an agent might use source-neighborhood as a signal not only of an applicant's financial risks, but, more broadly, of the applicant's social class. In *The Truly Disadvantaged*, a work that BLSW cite, William Julius Wilson assessed the effects of the enactment of fair housing laws in the United States. According to Wilson, these laws had enabled many middle-class black households to move away from traditionally black center-city neighborhoods. This exodus of the middle-class deprived poorer black households of “role models” — Wilson's famous phrase — thereby worsening the social environments of blacks who remained in the inner city. Wilson's analysis assumes a person's likelihood of engaging in various prosocial and antisocial behaviors is influenced by the distribution of neighbors' social classes. Real estate agents in the BLSW audit might have shared that view. If so, how

might they have reacted to applicants' reports that they were presently living in Sarcelles, the poorest of deprived neighborhoods that BLSW had selected for mention? Agents might have supposed that applicants from Sarcelles would be not only less likely to pay rent, but also more likely to engage in other antisocial activities harmful to a landlord, for example, playing loud music late into the night. In short, a source-neighborhood might be taken as an even broader signal than the one the authors discuss.

BLSW's second hypothesis is that a source-neighborhood might operate as a rough proxy for the ethnicity an applicant. In the Paris region, they suggest that an applicant's current address might be a more reliable indicator of ethnicity than a person's name. I find that proposition surprising, but defer to the authors' deeper understanding of the Parisian scene.

How to explain the paradox that, despite BLSW's findings to the contrary, real estate agents, in their interviews, denied that they would use source-neighborhood as a proxy for social class, ethnicity, or any other purpose? On this point, French literature and psychological theory may offer some insights. For starters, individuals are not always aware of their own patterns of action. The classic statement is Molière's: “Par ma foi, il y a plus de quarante ans que je dis de la prose, sans que j'en susse rien.” Moreover, the interviewed agents were speculating not about their own behavior, but that of competitors. Their remarks suggest the influence of self-love, a central theme of Rochefoucauld's *Maxims*. The agents surmised that conscious ethnic discrimination was rampant in other real estate offices, but absent in their own.

If the agents' remarks were sincere, BLSW's findings suggest that most of them avoided conscious discrimination by ethnicity, but engaged in subconscious source-

neighborhood discrimination. The psychological theory of individuals' aversion to cognitive dissonance may be pertinent here. Many Parisian real estate agents presumably have internalized French cultural values, in particular the French Republican Model. If BLSW's normative assertion in the article's title is correct, a well-socialized agent would regard discrimination on the basis of an applicant's source-neighborhood to be less offensive than discrimination on the basis of ethnicity. If both conscious and subconscious attitudes can create dissonance, agents' self-conceptions of themselves as upright French citizens would tilt them toward a subconscious practice of discriminating by source-neighborhood as opposed to ethnicity. If so, the paradox would stem in part from the agents' inability to predict that their counterparts in other real estate offices would share their own devotion to the French Republican Model.

Comments by David Laitin

Francois Bonnet, Etienne Lalé, Mirna Safi and Etienne Wasmer's "Better residential than ethnic discrimination! Reconciling audit and interview findings in the Parisian housing market" (*Urban Studies*, 2015) is a compelling paper. The audit study reported in this paper reveals without much doubt that despite a tradition of radical republicanism that insists on equality for all citizens, there is systematic discrimination in the French housing market.

However, the data do not speak clearly as to the sources of this discrimination. On the one hand, the sociological interviews with real estate agents that complement the audit study uncover a powerful sense that the residues of empire have led these agents to guide North Africans away from rental properties owned by their clients. On the other hand, the statistical examination of agent behavior suggests a different source of the observed discrimination; it shows that real estate agents discriminate based on the previous neighborhood of applicants, whether they are rooted French or of Algerian background. The authors bravely seek to reconcile these two explanations for the observed discrimination.

Alas, the authors cannot fully discriminate between two hypotheses: (H1) that there is no ethnic discrimination, and that neighborhood is a proxy for the expected economic security of the applicants, and their ability to pay the rent; and (H3) that there is ethnic discrimination, but since it is illegal to discriminate ethnically, real estate agents are able to accomplish their discriminatory goals by using neighborhood as a proxy for ethnicity. H1 would support a "statistical discrimination" interpretation, in which the discrimination is

based on the perceived likely average performance of individuals based on group characteristics that cannot be directly observed. H3 would support a "taste based" interpretation, in which members of the rooted population are willing to pay a cost in lost revenue to satisfy a desire to live separately from an unwanted community.

Despite real estate agent assurances that they never discriminate on the basis of neighborhood, there is some reason to discount such claims. To be sure, the authors are convincing in showing that there is no social desirability bias in the responses they received from the agents, as these agents revealed without shame the pressures they faced from their clients to favor rooted French. But something else could support H1, *viz.* that folks are wondrously ignorant of the sources of the prejudices guiding their behavior. In a related project in France, my co-authors and I sought to measure the degree to which discrimination in France was based on religion. To answer this, we isolated two language communities from Senegal whose members migrated to France in large numbers in the 1970s. The populations were all from rural backgrounds and all faced the same indignities of French colonialism. But they were split in religion between Muslims and Christians. Our experiment (similar to the audit study, but for job applications) revealed that systematic discrimination by human resource agents was based on religion. The data revealed that the Christian Senegalese applicant did as well as the rooted French applicant with virtually the same résumés; however the rooted French applicant, when paired with the Muslim Senegalese ap-

plicant, did far better in terms of call-backs from the firms advertising jobs. However, in ethnographic interviews with Senegalese immigrants and their children from these two language communities, all insisted that they faced discrimination against them due to their race. The Senegalese Muslims never complained that they faced greater barriers to integration in France than their matched Christians. It could therefore be in the Bonnet et al. study not social desirability that made real estate agents to downplay the role of neighborhood, but rather failure in agent behavior to understand their own motives.

However, there is a clue in the statistical data that pushes me to favor H3. The authors combine in their statistical analyses the three negative answers to the initial inquiry by the applicant: that the property is already rented; that the agent will call back but never does; and that the caller is asked to send a written application for more details. Interestingly, for the experimental procedure where neighborhood of present residence is revealed, only 3 of the 173 audits resulted in a demand for more information. I would suggest that if the worry of past neighborhood had to do with solvency, then the agents would have asked for a detailed application with information about salary, job, and bank account. But they did not do so in the vast majority of cases,

and in fact in percentage terms five times more of these inquiries were demanded of those applicants who revealed not their present neighborhoods but their fictitious names.

In light of this absence of concern as to whether the applicants from bad neighborhoods were solvent, my interpretation of the authors' results is that real estate agents might themselves not be prejudiced against North Africans, but they expect their clients (i.e. the property owners) to be prejudiced, and fear that their clients would seek other agents if they brought too many North Africans to inspect the available properties. One way to reduce the flow of unwanted applicants to the proprietors is to set barriers to entry for applicants from troubled neighborhoods. Whether or not the clients are prejudiced, what may be driving the results is the *expectation* that their clients are prejudiced. In a world in which no one is prejudiced, but in which people assume their compatriots are prejudiced, we would observe systematic discrimination without prejudice.

Therefore, the audit study complemented with the sociological survey may well be revealing that taste-based ethnic discrimination persists in the French housing market despite a lack of ethnic distaste by those who were acting in a discriminatory fashion.



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