Grades of Whiteness: Were Southern and Eastern European neighborhoods more likely to be redlined than "old" European immigrant neighborhoods?

[1]

The early 20th century was a time of considerable change in the U.S. immigrant population and immigration policy. The earliest immigrant population was predominantly Western and Northern European (old immigrant groups) but, in the late 1800s, immigrants' origins shifted to Eastern and Southern Europe (new immigrant groups) (Immigration Commission, 1911b). Many believed these new immigrants could still be accepted and assimilated, while others supported immigrant restriction as a result of perceived increases in corruption, conflict and other social problems (Wacker, 1979) that they predominantly attributed to new immigrants. The feelings of this latter group are exemplified in the above cartoon, entitled "Where the Blame Lies". In it, Uncle Sam overlooks a crowd of immigrants with labels on their clothing/baggage such as Polish vagabond and Italian brigand while Justice tells him, "If Immigration was properly Restricted you would not be troubled with Anarchy, Socialism, the Mafia and such kindred evils!" Congress

[1] HAMILTON, G. E. 1891. Where the Blame Lies. New York: Sackett & Wilhelms Litho. Co.

established The U.S. Immigration Commission of 1907-1910 (the Dillingham Commission) to address concerns such as these by examining the U.S. immigrant population. The Dillingham Commission's work characterized new immigrants as less intelligent than old immigrants, stating that "racially they are for the most part essentially unlike the British, German, and other peoples who came during the period prior to 1880" (Immigration Commission, 1911b). Their investigation ended with recommendations to limit the "quality and quantity [of immigration] as not to make too difficult the process of assimilation" by excluding illiterate immigrants and by limiting the number of people arriving each year to a percent of their population already in the country. (Immigration Commission, 1911b). Congress acted on these recommendations in the form of a 1917 law requiring a literacy test for immigration and two laws (the First and Second Quota Acts) setting a numerical quota of immigrants entering the U.S. each year. Immigration to the U.S. declined rapidly due to the quotas, but also due to the Great Depression which largely eliminated immigrants' economic incentive to move to the US. The combination of these U.S. policies and the economic context had implications beyond immigration patterns; they also affected the housing market.

In the early 20th century, when new immigrants entered the United States, nearly all entered through a major city and almost three quarters of immigrants lived in urban areas in 1910 (Eriksson and Ward, 2022). Within these cities, new immigrants settled near areas with unskilled employment opportunities (Ward, 1968) and clustered there as a means of survival (Falkner, 1904). While cities are not the only places where immigrants experienced segregation (Eriksson and Ward, 2019), the large cities where most new immigrants clustered are the very cities for which the Home Owners' Loan Corporation (HOLC) (created by the Federal Housing Authority (FHA) in 1933) was commissioned to produce insurance risk assessment maps – cities with

populations of 40,000 or more (Hillier, 2005). Local assessors developed maps grading neighborhoods based on their characteristics, and one of the most important factors determining neighborhood grades was the presence of an immigrant population.

Studies show that immigrants were considered detrimental to the neighborhood (Swope et al., 2022) and that neighborhood grades vary based on immigrant ethnicity at a local level (Light, 2010, Woods II, 2012). Case studies of individual cities comparing European immigrant groups find clear differences between old and new immigrants. Italian and Polish immigrants in Philadelphia were more likely than Irish and German immigrants to live in segregated neighborhoods near industrial employment between 1850 and 1930 (Hershberg et al., 1979). While – as Catholics – Irish immigrants were targeted by anti-immigrant organizations such as the Immigration Restriction League, these findings confirm that by the late 1800s, Irish immigrants were increasingly accepted as "honorary Anglo-Saxons" like the English (Lee, 2019). An early investigation of population succession in Chicago between 1898 and 1930 shows that old immigrants remained highly concentrated – though less so than Black Americans – close to the city center even after several decades in the U.S. (Cressey, 1938). Light's (2010) examination of Chicago also finds that examiners rated northern and western Europeans over southern and eastern European, though all European ethnicities were rated more highly than nonwhite populations by HOLC appraisers. In Los Angeles, which was more racially diverse, neighborhood appraisals were similar (Woods II, 2012).

In all three cities, long-standing segregation and poor neighborhood appraisals may have been due to immigrants' conspicuousness within the white population. The distinctive language, clothing and culture of Italian immigrants were more likely to prompt negative reactions from those already present in the neighborhood (Mallach, 2024) and may have made integration

challenging (Schwirian, 1983). This difficulty may be reflected in the HOLC maps. One year before becoming the FHA's principal housing economist, Homer Hoyt published a book examining one hundred years of land values in Chicago which included a ranking of 10 races and nationalities based on their effect on land values. He placed English, Germans, Scotch, Irish, and Scandinavians at joint number one and Southern Italians at number eight (just above Black and Mexican individuals) (Hoyt, 1933). While Hoyt took pains to note that the ranking may be scientifically wrong, he concluded that these widely held opinions were reflected in land values.

Three years after Hoyt's book was published, HOLC produced its risk maps which were color-coded and depicted neighborhood quality with A through D grades (Jackson, 1980). The grades represented the level of insurance risk, and the lowest graded neighborhoods (D) were in red (or redlined). A large body of literature finds that Black neighborhoods were most likely to be redlined but "less extreme forms of hostility . . . developed over . . . the movement of immigrants into American neighborhoods (Cressey, 1938). For example, "The Dictionary of Races or Peoples" described southern Italians (the majority of Italian immigrants at that time) using the words of an Italian sociologist who said they "had little adaptability to highly organized society" (Immigration Commission, 1911c). With official descriptions such as this, these immigrants were unlikely to be accepted in higher graded neighborhoods and therefore may be over-represented in redlined neighborhoods. In a crosstabulation, Markley (2023) finds that neighborhoods with "whiter" immigrant groups were less likely than new immigrants' neighborhoods to be assigned a D-grade. However, this finding does not control for other characteristics like household income or number of persons per household, which could have significant effects on neighborhood grades.

HOLC officials – like contract appraisers of the time – identified national origin as a more significant evaluation criteria than the research suggests, but as Light (2010) notes it is unclear whether the evaluators were consistent in their evaluations across the country. Furthermore, while one would expect ethnic distinctiveness to decline over time (and with each new generation in the United States), children of new immigrants from groups considered unassimilable may also have experienced segregation and negative neighborhood appraisals. Yet despite widely held beliefs of the time that new immigrants were unassimilable (or have more difficulty assimilating than old immigrants), to our knowledge no research examines whether immigrant neighborhood disadvantage persisted into the next generation. This study uses HOLC maps combined with census data to shed light on two gaps in the literature examining the linkage between immigrant presence and HOLC neighborhood grade. First, we determine whether new immigrant neighborhoods across the country were more likely to receive a D-grade compared to those of old immigrants, after accounting for other structural characteristics likely to affect the HOLC evaluation. The second contribution of this paper is to investigate whether children of immigrants (second-generation immigrants) from both old immigrant groups and new immigrant groups experienced similar neighborhood outcomes. In doing so, we determine the impact of the racialization of ethnic whiteness (i.e. the racialization of Southern and Eastern Europeans) on neighborhood grades.

Background

Like today, immigrant assimilation was hotly debated during the early 20th century, and researchers took pains to define who counted as an immigrant and which foreign-born groups could assimilate. Paul Leroy-Beualieu (a prominent French economist and researcher of colonization (SiciencesPo Bibliothéque, 2017)) was heavily cited in a multi-part examination of

social assimilation published in the American Journal of Sociology in 1901. In one section defining U.S. immigrants, his quote of "savages and barbarians migrate. Only civilized peoples colonize" was used to differentiate between old and new immigrants. Although Simmons (1901a) said that following this definition could mean that everyone in the U.S. would be immigrants, she states that "up to 1820 there seems to have been but little immigration into the United States". As such, Simmons was classifying old immigrants as civilized and the new immigrants as savages and barbarians. This classification implies that new immigrants were unassimilable, and she even stated so outright. In the same series of articles, Simmons (1901b) wrote that – as the lowest classes of immigrants – Italians, Polish and Russian Jews, and Hungarians did not appreciate their new life in the U.S. and therefore saw no reason to change and did not assimilate. Other researchers examining Jewish and Polish immigrants made similar conclusions (White, 1904, Leighton, 1922).

While the idea that some groups refuse to assimilate was applied to several new immigrant groups, more often, research discussed social/demographic characteristics that made new immigrants unassimilable. New immigrants were considered physically (Boas, 1909) and mentally (Immigration Commission, 1911a) distinct from the old. One major concern highlighted by the Immigration Commission's report was rates of mental illness among prospective new immigrants. The report noted a large increase in immigrants prevented from entering the U.S. due to mental illness after 1890. The largest groups excluded for these reasons in 1908 were Southern Italian and "Hebrew" immigrants (Immigration Commission, 1911a). An examination of race, crime, and intelligence conducted among prisoners at Pennsylvania's Western Penitentiary found that Russian-Polish immigrants had the highest percentages of "subnormals" (Root Jr., 1927b) and the mental age of Italian and Greek inmates were 2 and three years younger

than U.S.-born white inmates respectively (Root Jr., 1927a). In 1930, the Association of Superintendents of American Institutions for the Insane went so far as to urge Congress to enact laws preventing the continued in-migration of the "so-called defective classes of Europe" (Malzberg, 1930).

Not only were new immigrants considered to be inferior, but it was also assumed that the U.S. received the lowest classes from within Southern and Eastern Europe (Closson, 1900). The same year he was elected president of Princeton University (and approximately 10 years before becoming president of the United States), Woodrow Wilson lamented the change in immigration. In his book, "History of the American People", he wrote that new immigrants were "men of the lower class . . . men out of the ranks where there was neither skill nor any initiative of quick intelligence" (Wilson, 1902). Research of the time validated these fears. The Immigration Commission found that "as a class, new immigrants [were] far less intelligent than the old, approximately one-third of all those over 13 years of age when admitted being illiterate" (Immigration Commission, 1911b). Between 1899 and 1917, 45% of Southern Italians, 34% of Russians, and 31% of Polish immigrants admitted to the U.S. were illiterate (Bloch, 1920).

Due to new immigrants' high rates of illiteracy, politicians assumed that a literacy test would exclude them from entering the U.S., but the 1917 law requiring such a test failed to produce these results. Consequently, other factors were highlighted to distinguish the new immigrants from the old, including crime and mental acuity. Researchers conducting psychological tests of men in the U.S. army found that between 60 and 70% of Russians, Italians, and Poles received a D grade or lower (National Academy of Sciences, 1921) with a D rating indicating they were not of high mentality (Young, 1922). In an overview of research conducting psychological and intelligence tests of new immigrants and their children, Young (1922) concluded that "if the

mentality of the South Europeans who are flooding this country is typified by the mentality of the three groups [Italians, Portuguese, and Spanish] studied by the writer and others, the problem of future standards of living, high grade citizenship and cultural progress is serious".

The idea that new immigrants were unassimilable was widespread, but not universal. Many believed assimilation was possible, it was only a question of *how* assimilation would occur. In the early 20th century, several ideas of assimilation were prominent in the U.S. including the melting pot and Anglo-conformity/Americanization. Although the symbol of the Melting Pot has been used since 1908, its meaning remains ambiguous. Some asserted that the theory required immigrants to lose their identity to become fully American (Sullenger, 1937) or that immigrants conform while making their own contributions to form a new common culture (Saenger, 1940). The process of assimilation in this theory may be unclear, but the assumed outcome was that "if all kinds of people were thrown together and left to stew in their own juices, the good qualities of each will permeate the others and a superior blend will emerge" (Woolston, 1945). America's greatness was attributed to a blend of Europe's best, but researchers argued that U.S. prosperity had begun to lure "the parasites of Europe" (Grant, 1925). Authors concluded that new immigrants were "physically, mentally and morally below par" with "no hope of producing anything but an inferior race" through assimilation in the melting pot (Ward, 1922). Following the imagery of the melting pot, "immigrants settled in lumps at the bottom and stuck there . . . children raised in the slum absorbed its sodden flavor . . . natives refused to mix with a lower economic stratum" (Woolston, 1945).

Regardless of the outcome, the Melting Pot theory assumed that change would occur without any particular effort from the U.S. or foreign-born. Americanization took a very different approach. Americanization is the fullest expression of Anglo-conformity which assumes the

desirability of Englishness in terms of institutions, language, and cultural patterns (Gordon, 1961). Americanization emerged during World War I as part of a national campaign "to make Americans out of immigrants" (Schneider, 2001) because "to assume that all the people living within the limits of the United States are prepared by tradition, education, or experience for the important part they play in a new world is as presumptuous as it is untrue" (Aronovici, 1920). While there were several explanations for the meaning of Americanization, common points across definitions were learning and using English as their primary language, adoption of American customs, and acquiring American citizenship (Hill, 1919). To accomplish these goals, immigration was limited through the quota acts, and schools for immigrants and naturalization were encouraged (Woolston, 1945). However, Spengler (1930) asserted that new immigrants would not experience Americanization due to their low educational attainment, high birth rate, and "inferior biological stock".

While both prominent theories expected immigrant adaptation in some form, researchers still assumed that new immigrants would not be able to *fully* assimilate to the United States. These beliefs are likely reflected in HOLC grades given to their neighborhoods. We expect new immigrant neighborhoods to be most likely to receive a D-grade compared to those of 3+ generation (U.S.-born with two U.S.-born parents) white households and old immigrant group households. The odds of receiving a D-grade will be highest for Italian immigrants given their lower educational attainment and reputation for higher rates of crime than other groups. We also expect 2nd generation immigrant neighborhoods to have similar – though lower – likelihoods of receiving a D-grade compared to those of the foreign-born.

Methods

Our analysis relies on a traditional logit model with city fixed effects in which the dependent variable is whether a household resides within a D-graded HOLC area versus residence in a HOLC area with any other rating. The primary independent variable of interest is the household head's nativity or generational status. The first-generation (the foreign-born) are defined based on the individual's birthplace. The second-generation is defined as a person with at least one foreign-born parent; therefore, they are defined by the birthplace of the individual's parents. Individuals who are U.S.-born with two U.S.-born parents are defined as the 3+generation. In addition to the model that includes both first- and second-generation immigrants, models are estimated separately for each of the two generations. All model results are presented in the form of odds ratios. The reference group is 3+ generation white household heads.

The ratings given by HOLC appraisers were based on several household factors aside from national origin, including race, homeownership and social class (Hillier, 2005). These other factors are included as covariates to isolate the association between national origin and the hazardous neighborhood outcome. In addition to 3+ generation white households, we also include Black households for comparison because it is well-established that a neighborhood's racial composition was a significant predictor of its HOLC grade (Greer, 2013, Jackson, 1980, Perzynski et al., 2023). Rather than include race as a covariate, we include Black households as a separate group because over 99% of the Black population had lived in the United States for three or more generations.

Additional controls are included for the sex and marital status of the household head and their highest level of educational attainment, as well as the household size, number of children in the household, and aggregate household income. We include citizenship in our analyses as it was considered a critical stage in Americanization specifically, and immigrant assimilation more

broadly. Finally, we include a bivariate variable indicating whether the reference individual was living abroad five years prior, to account for differences between newly-arrived and longer-tenured immigrants.

Data

We use the 5% sample-line records from the 1940 U.S. Decennial Census to identify the HOLC neighborhoods and other characteristics of households (Ruggles et al., 2024). The sample-line records represent those individuals who were selected for additional questions beyond those asked of all people. This sample is necessary for this research as it allows us to distinguish between first- and second-generation immigrants and to identify Jewish respondents. We use only those records that correspond with the head of the household.

The individual-level census records indicate the enumeration district – small sub-neighborhood areas used to enumerate households – of the respondent. This information allows us to place households into HOLC areas, although there are two limitations in this placement. Firstly, the digitized shapes necessary to identify the overlap of the enumeration districts and HOLC areas are not available for all cities (Markley, 2023). Secondly, HOLC appraisals themselves were conducted for a limited number of cities and these appraisals usually did not cover the entire city. As such, our selection of enumeration districts to use is limited to those with digitized images available from the Urban Transition Historical GIS Project (Logan et al., 2011) and which overlap with HOLC areas that have digitized images available from the Mapping Inequality project (Nelson and Winling, 2023). Enumeration districts do not nest within HOLC areas. Thus, in places where an enumeration district lies across the boundary of a HOLC area, it is impossible to confidently determine which side of the boundary households within the enumeration district lie. We conduct two parallel analyses: one in which enumeration districts are

assigned to the HOLC grade in which at least 50% of its land area lies and a second in which an enumeration district is assigned to a HOLC grade only if it lies fully within that single grade. Because the results from these two analyses are similar, we elect to use the less stringent (50%+) sample. Results from the more stringent analysis are available from the authors.

Households are categorized as first/second-generation immigrant or 3+ generation immigrant. 3+ generation immigrant households are further classified according to whether the householder is white or Black. First-generation immigrant households are assigned the national origin of the birthplace of the householder, and second-generation immigrant households are assigned the national origin of the householder's mother or father. The national origins included in the analysis (Table 1) are (1) individual European nations that had at least 500 first-generation households and 500 second-generation households residing in the enumeration districts detailed above, (2) nations in Central and South America or the Caribbean, aggregated as "Latin", (3) Asian nations east of Iran, aggregated as "East and Southeast Asia", and (4) Asian nations west and inclusive of Iran, aggregated as "West Asia". Immigrants from all other countries were excluded from the analysis, with the exception detailed below.

As described in the background section, Jewish immigrants were considered one of the low immigration classes at the time. Although Jewish identity does not correspond to a specific country of origin, we are able to identify many Jewish immigrant households based on the mother tongue variable asked in the census. We classify first- and second-generation immigrant households as Jewish if the householder indicates that the language spoken in the home as a child was Yiddish, "Jewish", or Hebrew. While these households may be of any nationality, 74% are of Russian origin, 14% are of Polish origin, and 4% each are of Austrian and Lithuanian origin.

Note that the separate designation of Jewish immigrant households means that the immigrant sample from other nations – particularly Russia – excludes this population.

Overall, the sample includes 134,159 non-immigrant households, 49,554 first-generation and 53,984 second-generation immigrant households residing within 16,864 distinct enumeration districts across 48 cities. The list of cities and counts of enumeration districts and sample households within each city are shown in Appendix 1. The distribution of immigrant households by generation and neighborhood grade is shown in Appendix 2.

Results

The majority of households in the study have male household heads, including more than 90% of Italian and East Asian households in the first generation and Italians and several Eastern European populations in the second generation (Table 1). With the exception of East Asian and Latin American households, first generation immigrant households are older than those living in the U.S. for 3+ generations. Among first-generation immigrants, Italian households have the most children (2.60) on average, followed closely by Latin American (2.50) and Polish (2.48) households. On average, Southern and Eastern Europeans tend to have lower levels of educational attainment, although only East Asian immigrant households surpass (or even approach) the 37% high school completion rate of the 3+ generation white population. At least half of first-generation Lithuanian, Italian, and Polish immigrants have less than a fifth-grade education. Homeownership rates are notably higher for first-generation immigrant households relative to those living in the U.S. for 3+ generations. Only East Asian households (17%), Latin American households (27%), and Jewish households (28%) have lower homeownership rates than 3+ generation white households. Southern and Eastern Europeans households tend to have somewhat lower incomes than Northern and Western European households, which have incomes

exceeding those of 3+ generation white households. Black households have the lowest homeownership rates (16%) and median household incomes ($820) of any group.

--- Table 1 about here ---

A comparison of first- and second-generation immigrant households reveals that the latter are notably younger, on average, and have higher levels of educational attainment. Second-generation immigrant households also have fewer children and smaller households; an outcome especially pronounced among Irish and Southern and Eastern European households. For example, second-generation Italian and Polish householders have, on average, a whole child less than their first-generation counterparts. Although high school completion and college attendance was higher among second generation immigrants nearly across the board, the difference was especially prominent for Russian and Jewish households. 18% of first-generation Russian householders and 14% of first-generation Jewish householders had completed high school or completed at least some college, compared to 51% and 47% of the second-generation of these groups respectively. Second-generation immigrants tend to have higher incomes and lower homeownership rates than their first-generation counterparts.

As indicated above, second-generation immigrant householders tend to be younger than those in the first-generation, by more than a decade on average. As such, the differences in household composition and educational attainment shown here could be the result of the younger age profile of the second-generation immigrants. However, the patterns of smaller households, higher educational attainment, higher income, and lower homeownership hold when the comparison is restricted to first- and second-generation householders within the 25-44 age group only (results available upon request). The generational differences are generally smaller when looking at the restricted sample relative to the full sample.

--- Figure 1 about here ---

Figure 1 displays the regional classifications of each European country and Table 2 displays the distribution of HOLC grades for the neighborhood of residence of first- and second-generation immigrant households. Within both generations, A and B-grades are most likely in Northern and Western European neighborhoods and D-grades are least likely. Conversely, Italian and other new immigrant neighborhoods are more likely to be D-graded. More than half of first-generation Polish and Lithuanian immigrant neighborhoods and first- and second-generation Italian, Latin American, and East Asian neighborhoods were D-graded by HOLC appraisers. Among nearly all immigrant groups however, second-generation neighborhoods are less likely to receive a D-grade and more likely to receive A- and B-grades relative to their first-generation counterparts. Jewish and Russian immigrant neighborhoods are more likely to receive A- and B-grades relative to neighborhoods of other Eastern Europeans, particularly among the second-generation. In fact, second-generation Russian and Jewish neighborhoods, along with several Northern European neighborhoods, are at least as likely to receive higher grades (i.e., A or B) as those of 3+ generation white households.

--- Table 2 about here---

Table 3 displays the odds ratios of neighborhoods receiving a D-grade – relative to any other grade – based on the birthplace of the householder, controlling for other characteristics of the household head and household. The first two columns show first- and second-generation immigrants combined, followed by results for each group separately. Results here echo the descriptive statistics of Table 2. Among homeowners, the neighborhoods of several Northern and Western European immigrant groups, including Norwegians, Swedes, English, and Germans, are less likely to receive a D-grade than neighborhoods of similarly situated 3+ generation white

households. Among European groups, Italian immigrant homeowners are most likely to live in neighborhoods receiving D grades (OR=1.75), followed by Lithuanian (OR=1.60) and Polish (OR=1.52) immigrant homeowners. Neighborhoods of Jewish immigrant homeowners from any country are 20% more likely than 3+ generation white homeowners' neighborhoods to be redlined. However, European homeowners' neighborhoods are less likely than either Latin American (OR=2.26) or East Asian (OR=2.57) homeowners' neighborhoods to receive D-grades, and all immigrant groups fare better than 3+ generation black homeowners, whose neighborhoods are more than twelve times as likely to be D-graded than are the neighborhoods of similarly situated 3+ generation white homeowners.

Among renters, the odds of neighborhoods being D-graded is similar to that of homeowners for most groups, with the notable exception of Jewish immigrants. Jewish renters' neighborhoods are significantly less likely than those of 3+ generation whites – as well as Jewish homeowners' neighborhoods – to receive the lowest grade. Polish renters' neighborhoods are most likely to be D-graded (OR=1.71) among European immigrant groups, followed by those of Italians (OR=1.66) and Lithuanians (OR=1.60). There are few noteworthy differences in the odds ratios for first-generation versus second-generation immigrants, although second-generation Austrian and Jewish homeowners' neighborhoods have smaller odds ratios compared to analyses focusing on the first-generation.

---Table 3 about here---

The odds ratios for the other variables in the models largely conform to expectations. Non-citizens' neighborhoods are more likely to be redlined than that of citizens for both owner and renter households, and neighborhoods of first-generation renter households who have been in the country for at least five years are less likely to be D-graded than those of households who have

been in the country for less than five years. As the educational attainment of the household head increases and as the median household income increases, D-grades become less likely. Neighborhoods of households with male heads are less likely be D-graded than that of households with female heads, and larger households and single-person households are associated with an increase in the odds of a D-grade for both homeowners and renters.

Table 4 displays the marginal probability of neighborhoods receiving a D-grade, net of the covariates in the model and the city fixed effects. Across all groups, renter households have a higher probability of their neighborhoods being D-graded than do equivalent homeowner households. On average, second-generation immigrant homeowners' neighborhoods are less likely to be redlined than that of their first-generation counterparts, an outcome most pronounced among Jewish households (0.36 probability for first-generation versus 0.21 probability for second-generation). Second-generation immigrant renters' neighborhoods are also, on average, less likely to be D-graded area than are similar first-generation renters, although these differences are a bit smaller than those for homeowners.

---Table 4 about here---

Discussion

Against the backdrop of the Great Depression, restrictive immigration policies, and negative immigrant sentiment, the immigrant population in the U.S. dropped between 1930 and 1940, likely the first decrease in this population in the nation's history[2]. During this time the number of immigrants from nearly every major sending nation – with the exceptions of Austria and Hungary – declined. Yet despite the intentions of the Second Quota Act, declines in the number of old immigrants (Swedes (-25%), English (-22%), and Irish (-26%)) were greater than the

[2] Authors' calculations using RUGGLES, S., NELSON, M. A., SOBEK, M., FITCH, C. A., GOEKEN, F., HACKER, J. D., ROBERTS, E. & WARREN, J. R. 2024. IPUMS Ancestry Full Count Data. *In:* IPUMS (ed.) 4.0 ed. Minneapolis, MN.

declines in new immigrants (Poles (-20%), Russians (-11%), and Italians (-9%))[3]. Because European immigrants were overrepresented in cities at this time, relative growth in these less desirable immigrant groups had implications for the urban neighborhoods in which they lived.

This study makes two primary contributions to our understanding of the urban immigrant experience in the U.S. prior to World War II. The first is our finding that national origin was a critical aspect in HOLC grades, with Southern and Eastern European neighborhoods more likely to receive D-ratings compared to the neighborhoods of Northern and Western European immigrants. The second is the identification and comparison of immigrants in the first and second generation. Although we are unable to track the residential outcomes within successive generations of a single household, we do show that the residential outcomes of first-generation immigrants in 1940 was similar to that experienced by their second-generation mother country peers at the same time. This suggests that national origin was a more important factor than place of birth in explaining the intolerance faced by certain groups at this time.

Of the 16 European nationalities analyzed, nine showed a statistically significant effect on neighborhoods receiving a D-grade, with four nationalities (Norwegian, Swedish, English, and German) having reduced odds relative to 3+ generation whites and five others (Italian and four Eastern European nations) having increased odds. A similar pattern held for renter households. Among European immigrant homeowners, three groups have odds ratios of their neighborhoods being D-graded of 1.5 or more regardless of generation: Italian, Lithuanian, and Polish households. The probability that neighborhoods of immigrant renter households from any of these three groups were D-graded was nearly 0.5, relative to a probability of 0.38 for the average 3+ generation white and lower still for immigrants from Northern and Western Europe. Nevertheless, Italian homeowner households (the most disadvantaged European group) were still

[3] Authors' calculations using ibid.

less likely to have their neighborhoods D-graded than Latin or Asian immigrants and approximately half as likely than the average 3+ generation Black household to have their neighborhoods receive D-grades.

Some of the most interesting results are for Jewish immigrants, who contended with the assumption that they would be unable to assimilate in the U.S. This is partially reflected in our regression results: first-generation Jewish immigrant homeowners' neighborhoods are significantly more likely to be D-graded than that of 3+generation white homeowners. This result suggests that Jewish immigrants likely contended with discrimination in the housing market. However, second-generation Jewish households' neighborhoods were *less* likely to receive a D-grade, as were Jewish renter households of either generation. This latter result may reflect the fact that immigrants buying into a neighborhood face more scrutiny than those who are renting, particularly at a time when housing covenants were widely used. It is also true that Jewish renters had relatively high incomes relative to Jewish homeowners. The median income of Jewish renter households was 97% of the median income of Jewish homeowner households. Across all other European immigrant households this ratio was 83% and within 3+ generation white households it was 79%. Although the analysis controls for income, there may be other unmeasured factors associated with higher income that explain this unexpected outcome.

The generational difference in the odds for Jewish homeowners might be due to the fact that second-generation Jews (and Russians, who exhibited a similar albeit non-statistically significant generational difference) exhibited the greatest gains relative to the first generations of each group in college attendance and household income. More than 22% of second-generation Jewish homeowners and more than 25% of second-generation Russian homeowners had attended college, relative to 6% and 9% of first-generation immigrants of the respective group. In fact,

second-generation Russians and Jews had the highest college attending rate of any group, including 3+ generation whites. While educational attainment is included in the analysis, college attendance is likely correlated with greater occupational standing, which is reflected in the lower likelihood of their neighborhoods being redlined.

However, there are limitations in our estimation of Jewish, and consequently, Russian immigrants. The U.S. census does not collect data on religion, but we estimated the Jewish population based on having a mother tongue that was specific to the Jewish population: Yiddish, Hebrew, and "Jewish". This strategy has two limitations. First, the list of languages is incomplete. For example, some Jewish populations also speak Ladino. Ladino speakers were part of a larger Levantine Jewish population and – in total – was estimated to number 10,000 in the United States (Pool, 1913) but this language is not available in the 1940 census. Furthermore, we are unable to identify Jewish immigrants who speak the language of their country of origin. Finally, we may underestimate the eastern European Jewish population in the United States. We identify 53% of Russian immigrants as Jewish because they spoke one of the three Jewish languages listed in the census. While this coincides with the Immigration Commission's estimate that over 50% of Russian immigrants were Jewish (Immigration Commission, 1911c), later research places the number much higher (68%) (Hersch, 1931) noting that "many Jews of foreign birth report German, Russian, or other languages as their mother tongue" (Chyz and Roucek, 1939). In sum, our work provides an underestimate of Jewish households. However, it does focus on a group that would likely be among the most visible – those who spoke a language widely known to be spoken only by Jewish populations. Given their language heritage, they may also be more likely to live (or have grown up) in Jewish neighborhoods. These neighborhoods would be more likely to receive D-grades.

To estimate the effect on eastern European nationalities of categorizing Jewish immigrants in a separate group, we reran the main regression model including the Jewish language households within their appropriate national origin. This analysis revealed negligible differences in some coefficients for the Austrian, Polish, and Lithuanian groups. As would be expected, the coefficients on the Russian nationality exhibited more substantial differences, although these remained consistent with the existing results. The odds of any generation Russian homeowners' neighborhoods being D-graded increased to 1.14 ($p<0.01$) and the odds for second-generation Russian homeowners' neighborhoods decreased to 0.77 ($p<0.05$). These minor differences provide confidence that the separation of Jewish language households is not unduly influencing our conclusions.

The importance of national origin is further shown by our finding that household characteristics do not moderate the association between place of birth and neighborhood HOLC grade – all groups with the highest percentages of their neighborhoods receiving D-grades in Table 2 also had high odds ratios in regression analyses. While this may strengthen the argument that nativity – like race – was the primary factor determining neighborhood grade, it may also be due to limitations in the household-level characteristics available in the 1940 Census data. It is unclear exactly how neighborhood characteristics were weighted by the HOLC appraisers in grading neighborhoods, although prior work indicates that the quality of the housing stock, assessed by the building age, condition of the home, and the availability of mortgages, was an important consideration (Markley, 2023). This data is not available in the Census data used here, though we do include household income and educational attainment as broad proxies for social class and, presumably, housing quality.

Our study shows that although the neighborhoods of immigrant renters who had been in the U.S. for more than five years were less likely to be D-graded, this fact does not explain the differences observed due to national origin. The results also reveal that citizenship was an indicator of neighborhood of residence. The Americanization movement aimed to increase assimilation rates by emphasizing the importance of citizenship as part of the process of becoming Americans and – partly because of these efforts, and partly to gain access to jobs and land ownership (Fields, 1933) – citizenship rates increased. We find that U.S. neighborhoods with noncitizens are approximately 20% more likely to be D-graded than neighborhoods with U.S. citizens. Within this sample, the European nationalities least likely to be citizens were from the southern and eastern parts of the continent, including Lithuanians (24% non-citizen), Italians (17%), and Poles (16%) – new immigrants who were broadly criticized for coming to the United States with no intention of attaining U.S. citizenship (Lodge, 1891). However, East Asian immigrants (63% non-citizen) and Latin American immigrants (55%) were far less likely to be citizens than were Europeans immigrants.

Our analysis is subject to several caveats necessitated by dataset and variable availability. Because enumeration district GIS boundaries are not available for all U.S. cities, we are limited in the cities that we study. The exclusion of the preeminent immigrant destination of New York City, with its large and diverse foreign-born population, is unfortunate. However, digitized enumeration district boundaries for New York are not presently available. Although some large cities are missing, the city sample is nevertheless broad and regionally varied. Our analysis uses only those enumeration districts in which at least 50% of the area lies within a single HOLC grade. Because we are unable to distinguish where a particular household lies within the enumeration district, we are relying on the implicit assumption that enumeration districts are

homogenous. Although this assumption may seem unlikely, enumeration districts are fairly small – the median size of the enumeration districts included in the analysis is approximately 30 acres. It is also true that we see similar results when our sample of enumeration districts includes only those which lie fully within a single HOLC grade.

Despite these limitations, our study reinforces and enhances our understanding of some of the challenges facing urban neighborhoods towards the end of the Great Depression and points to several areas of future research. Although it is not a central focus of this paper, our analyses highlight the well-established redlining of the black population. On the area summaries completed by HOLC appraisers, both Black and immigrant populations were singled out for their detrimental effect on neighborhoods. Yet it is clear that Black populations were given a greater weight in the neighborhood grade determination. Our results suggest that the probability of neighborhoods receiving a D-grade was twice as high for the typical Black homeowner (0.80) relative to the typical Italian – one of the least "desirable" immigrants – homeowner (0.40) after controlling for other characteristics of the household.

While Black American and European immigrant neighborhoods have different likelihoods of receiving D-grades, it is unclear where these neighborhoods are in relationship to one another, especially given that immigrant enclaves eventually disappear while Black populations experienced high levels of segregation consistently over time (Logan and Parman, 2025). One area of future research would be to examine whether Black households live in neighborhoods contiguous to that of Jewish or Italian immigrants or if there was any overlap between these neighborhoods. While HOLC grades were made during a time when state sanctioned segregation was still legal, southern Italians occupied a state of racial ambiguity. As the early entry of "darker-skinned" immigrants, southern Italians lived near and worked with other dark-skinned

people in northern cities (Orsi, 1992). It may also be worth examining how the distribution of HOLC grades within a particular city may have influenced or been influenced by the immigrant composition of the city. Although our analysis includes city fixed effects, we do not otherwise evaluate how, for example, the overrepresentation of Eastern European immigrants, particularly Poles and Lithuanians, in Chicago may have affected the HOLC grades within that city.

Another area of future research would be to examine the long-term impact of these overlapping or contiguous D-graded neighborhoods. In a comparison of C- and D-graded neighborhoods, Smith and Painter (2023) find that neighborhoods with any Black residents still had lower homeownership rates than C-graded areas and large Black populations decades later, while the same was not found for neighborhoods with immigrant populations. However, it is unclear if neighborhoods given D grades due to immigrant populations have similar long-term impacts when they are contiguous to neighborhoods containing Black residents.

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Table 1. Descriptive Statistics for Sample Households by Country of Origin and Immigrant Generation

	WHT	BLK		DMK	NOR	SWE	ENG	SCO	IRE	FRA	GER	NET	ITA	AUS	CZE	HUN	POL	LIT	RUS	JEL	LAT	EAS	WAS
N	**114,211**	**19,948**		**637**	**1,023**	**2,390**	**2,824**	**1,454**	**3,722**	**383**	**6,035**	**541**	**8,772**	**2,042**	**2,216**	**1,568**	**5,971**	**1,002**	**2,430**	**4,102**	**1,574**	**460**	**408**
Male	86%	75%		86%	85%	85%	85%	88%	74%	77%	83%	90%	91%	83%	85%	85%	84%	84%	87%	87%	83%	94%	90%
Med Age	42.0	42.0		52.0	53.0	55.0	54.0	51.0	56.0	54.0	55.0	51.0	50.0	52.0	53.0	52.0	52.0	52.0	50.0	51.0	42.0	42.0	48.5
Children	1.24	1.18		1.19	1.33	1.16	1.19	1.39	1.97	1.13	1.24	1.60	2.60	1.93	2.01	1.65	2.48	1.72	1.75	1.87	2.50	1.49	2.19
Med HH Size	3.50	3.87		3.41	3.46	3.32	3.45	3.62	4.11	3.27	3.45	3.78	4.81	4.08	4.14	3.85	4.58	3.94	4.00	4.21	4.87	3.86	4.54
Single	6%	6%		5%	6%	4%	4%	5%	5%	4%	4%	2%	2%	2%	2%	2%	2%	3%	3%	2%	4%	14%	4%
Noncitizen	-	-		16%	15%	17%	21%	24%	15%	21%	16%	17%	25%	22%	19%	23%	28%	34%	23%	20%	78%	79%	30%
Abroad 5 Years Ago	-	-		1%	0%	1%	1%	1%	0%	2%	2%	1%	1%	1%	0%	1%	0%	0%	1%	1%	1%	3%	1%
Education																							
Grade 4 or Less	4%	29%		6%	4%	5%	5%	3%	11%	10%	9%	7%	52%	25%	23%	17%	50%	63%	31%	37%	46%	14%	31%
Grade 5 to 8	40%	50%		63%	71%	76%	54%	54%	70%	57%	68%	59%	40%	60%	66%	68%	43%	31%	45%	43%	32%	31%	46%
Grade 9 to 11	19%	11%		9%	8%	8%	12%	14%	8%	10%	8%	13%	4%	5%	6%	6%	3%	2%	7%	7%	7%	14%	8%
HS Graduate	20%	6%		16%	12%	8%	19%	19%	8%	13%	9%	12%	2%	6%	4%	5%	2%	2%	9%	8%	8%	21%	10%
Some College	17%	5%		7%	5%	4%	10%	10%	4%	10%	6%	9%	2%	4%	2%	3%	2%	2%	9%	6%	7%	20%	6%
Homeowner	36%	16%		45%	46%	51%	44%	38%	50%	51%	52%	53%	47%	53%	62%	53%	51%	54%	36%	28%	27%	17%	38%
Med HH Income	$1,682	$820		$1,760	$1,800	$1,800	$1,812	$1,920	$1,982	$1,570	$1,719	$1,600	$1,500	$1,700	$1,650	$1,637	$1,721	$1,640	$1,644	$1,531	$1,004	$1,500	$1,362
N				**714**	**1,457**	**2,863**	**4,199**	**1,327**	**8,539**	**951**	**16,212**	**632**	**4,255**	**1,269**	**1,965**	**710**	**4,491**	**389**	**1,570**	**1,573**	**658**	**116**	**94**
Male				87%	83%	86%	82%	85%	77%	80%	83%	89%	93%	88%	91%	91%	92%	86%	91%	92%	87%	87%	86%
Med Age				43.0	43.0	42.0	47.0	48.0	49.0	48.0	48.0	43.0	33.0	37.0	38.0	33.0	35.0	32.0	35.0	36.0	37.0	33.0	35.0
Children				1.26	1.17	1.11	1.19	1.15	1.46	1.16	1.29	1.50	1.41	1.26	1.32	1.23	1.49	1.08	1.08	1.18	1.86	1.00	1.13
Med HH Size				3.50	3.33	3.33	3.45	3.40	3.73	3.40	3.54	3.71	3.66	3.45	3.53	3.51	3.69	3.31	3.42	3.59	4.20	3.34	3.35
Single				7%	9%	10%	6%	6%	11%	6%	6%	4%	4%	7%	5%	7%	5%	11%	7%	6%	3%	15%	12%
Noncitizen				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abroad 5 Years Ago				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education																							
Grade 4 or Less				2%	2%	1%	3%	3%	4%	5%	5%	3%	5%	3%	4%	3%	6%	2%	2%	1%	32%	8%	2%
Grade 5 to 8				45%	41%	42%	42%	40%	52%	48%	59%	55%	56%	49%	59%	44%	62%	46%	27%	30%	40%	23%	40%
Grade 9 to 11				22%	20%	21%	19%	20%	18%	15%	15%	17%	22%	23%	20%	24%	18%	26%	20%	21%	12%	19%	21%
HS Graduate				18%	20%	21%	21%	21%	17%	19%	12%	15%	11%	14%	10%	17%	8%	15%	25%	25%	10%	28%	19%
Some College				14%	17%	15%	16%	15%	10%	13%	8%	9%	6%	12%	7%	12%	6%	11%	26%	22%	6%	22%	17%
Homeowner				43%	35%	37%	42%	39%	37%	43%	46%	41%	21%	30%	36%	21%	24%	18%	19%	17%	30%	19%	20%
Med HH Income				$2,000	$2,000	$2,080	$2,000	$2,100	$2,160	$1,859	$1,900	$1,670	$1,707	$1,900	$1,900	$2,000	$1,771	$1,716	$1,940	$2,000	$1,152	$1,755	$1,400

First Generation

Second Generation

Note: White (WHT) and Black (BLK) refer to households in which the household head is non-immigrant and has parents who are non-immigrant. HH=Household, DMK=Denmark, NOR=Norway, SWE=Sweden, ENG=England, SCO=Scotland, IRE=Ireland, FRA=France, GER=Germany, NET=Netherlands, ITA=Italy, AUS=Austria, CZE=Czechoslovakia, HUN=Hungary, POL=Poland, LIT=Lithuania, RUS=Russia, JEL=Jewish, LAT=Latin America, EAS=East Asia, WAS=West Asia.

Table 2. Distribution of HOLC Grades by Country of Origin and Immigrant Generation

	A	B	C	D	Count	A	B	C	D	Count
White	4%	20%	45%	31%	114,211					
Black	1%	2%	9%	88%	19,948					
	First-Generation					Second-Generation				
Denmark	4%	21%	47%	27%	637	4%	22%	50%	23%	714
Norway	3%	22%	53%	23%	1,023	5%	25%	46%	23%	1,457
Sweden	2%	21%	57%	20%	2,390	5%	24%	50%	21%	2,863
England	3%	19%	50%	29%	2,824	3%	20%	48%	29%	4,199
Scotland	3%	18%	48%	32%	1,454	4%	19%	48%	30%	1,327
Ireland	1%	12%	50%	36%	3,722	2%	17%	47%	33%	8,539
France	2%	13%	44%	41%	383	2%	19%	48%	31%	951
Germany	2%	15%	52%	32%	6,035	3%	18%	48%	31%	16,212
Netherlands	1%	12%	54%	32%	541	3%	16%	51%	30%	632
Italy	1%	5%	36%	58%	8,772	1%	7%	41%	51%	4,255
Austria	1%	12%	44%	43%	2,042	2%	17%	48%	33%	1,269
Czechoslovakia	1%	7%	50%	42%	2,216	2%	10%	47%	42%	1,965
Hungary	1%	10%	48%	41%	1,568	1%	15%	51%	33%	710
Poland	0%	5%	41%	54%	5,971	1%	7%	44%	48%	4,491
Lithuania	1%	4%	40%	54%	1,002	2%	8%	44%	46%	389
Russia	2%	15%	43%	40%	2,430	3%	25%	46%	25%	1,570
Jewish	1%	14%	44%	41%	4,102	2%	22%	45%	30%	1,573
Latin America	1%	7%	25%	67%	1,574	2%	9%	26%	63%	658
East Asian	2%	10%	25%	63%	460	7%	11%	27%	55%	116
West Asian	1%	11%	40%	47%	408	3%	17%	31%	49%	94
All Immigrants	1%	11%	45%	43%	49,554	3%	17%	47%	34%	53,984

Note: White and Black refer to households in which the household head is non-immigrant and has parents who are non-immigrant.

Table 3. Odds Ratios from Regression of Country of Origin and Other Household Characteristics on Residence in a D-Rated Neighborhood

	All				1st Generation Only				2nd Generation Only			
	Owner		Renter		Owner		Renter		Owner		Renter	
White (3+)	1.00		1.00		1.00		1.00		1.00		1.00	
Black (3+)	12.78	***	11.04	***	12.85	***	10.94	***	12.88	***	10.99	***
Denmark	0.91		0.72	***	0.91		0.78	*	0.89		0.66	***
Norway	0.64	***	0.80	***	0.49	***	0.81	*	0.83		0.81	**
Sweden	0.76	***	0.60	***	0.71	***	0.51	***	0.82	*	0.67	***
England	0.87	**	0.85	***	0.87	*	0.74	***	0.86	*	0.92	
Scotland	0.95		0.92		0.98		0.86		0.90		0.98	
Ireland	0.95		0.93	*	0.91		0.94		0.98		0.93	*
France	1.08		1.01		1.42	*	1.17		0.91		0.95	
Germany	0.87	***	0.84	***	0.81	***	0.78	***	0.88	***	0.85	***
Netherlands	1.02		0.90		1.13		0.84		0.88		0.93	
Italy	1.75	***	1.66	***	1.80	***	1.67	***	1.66	***	1.61	***
Austria	1.02		1.11	*	1.15	*	1.23	**	0.65	***	0.95	
Czechoslovakia	1.21	***	1.24	***	1.11		1.20	*	1.32	**	1.22	***
Hungary	1.17	*	0.96		1.16		1.08		1.09		0.77	**
Poland	1.52	***	1.71	***	1.55	***	1.70	***	1.39	***	1.66	***
Lithuania	1.60	***	1.60	***	1.65	***	1.63	***	1.48		1.50	***
Russia	1.08		0.74	***	1.17	*	0.85	**	0.83		0.61	***
Jewish	1.21	**	0.75	***	1.38	***	0.74	***	0.70	*	0.78	***
Latin America	2.26	***	2.69	***	2.19	***	2.63	***	2.33	***	2.80	***
East Asia	2.57	***	2.91	***	2.56	***	3.00	***	2.73	*	2.57	***
West Asia	1.23		1.58	***	1.26		1.41	*	1.05		2.25	**
Non-Citizen	1.20	***	1.24	***	1.20	***	1.25	***				
Abroad 5 Years Ago	1.13		0.69	***	1.13		0.68	***				
Male	0.96		1.02		0.94	*	1.01		1.00		1.01	
Age	1.00		0.99	***	1.00		0.99	***	1.00		0.99	***
Children	1.00		1.02	*	1.00		1.01		0.99		1.01	
Household Size	1.06	***	1.03	***	1.06	***	1.04	***	1.06	***	1.04	***
Single Person	1.30	***	1.26	***	1.24	***	1.27	***	1.30	***	1.21	***
Education												
Less than 4th	1.00		1.00		1.00		1.00		1.00		1.00	
4th to 8th	0.63	***	0.65	***	0.65	***	0.67	***	0.64	***	0.68	***
9th to 11th	0.52	***	0.48	***	0.53	***	0.48	***	0.51	***	0.50	***
High School	0.43	***	0.36	***	0.44	***	0.36	***	0.43	***	0.37	***
Some College	0.41	***	0.32	***	0.43	***	0.33	***	0.41	***	0.33	***
HH Income (Ln)	0.83	***	0.70	***	0.83	***	0.70	***	0.82	***	0.69	***
N	86,784		150,913		67,221		116,492		63,776		124,367	
R-Squared (Pseudo)	0.14		0.18		0.15		0.20		0.14		0.19	

Note: Model includes city fixed effect and dummy variable indicating whether the "Abroad 5 Years Ago" variable is missing. White and Black refer to households in which the household head is non-immigrant and has parents who are non-immigrant. R-squared is calculated as McFadden's pseudo-R-squared. *** p<0.001, ** p<0.01, * p<0.05.

Table 4. Predicted Probability of Residence in a D-Rated HOLC Area by Country of Origin, Immigrant Generation, and Housing Tenure

	All		1st Generation Only		2nd Generation Only	
	Owner	Renter	Owner	Renter	Owner	Renter
White (3+)	0.29	0.38	-	-	-	-
Black (3+)	0.79	0.84	-	-	-	-
Denmark	0.27	0.32	0.28	0.34	0.25	0.29
Norway	0.21	0.34	0.18	0.34	0.24	0.33
Sweden	0.24	0.29	0.23	0.26	0.24	0.30
England	0.27	0.35	0.27	0.33	0.24	0.36
Scotland	0.28	0.37	0.29	0.36	0.25	0.37
Ireland	0.28	0.37	0.28	0.38	0.27	0.36
France	0.30	0.39	0.36	0.42	0.25	0.36
Germany	0.26	0.35	0.26	0.34	0.25	0.34
Netherlands	0.29	0.36	0.32	0.35	0.25	0.36
Italy	0.40	0.49	0.41	0.50	0.37	0.47
Austria	0.29	0.41	0.32	0.43	0.20	0.36
Czechoslovakia	0.33	0.43	0.31	0.43	0.32	0.42
Hungary	0.32	0.38	0.32	0.40	0.28	0.32
Poland	0.37	0.50	0.38	0.50	0.33	0.48
Lithuania	0.38	0.49	0.39	0.49	0.34	0.46
Russia	0.30	0.32	0.32	0.35	0.24	0.28
Jewish	0.33	0.33	0.36	0.33	0.21	0.33
Latin America	0.46	0.60	0.45	0.60	0.44	0.59
East Asia	0.48	0.61	0.49	0.62	0.47	0.58
West Asia	0.33	0.48	0.34	0.46	0.28	0.55

Note: Table displays marginal probabilities of residence in a D-rated HOLC area net of the model covariates included in Table 3.

Figure 1. Regional Classification by Country