

# Ethnic segregation in housing, schools, and neighbourhoods in the Netherlands

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## Summary

The thesis begins by making a case for a West European country case study of ethnic segregation and migrant integration as these countries confront their unintended transformation into 'immigrant nations'. The last decades have given way to key policies in Western Europe that influence neighbourhood segregation, e.g. large-scale urban renewal policies such as the London Docklands Development Corporation from the 1980s and the European Union's URBAN programme from the 1990s. More recently, migration and migrant-related policy and research have flourished nationally and internationally, e.g. the EU Hague Programme on common indicators for migrant integration in 2004 and the European Commission-sponsored research consortium, *International Migration, Integration and Social Cohesion in Europe* (IMISCOE). Besides the need of evidence-based policymaking, the emergent micro and spatial data render Western Europe a rich laboratory for ethnic segregation research.

There are multiple ways to study ethnic segregation's causes and effects, one of which is the neoclassical economics approach. With the view of individuals as rational, utility-maximising agents with perfect information to realise their preferences within financial constraints, it focuses on preferences as a source of segregation. Preferences tend to be heterogeneous and this thesis is premised on ethnic differences in preferences as a cause of segregation. This assumes housing, neighbourhood, and school attributes to be unevenly distributed. To complete the picture, neoclassical economics can be extended to include social interactive effects of preferences and the external constraints that influence choices and segregation outcomes. Since the neoclassical economics framework has been largely limited to North American segregation studies, an application to Western Europe would make an integral contribution to the literature. A country like the Netherlands has different native-migrant social dynamics and a larger role of the welfare state in mediating social inequality and the market effects of preference per se. The obvious question would be how these qualities affect segregation outcomes in the country.

This thesis covers the topic of ethnic segregation in the Netherlands over three main dimensions – housing, schools, and neighbourhoods – and four empirical chapters. Causes of segregation in the form of heterogeneous preferences, especially for peer composition (Chapters 2 and 3), and nonlinear dynamics in peer composition have been explored (Chapters 4 and 5) alongside the effect of segregation in the form of school peer compositional effects (Chapters 4).

Housing, school, and neighbourhood characteristics that simultaneously shape residential location and school choices can be viewed as a bundle of quality attributes. Hedonic pricing and discrete choice models are two dominant methods for modelling choice and preferences. The appropriateness of each method dependent on the product space, i.e. if it is dense with products of varying levels of attribute composition (suited for price hedonic models), or if it consists of few discrete alternatives (where discrete choice models are advisable). Chapters 2 and 3 provide interesting applications of both methods on the Dutch housing and primary school 'markets' respectively. Chapter 2 utilised a price hedonic framework to decompose each housing choice into a basket of distinct housing and neighbourhood utility-deriving components and estimated their respective 'implicit prices'. Chapter 3 used a discrete choice framework instead to model the relative (lack of) importance of each school and school peer attribute in determining actual school choice.

Chapter 2 examines preferences for housing and neighbourhood attributes among homeowners in the Netherlands. Do native Dutch and non-western minority homeowners have different preferences for neighbourhood ethnic composition? In order to answer that question, the researcher should be conscious of the fact that households do not make housing choices purely based on one feature but rather that is traded off with other characteristics of varying levels of importance. Based on the larger sample for The Hague from the Dutch Housing Survey, the empirical results predicts an average decrease in dwelling price of €697 for every 10 percent increase in non-western neighbours when other housing and neighbourhood variables are held at their median or mode values. While the median non-western homeowner is relatively indifferent towards neighbourhood ethnic composition, the results confirm that at least some prefer *not* to live with more non-western households. This is, in essence, a test of the assimilation theory in the Netherlands, i.e. if homeowners of non-western migrant background have a negative willingness to pay for living next to more co-ethnic neighbours.

Chapter 3 evaluates the school choices of predominantly non-western students following the forced school closure of three segregated schools in Amsterdam. It relies on data provided by school enrolment records that are linked to public school funding and personnel data from the Ministry of Education, Culture, and Science. After the school closure, did the students re-concentrate into the same school(s) or did they disperse into different schools? By taking into account the various school choices of these students, the chapter can identify their relative preference for schools with more (or less) peers of their own ethnic and socioeconomic background. It also considers the likelihood of parents prioritising the choice of school type or religious denomination before selecting schools within

the school type. When this is accounted for in the analysis, a one percentage point increase in non-western peers is found to double the odds of school choice to 14 percent. The chapter contributes to policymaking by testing the idea that school types or religious denominations are not equal in the eyes of (some) parents. As part of future policy interventions, policymakers should first identify the determinants of school choice and the availability of desirable school substitutes for students and parents.

Chapter 4 investigates the influences of ethnic composition and school mobility at the primary school-level on the propensity to drop out of high school in Amsterdam. Is there an effect of ethnic school composition on the likelihood of school dropout? Since a binding outcome such as school dropout is expected to be caused by long-term cumulative factors, the ideal data would involve observing the sample from a fairly young age. Chapter 4 does so with a unique, restricted-access administrative data linking primary school factors – such as peer ethnicity and school mobility – to a high school outcome. To establish causality, a discontinuity in the predicted probability of school dropout with respect to the share of non-western school peers is determined and tested. The probability of school dropout increases by 5.4 percent points to 8.0 percent for native Dutch students who were enrolled in primary schools with more than 77.7 percent non-western minority students and did not experience frequent school mobility.

Chapter 5 analyses the evolution of neighbourhood ethnic composition as a social interactive outcome of disaggregated household behaviour. ‘White flight’ or the departure of native or socially advantaged households from neighbourhoods is hypothesised to occur when minority share rises above some threshold. Did some segregated neighbourhoods in Dutch large cities ‘tip’ towards an all non-western minority composition? Using three metropolitan area samples in the Netherlands, Chapter 5 tests the potential ‘tipping points’ in neighbourhood ethnic composition, beyond which ‘white flight’ occurs. The results concur with evidence of ‘white flight’ in the form of a negative statistical association between decadal growth of native Dutch and western minority neighbourhood share and the initial share of non-western residents. However, neighbourhoods did not ‘tip’ towards hyper-segregated ethnic enclaves during the observation period. While some native Dutch and western minority households did flee or avoid neighbourhoods with non-western minority share beyond a certain threshold, this effect on neighbourhood segregation was limited. The chapter ends by suggesting the mediating effects of the country’s large social housing sector, centralised tax and redistributive regime, and strong regulatory role of the state in housing and urban planning.