

## **Introduction**

Even as Black Americans escaped and overturned the *de jure* segregation of the “Jim Crow” South during the Great Migration era, persistent racists continued to exclude and discriminate against them using tactics which evaded or ignored the law. Restrictive housing covenants, disproportionately low wages, high prices, and steep interest rates, refusals to hire and lend, withdrawals of funding from schools, and brutally violent mobs created monstrous barriers for black people trying to find homes in safe and economically active neighborhoods, apply for jobs with equal income to whites’, and educate their children in schools with adequate resources and positive learning climates. But the most damaging effect of this segregation was how it obstructed blacks from gaining the wealth and assets central to long-term prosperity and security. The climate of racism splintered for blacks the links between different domains of achievement that whites relied on to rapidly gather all the ingredients for lasting success. For example, black families already faced great financial risk when they sent their young-adult children to college, forgoing the supplemental wages that they could have been earning and sacrificing even more of their income on tuition. But university graduates still found employers more willing to hire whites with no degrees, while any blacks who were hired often had to settle for incomes that would remain fixed over the course of years of hard work. When blacks won the long legal struggles often necessary to move into neighborhoods that had been all-white before, whites’ cheap selling of their houses in their hurry to leave would ruin the whole neighborhood’s property values. Whereas whites who bought a suburban home could use its property value as a

collateral asset in credit transactions, a safeguard against insolvency in times of low income, and a head start on life-building for future generations, the few blacks who could afford to try the same purchase usually got merely a dwelling, in a neighborhood which rapidly came to mirror the crime and resource-poverty of the poorer neighborhoods they had hoped to avoid. These racist customs turned the theoretically rewarding practice of saving up wages for long-term purchases into a money-draining punishment for blacks. Each generation had to begin the wealth-gaining process barely ahead of their parents' starting points and always far behind their white peers; even a lifetime of hard struggle earned the majority of blacks only a chance at a decent income, with no guarantee of being permitted to pass it on to their children.

Black Americans still face intense economic disadvantage today. While a significant portion of their poverty traces to the effects of past discrimination inherited through the cycle described above and to the systemic barriers promoted through the interconnections between opportunities in education, employment, and housing, fresh racial discrimination is still rampant. Recent studies of real estate companies, employers, and school districts find disturbing evidence of continued racial biases which responses to differing rates of socioeconomic characteristics don't explain by themselves. Greater opportunities in higher education and employment are slowly opening for blacks, but many black workers and loan applicants are still having their career qualifications and financial stability ignored. Meanwhile, politicians at all levels are neglecting their responsibility to resolve the massive inequalities left by previous centuries' racist crimes. Whites oppose possible solutions like affirmative action and busing, claiming that the programs' temporarily favoring long-underprivileged groups over whites and taking away some of parents' choice of which school to send their children to is unfair. But racial inequality has remained horrible for so long only because whites have given back so little of the

accumulated privilege their ancestors stole from other groups through racist abuses. The problem will only disappear when privileged whites accept their share of the responsibility for it and volunteer to join the effort to solve it.

### **Community Segregation: Housing**

The white populations of the Great Migration's destination cities organized their communities around the racist goal of keeping themselves separate from blacks. Real estate companies exploited the culture of racism to manipulate entire neighborhoods, extracting huge profits from both whites and blacks through the former's irrational willingness to abandon their homes at low prices in order to remain segregated and the latter's desperation to pay as much as or more than they could afford in order to escape the inner cities. To preserve this scandalous source of profit, real estate companies, enabled by government agencies such as the Federal Housing Authority, abetted individual white residents in impeding residential integration for as long as possible. Before World War II, the white populations in destination cities used undisguised racial prohibition policies and brutal violence to enforce a "color line" that "confined"<sup>1</sup> all black migrants to the nightmarishly overcrowded and neglected inner-city ghettos created for them out of unrefurbished "buildings from the nineteenth century"<sup>2</sup>. Real estate dealers profited from this cruelly firm restriction on blacks by charging them monopolistic rent prices. For example, in the South Side of Chicago, tenement landlords charged black migrant families as much as "forty-five dollars a month" for the same housing rented to whites just previously for "eight to twenty dollars a month"<sup>3</sup>.

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<sup>1</sup> Isabel Wilkerson, *The Warmth of Other Suns: The Epic Story of America's Great Migration* (New York: Vintage Books, 2011), 270.

<sup>2</sup> *ibid.*, 268.

<sup>3</sup> *ibid.*, 270.

After the war, segregationist sentiment remained lamentably widespread in the destination cities. White mobs continued to vandalize the property of, threaten, and commit actual violence against black people who crossed the arbitrary color lines, as during the 1951 riots in Cicero, Illinois<sup>4</sup>. But real estate companies were not as sure that the many new suburban communities being developed were as entrenched in the “interlocking ... social pressure” against selling property to blacks that characterized established neighborhoods<sup>5</sup>. To maintain their control, they deployed a manipulative tactic called racial steering. This involved restricting the information that reached buyers of any race, including whites, about neighborhoods the companies wanted to reserve for other races. Agencies would advertise black communities only in newspapers and magazines marketed to blacks, and white communities only in white media<sup>6</sup>. Even if a buyer specifically asked about a community of a different race, agents would pretend that the only available houses at the time were in matching-race neighborhoods, tell the buyer that the community they asked about was not a good place to live, or simply ignore their request<sup>7</sup>. Sometimes, however, the companies decided they could make more money by changing the racial composition of a neighborhood. Agents would offer blacks homes in white neighborhoods at cheatingly high prices, knowing that many whites were so racist that they would sell their houses at unusually low prices in order to leave. However, the companies manufactured some of this intolerance themselves by “blockbusting”, spreading slanderous rumors about the new black residents and even engineering false housebreaks to create the illusion that the crime rate was increasing in the community<sup>8</sup>. Whites would respond by

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<sup>4</sup> Wilkerson, *The Warmth of Other Suns*, 373-5.

<sup>5</sup> Rosalyn Baxandall and Elizabeth Ewen, “Suburban Segregation,” in *Picture Windows: How the Suburbs Happened* (New York: Basic Books, 2000), 574.

<sup>6</sup> *ibid.*, 581.

<sup>7</sup> *ibid.*

<sup>8</sup> *ibid.*, 580.

gathering together to agree to hasty, thoughtless escape proposals such as “in the next year, we’re all going.”<sup>9</sup> This so-called “white flight” caused property values across the neighborhood to drop as the companies who had bought off all the houses rented them as multiplexes or resold them under deceptive mortgages that offered zero down payment on an amount of double the market price<sup>10</sup>.

Real estate companies did not always have to scheme this hard to achieve their ends. The Federal Housing Authority and Home Owners Loan Corporation, government agencies which supplied the regulated and insured mortgages central to the proliferation of these suburbs, were actually responsible for two of the most common devices used to segregate neighborhoods: restrictive covenants and redlining<sup>11</sup>. FHA instructional publications such as its *Underwriting Manual* pushed suburb developers to impose restrictive covenants, agreements prohibiting buyers from selling or renting to blacks<sup>12</sup>, as conditions of purchase in order to suppress the spectrum of “indifferent”, less directly racially intolerant white individuals who “[sold] or rent[ed] to whomever they chose” for “profit” or other reasons<sup>13</sup>. *Shelly v. Kraemer*, a 1948 Supreme Court case which made restrictive covenants illegal, elicited a public statement from the FHA that it would “not insure mortgages on real estate subject to covenants,”<sup>14</sup> but the agency stubbornly continued to sanction the covenants’ *de facto* (i.e. unwritten, custom-based) equivalents for the full twenty years between that case and 1968’s firmer Fair Housing Act<sup>15,16</sup>. The HOLC and FHA themselves systematically rejected black applicants for mortgages and

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<sup>9</sup> Wilkerson, *The Warmth of Other Suns*, 396.

<sup>10</sup> *ibid.*

<sup>11</sup> Melvin L. Oliver and Thomas M. Shapiro, *Black Wealth, White Wealth: A New Perspective on Racial Inequality* (New York: Routledge, 2006), 17-18.

<sup>12</sup> *ibid.*, 18.

<sup>13</sup> Wilkerson, *The Warmth of Other Suns*, 250.

<sup>14</sup> Oliver and Shapiro, *Black Wealth, White Wealth*, 17.

<sup>15</sup> Baxandall and Ewen, “Suburban Segregation,” 574.

<sup>16</sup> Wilkerson, *The Warmth of Other Suns*, 412.

other loans in any suburb. They judged whole neighborhoods that were “racially mixed or all-black” as “undesirable” for loans, placing a “red line” around the neighborhood on official maps that would silence all future questions about local individuals’ fitness for loans<sup>17</sup>. Loan appraisers applied this racist scheme out of an assumption that all blacks suffered the limited job options of the majority and could never pay back loans, totally disregarding the smaller but significant population of middle-class blacks who were perfectly placed to benefit from them.

The FHA’s financing of easy mortgages turned the enormous growth of the suburbs during the post-World War II decade into “one of the most successful generators of [consumer] wealth in American history”<sup>18</sup>. But the agency’s redlining of black loan applicants and promotion of restrictive covenants “locked [them] out” of all of it<sup>19</sup>. In later decades, after covenants were abolished, more than a scattered few black families began to inhabit some suburbs and enter higher-paying jobs. But banks continued the FHA’s tradition of refusing loans to black applicants seeking homes in white-prevalent neighborhoods, regardless of their income level. A 1991 report by the Federal Reserve showed that “the poorest white applicant” was already somewhat “more likely to get a mortgage ... than a black in the highest income bracket”; the richest, up to three times more likely.

As if this blockage of opportunities were not already devastating enough, home financing institutions’ policies also drained resources and wealth out of neighborhoods where blacks already lived. The FHA’s “bias[es] toward ... single-family detached homes over multifamily projects [and] ... toward new purchases over repair of existing homes” during the postwar housing boom funneled mortgages into suburbs, where both of these preferences were easier to meet than in the “congested” inner-city neighborhoods where an even higher percentage of the

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<sup>17</sup> Oliver and Shapiro, *Black Wealth, White Wealth*, 17.

<sup>18</sup> *ibid.*, 18.

<sup>19</sup> *ibid.*

black population than today was trapped by segregation<sup>20</sup>. Additionally, by discouraging the repairs needed to maintain houses' capacity to impress prospective buyers, these policies caused property values in these neighborhoods to stagnate<sup>21</sup>. When blacks did move into suburbs, the white flight process would wreak a similar effect on home values. In consequence, the average black homeowner missed over 41% of the \$53,000 appreciation in home values enjoyed by the average white homeowner between, for instance, 1967 and 1988<sup>22</sup>.

The negative impact of this kind of downturn doesn't stop at home equity. Job-creating businesses both avoid existing stagnant neighborhoods and abandon formerly active ones which have crumbled due to something like white flight<sup>23</sup>. Banks, who ignore the higher-income families forced to linger by segregated mortgage denial and assume that low property values mean low-income residents who might default on loans, also hesitate to stay. The profit-oriented finance companies who pour in to fill the niche left by banks' departure artificially raise the neighborhoods' rate of loan default by charging borrowers "exorbitant ... interest rates" as high as "34 percent"<sup>24</sup>, putting many residents in debt and scaring the banks away permanently<sup>25</sup>. Finally, public schools, funded by property taxes and, except when desegregatory busing programs intervene, attended by a student body with similar demographics to the neighborhood, become poorer and more segregated both by race and by class.

The school segregation induced by residential segregation hurts the possibilities of black students, especially those from already poor families, for wealth-building as adults by denying them the "economically mixed environment ... which [could inspire] higher aspirations" and the

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<sup>20</sup> Oliver and Shapiro, *Black Wealth, White Wealth*, 17-18.

<sup>21</sup> *ibid.*, 18.

<sup>22</sup> *ibid.*, 150.

<sup>23</sup> *ibid.*, 153.

<sup>24</sup> *ibid.*, 21.

<sup>25</sup> *ibid.*, 146.

“exposure to individuals who have different life experiences” necessary to “navigate a diverse workforce.”<sup>26</sup> While the latter benefit applies equally to students of all races and economic classes, white parents have regardless resisted school integration from the Migration era up to today. For example, when black families began to move into part of the New York suburb of Roosevelt in the 1960s, white families moved their children into a school on the other side of town. When the state ordered the integration of the public school system, whites either fled or moved their kids again to all-white private schools, even though, as the superintendent noted, “their child[ren] are getting along just fine ... [Black] and white children play together ... and the community had had no racial disturbances.”<sup>27</sup> In the 2010s, residential integration has only slightly improved, if at all, in many of the destination cities of the Migration. For instance, 56% of black families in Milwaukee with incomes of \$100,000 per year or more live in areas at least 20% below the local income average<sup>28</sup>. The continued correlation between race and geography has provided easy ways for white parents to isolate their children from members of other races without appearing openly racist, such as “community schools” that eschew inter-neighborhood busing programs for their perceived inconvenience<sup>29</sup>.

### **Employment Segregation**

In the South, before and during the Migration era, planters in the sharecropping system imprisoned many Black Americans in debt by using unregulated, arbitrary fees to cheat them out of all the profits of their crops every year<sup>30</sup>. Blacks who tried to work for wages were limited to

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<sup>26</sup> Richard D. Kahlenberg, interviewed in Sarah Childress, “Does Integration Still Matter in Public Schools?” *PBS Frontline*, July 15, 2014.

<sup>27</sup> Baxandall and Ewen, “Suburban Segregation,” 578-9

<sup>28</sup> John Eligon and Robert Gebeloff, “Affluent and Black, and Still Trapped by Segregation,” *New York Times*, August 20, 2016.

<sup>29</sup> Kyle Spencer, “The Uncomfortable Reality of Community Schools.” *PBS Frontline*, July 15, 2014.

<sup>30</sup> Wilkerson, *The Warmth of Other Suns*, 96.



grueling, menial work in fields or orchards or as domestic servants. Their bosses paid them almost nothing, just enough that the job could not officially be called slavery. Those few who became professionals were denied access to white clients, often sadly the only ones in the region with money. One of the important reasons blacks embarked on the Great Migration was to escape this economic bondage and find a wider and better variety of jobs. But whites in destination cities also openly excluded blacks from all but the lowest-paying job sectors. This racial exclusion blended with the gender segregation enforced on women of all races to produce a devastating intersectionality for black women. The employment statistics for Chicago during the 1940s are illustrative of the pattern in the destination cities in general during this era. In this city, black men already faced such discrimination that “thirty-four percent ... were working as servants,”<sup>31</sup> while another forty percent were risking their lives and limbs in dangerous mechanized factories or as “longshoremen, coal miners, stokers of foundries and diggers of ditches.”<sup>32</sup> But the situation of women was twice as bad. Two-thirds of black women were refused from every other job than domestic servant<sup>33</sup>, while most of the rest did similarly hazardous work in laundries or occasionally factories, but only “if the factory was short of men or of white women”<sup>34</sup>. Meanwhile, sixty percent of white men and forty-three percent of white women landed “clean indoor jobs” in “skilled, clerical, business, or professional” sectors<sup>35</sup>.

Unlike in the South, white employers in the West and North extended exclusion inconsistently onto blacks. Racial hiring policies varied by company and by year based on individual preferences and the changing market, creating occasional unexpected chances for a black person to get a job in a work site previously dominated by whites. For example, factories

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<sup>31</sup> *ibid.*, 318.

<sup>32</sup> *ibid.*, 316.

<sup>33</sup> *ibid.*, 318.

<sup>34</sup> *ibid.*, 332.

<sup>35</sup> *ibid.*, 318.

hired many more blacks during the world wars due to the huge demand for weapons, vehicles, and supplies. But employers overall offered these exceptions to segregation seldom enough that blacks' power to bargain for decent wages, work conditions, and benefits remained low to nonexistent. While employers had exploited all poor immigrant populations with some variant of the same strategy, in a system as obsessed with skin color as America's social hierarchy, blacks could not draw attention away from their race like lighter-skinned foreign immigrants sometimes could using devices like name changes<sup>36</sup>. The constant desperation maintained across almost the whole black population by the combination of racial and class restrictions in the market gave any employer who consented to hire blacks a monopoly over their labor. As a result, employers could count on black applicants to concede to jobs which paid low wages and ignored all their skills and education. They could easily afford to fire any black worker who protested their work environment once hired, leaving black employees unprotected against abuse and denials of benefits. For example, a worker at an airplane factory in New York who had the skills of a fully qualified mechanic was allowed only service jobs until the start of World War II<sup>37</sup>. During the production boom brought by the war, the company hired him as a mechanic for "three and a half years", during which he "took every course which was supposed to qualify me for a raise but I never got one."<sup>38</sup> Another man, who had finished over a year of college, worked as a porter on trains from New York to Florida for over thirty-five years without a single promotion<sup>39</sup>. Many women, refused hiring at all steady jobs, including those open to women of other races, faced the ultimate in personal indignity and economic exploitation when they had to "hir[e] themselves

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<sup>36</sup> Wilkerson, *The Warmth of Other Suns*, 416.

<sup>37</sup> Baxandall and Ewen, "Suburban Segregation," 572.

<sup>38</sup> *ibid.*

<sup>39</sup> Wilkerson, *The Warmth of Other Suns*, 458.

out” as domestics “to total strangers with no standards in duties or wages.”<sup>40</sup> In order to earn a living for the whole household, black parents often had to work multiple jobs, leaving their children at home before and after school. Inner-city children, neglected in an environment sparse from poverty, fell into deadly traps like drugs far more often than they would have if their parents were more than “hardly ever around” or could afford to keep them occupied<sup>41</sup>.

While the possibilities for black employment have expanded hugely since the time of the Migration, black job applicants are still steered away from and rejected for positions in higher-paying fields far more often than whites. While the overt bans on black entry to higher-paying sectors of the mainstream market have disappeared, housing segregation and the school segregation it leads to still heavily restrict blacks’ access to the education needed for higher-paying jobs. Despite these great barriers, a larger proportion of Black Americans graduate from high school and college today than during the Great Migration. But educational accomplishment often fails to yield blacks employment success in the same way as whites. A 2004 analysis of paper job application “callback rates” based on the racial sound of the applicants’ names, in which “black-sounding” and “white-sounding” names were randomly assigned to fabricated resumes of various qualification levels, found that employers in the sales sector, for instance, would select “white-sounding” named resumes 50% more often than “black-sounding” named resumes with equal qualifications for the job<sup>42</sup>. A 2009 experiment revealed that employers, like real estate agents, use racial steering to push black job applicants into lower-paying jobs than they applied for, even if they demonstrated qualifications equal to those of a white applicant

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<sup>40</sup> *ibid.*, 334.

<sup>41</sup> *ibid.*, 358.

<sup>42</sup> Darrick Hamilton, Algernon Austin, and William Darity Jr., “Whiter Jobs, Higher Wages: Occupational Segregation and the Lower Wages of Black Men” (Economic Policy Institute Briefing Paper #288. Washington, DC: Economic Policy Institute, 2011), 12.

awarded the desired job<sup>43</sup>. A report published in 2011 by the Economic Policy Institute reveals how this added layer of discrimination aggravates the racial wage disparity already systemically inflicted by the education disparity. For example, employers in 2008 paid the average black male full-time worker with a high school diploma or equivalent a 26% lower wage than the average white male full-time worker with the same education level<sup>44</sup>. Between male full-time workers with bachelor's degrees, blacks still suffered a 26% wage disadvantage, while even between those with degrees beyond bachelor's, blacks had a 17% disadvantage<sup>45</sup>. These disparities make the expense of attending college a far less profitable investment for blacks than whites.

### **Conclusion**

Segregation makes economic disadvantage nearly impossible to completely escape, even with achievement in one area such as income. In particular, it impedes the formation of concrete wealth in the form of assets and investments, as opposed to merely earnings. When Black Americans are prevented from taking out loans by either unaffordability or racist refusal, they are obstructed from acquiring valuable homes or opening businesses. This denies them society's chief ways of passing down economic opportunity to future generations, resulting in the preservation of the losses inflicted by decades- and centuries-old national crimes such as legalized school segregation, sharecropping debt, and slavery. The entrenchment of this wrong in so many of America's institutions means that it will never disappear by itself, nor even all current racism is ended. The only option available to correct it is to legally enforce measures of compensation, such as affirmative action and school busing. Yet many whites, even those who claim to support equality, fail to understand what is required to salvage it out of the mess

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<sup>43</sup> Hamilton, Austin, and Darity, "Whiter Jobs, Higher Wages," 11.

<sup>44</sup> *ibid.*, 2.

<sup>45</sup> *ibid.*

discrimination has made. They portray choosing to live among same-race neighbors a “raceless”, “natural” tendency of all human beings and decry affirmative action as so-called reverse discrimination against whites<sup>46</sup>. But every time traditions which preserve past inequality are allowed to continue unmitigated, it repeats the injustice.

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<sup>46</sup> Eduardo Bonilla-Silva, “‘New Racism’, Color-Blind Racism, and the Future of Whiteness in America,” in *White Out: The Continuing Significance of Racism*, edited by Ashley W. Doane and Eduardo Bonilla-Silva, 277-8(?). New York: Routledge, 2003.

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