Review of *The Color of Credit: Mortgage Discrimination, Research Methodology and Fair Lending Enforcement.* Stephen L. Ross and John Yinger. Reviewed by Howard Jacob Karger.

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titative evidence about the extent to which poor residents have been displaced by the renovation of neighborhoods.

The book concludes with essays that Ranney hopes will inspire a new strategy of collective action to challenge the new world order and create a society that will, in his opinion, provide "living wages" and "affordable housing." He claims that the location-specific tactics that were used to organize the lower- and working-classes in the past—notably, those devised by activist Saul Alinsky—are no longer relevant in a world dominated by transnational businesses; hence, an alternative form of organization is needed. On the final page, Ranney thus proposes that the ideas of the Brazilian educator, Paulo Freire, could be used to promote an educational campaign to foster awareness of global-local connections among those who are adversely affected by the expansion of competitive capitalism. This brief discussion is, unfortunately, underdeveloped, and it will dissatisfy those who are looking for clear and specific guidelines for social activism.

In sum, this book contains some informative case studies, but overall, it contributes little in the way of unique insights or new directions for future research, and it will be more favorably received by critical neo-Marxists than by mainstream social scientists.

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Stephen L. Ross and John Yinger, *The Color of Credit: Mortgage Discrimination, Research Methodology and Fair Lending Enforcement.* Cambridge, MA: MIT Press, 2003. $39.95 hardcover.

This book blends policy analysis and complex technical recommendations relating to the mortgage lending industry. For one, the authors comprehensively examine what has been learned about mortgage-lending discrimination in recent years. They reanalyze existing loan-approval and loan-performance data and devise new tests for detecting discrimination in contemporary mortgage markets. They also review the 1996 Boston Federal Reserve study, examining new evidence that the minority-white loan-approval disparities found represented discrimination rather than variations in underwriting standards justified on

business grounds. Ross and Yinger also investigate how the current fair-lending enforcement system overlooks disparate impact discrimination and disparate treatment. Specifically, there are two primary forms of discrimination in mortgage lending: disparate treatment which is the obvious and unequal treatment of applicants; and disparate-impact policies that, while equally applied, systematically disadvantage minorities. Lenders desiring to practice disparate-treatment discrimination but who are prevented from doing so may achieve virtually identical results by using discrimination-based characteristics other than group membership. One example of the latter is credit scoring or other automated underwriting, which can be used to discriminate while appearing to treat all groups equally. Lastly, the authors develop innovative (but highly technical) procedures to rectify weaknesses in the mortgage loan system.

Ross and Yinger note that in 2000, the home ownership rate in the United States was 67.4 percent—an all-time high. However, home ownership were not evenly spread across ethnic groups. The home ownership rate was 73.8% for non-Hispanic whites, 47.2% for blacks, and 45.5% for Hispanics. The authors argue that while this gap may have many causes, one of the likeliest is discrimination in mortgage lending. The authors make a convincing case for discrimination in mortgage lending. Data collected under the Home Mortgage Disclosure Act (HMDA), which records applicant ethnicity and the disposition of the mortgage application, shows that in 2000 black applicants were twice as likely as white applicants to be turned down for a loan, and Hispanic applicants were 41 percent more likely to be turned down. While these disparities in loan approvals do not conclusively prove that blacks and Hispanics face discrimination in mortgage lending (in that they do not take into account possible differences in borrower creditworthiness) the differences are so dramatic that they strongly imply the existence of discrimination.

Ross and Yinger observe that while no one explicitly argues for discrimination in mortgage lending, some maintain that discrimination is a historical relic and no lender could survive in today's competitive market while practicing it. The authors note three reasons why this assumption is naive: (1) the HMDA data shows that ethnically-based loan rejection ratios have remained

constant (at about 2.0) throughout the 1990s, (2) the results of the Boston Federal Reserve Bank study found extensive evidence of loan discrimination, and (3) strong evidence points to extensive disparate-impact discrimination.

Ross and Yinger argue that the current fair-lending enforcement system is seriously flawed since it misses cases of discrimination in loan approval that take the form of disparate treatment and is incapable of identifying loan-approval discrimination which takes the form of disparate-impact. They propose three steps for eliminating these flaws. First, fair-lending enforcement agencies should come up with the resources needed to ascertain that they are not missing existing disparate-treatment discrimination. Multivariate regressions should be employed by these agencies to make that determination. Second, these agencies should conduct loan-approval regressions based on applications submitted to a large sample of lenders. These regressions should recognize the complexity of underwriting standards and the possibility that these standards vary systematically across lenders based on their loan portfolios. Third, fair-lending enforcement agencies should implement a performance-based analysis of loan-approval decisions to supplement the multiple regression procedures.

All told, the authors provide an excellent summary of the available economic and statistical evidence for racial discrimination in the mortgage industry. While comprehensive, *The Color of Credit* is basically a specialized volume for a specialized audience. Although Ross and Yinger target their book at economists and the banking industry, many managers and policymakers most will find large sections of it difficult to read. While the policy sections are well-written and understandable, the full value of the critique and especially the technical recommendations and statistical research, requires a background in economics and knowledge of statistical procedures.

While Ross and Yinger take a technical, almost laborious approach to the subject matter, most social workers or advocates who work with the poor have acquired enough anecdotal evidence to say "So what, I already know that." Nevertheless, it is important for social workers and academics to understand how the process of discrimination is manifested since in contemporary

institutional discrimination, the devil is almost always in the
details. In short, although the details may be tedious they are
nevertheless important since that is the ground where many of
the future battles will be fought.

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Tiziano Vecchiato, Anthony N. Malucchio and Cinzia Canali
    (Eds), *Evaluation in Child and Family Services: Comparative Client
    and Program Perspectives.* Hawthorne, NY: Aldine de Gruyter,
    2003. $49.95 hardcover, $24.95 papercover.

Evaluation of services and programs has become an increas-
ing important component of professional behavior in the social
and behavioral sciences. The training and emphasis on evaluation
is fueled, in part, by professional ethics requiring practitioners to
determine that interventions they are using are effective. It is also
supported by increased requirements of accountability by public
and private funders of services. While increasing accountability
has been a general trend, it is particularly important during a time
of scarce resources for social services. Practitioners and programs
must demonstrate that services are effective and, in a climate of
increased competition for funds, that they are also efficient.

This edited book by Vechhiato, Mulucchio and Canali offers
a unique examination of evaluation issues from a global perspec-
tive in the domain of child and family services. Chapter 1 de-
scribes permanency policies and research in the United Kingdom.
Drawing comparisons to polices and research in Sweden, the
United States and Australia, it concludes that no cross-national
comparisons can be adequately made because of conceptual and
research methodological differences across countries. Chapter 2
offers an approach to evaluating foster care outcomes with vari-
ous data approaches, drawing from studies in the United States.
Chapter 3 presents preliminary results of a participatory action
research project with multi-problem children in Italy. Recogniz-
ing that assessment is a cornerstone of good practice, Chapter
4 introduces a model for assessment and a preliminary process
evaluation of the model in England. Chapter 5, also based in
England, is a descriptive study of short-term foster care from