

Some unexpected links in the chain of American racial inequality

November 27, 2005 Chicago Tribune | By Jane Dailey, associate professor of history at Johns Hopkins University and the author of "Before Jim Crow: The Politics of Race in Postemancipation Virginia"

When Affirmative Action Was White: An Untold History of Racial Inequality in Twentieth-Century America

By Ira Katznelson
Norton, 238 pages, \$25.95

White people can get defensive when the conversation turns to affirmative action. In a nation so vast, so heterogeneous, it is easy to reject responsibility for inequalities past and present. "My family never owned slaves," is a common white response to arguments in favor of racially defined redistributive public policies. "We weren't even in the U.S. then."

In his provocatively titled book, "When Affirmative Action Was White: An Untold History of Racial Inequality in Twentieth-Century America," political scientist Ira Katznelson wants Americans to examine their past but to shift their focus from the more-distant past of slavery to the decades of the 1930s and 1940s--which saw the creation of a mature social-welfare state in America--in order to reframe the debate over affirmative action. Although a rather dry read (the most vivid descriptive writing is in the acknowledgments), the book argues powerfully that the prosperity of people like me--born in 1963 in California--is linked, via the momentous public-policy decisions of the New Deal and World War II era, to the deep legacies of racial bondage in the U.S. and to the persistent, possibly chronic, economic disparity between blacks and whites.

According to a recent major study, at the end of the 20th Century, "black families [possessed]. . . only 10 cents for every dollar of wealth held by white families." That's \$8,000 for blacks, \$81,000 for whites. How can this be? How--after 70 years of public-welfare policy in the form of the New Deal, WW II-era reforms, the Fair Deal and the Great Society--can such an enormous wealth gap persist between whites and blacks? And what can be done to change that?

The answers to these questions, Katznelson argues, can be found in the political dynamics that resulted in the social-welfare policies of the 1930s and '40s. Baldly put, the problem was the South. Favorably inclined to New Deal reforms, white Southerners fretted about federal meddling in their region's racially stratified labor market and its segregated social world. " 'With our local policies dictated by Washington,' the Charleston News and Courier editorialized in 1934, 'we shall not long have the civilization to which we are accustomed.' "

The News and Courier needn't have worried: white Southern Democrats headed key legislative committees, including the Senate Finance Committee and the House Ways and Means Committee, and were able to draw New Deal social-welfare programs to reinforce, rather than challenge, segregation. For example, the Social Security Act of 1935--still the bedrock of old-age pensions in America--excluded farm laborers and domestic workers, despite the opposition of the Committee on Economic Security (the study commission for the bill) to " 'exclusions of any specific industries within the Federal act.' " The fact that workers in these occupations were disproportionately non-white meant they were disproportionately left out of the pension system. Nationally, about 40 percent of whites and fully 65 percent of blacks fell outside the reach of Social Security in 1935; the figures for blacks in the South ranged from 70 to 80 percent, depending on the region. The NAACP called the Social Security Act "a sieve with holes just big enough for the majority of Negroes to fall through."

The tale is the same where labor laws are concerned. The Fair Labor Standards Act, which set minimum wage and maximum hours, was passed in 1938 thanks to the support of Southern congressmen and senators, who made sure that farm workers and domestic laborers were not covered by it. That same year, U.S. Sen. Hugo Black of Alabama (who as a Supreme Court justice would later support school desegregation) wrote agricultural and domestic workers out of the National Labor Relations Act (the Wagner Act), leaving the majority of the South's workers out in the cold.

At the same time they froze blacks out of social-welfare and labor legislation, white Southern Democrats insisted on local administration of federal programs. In the South--where the great majority of the nation's blacks remained concentrated until after WW II--new federal programs like the Works Progress Administration and the Federal Emergency Relief Administration were administered by local whites deeply hostile to black aspirations. Black Southerners thus received little of the approximately \$2 billion of federal money injected into this most needy section of the country.

The end result of all this white Southern congressional activity was a Jim Crow social-welfare state. Because of Southern control of the legislative process, "at the very moment when a wide array of public policies was providing most white Americans with valuable tools to advance their social welfare--insure their old age, get good jobs, acquire economic security, build assets, and gain middle-class status--most black Americans were left behind or left out." Katznelson writes. "New national policies enacted in the pre-civil rights, last-gasp era of Jim Crow constituted a massive transfer of quite specific privileges to white Americans."

It is a compelling, accurate and fair-minded argument. But Katznelson does not stop with the New Deal. He takes the reader through WW II and pins the blame for the continuing disparity of economic condition between blacks and whites on "the most wide-ranging set of social benefits ever offered by the federal government in a single, comprehensive initiative": the Servicemen's Readjustment Act of 1944, or, as it is better known, the GI Bill of Rights.

Designed to reintegrate millions of returning soldiers, the GI Bill reached eight out of 10 men born in the 1920s. From 1944 to 1971, federal spending for former soldiers totaled more than \$95 billion. With the help of the GI Bill, millions attended college, bought homes with federally guaranteed low-interest mortgages, started business ventures with small-business loans and found jobs via the U.S. Employment Service. "Through these opportunities, and by advancing the momentum toward suburban living"--think Levittown--"mass consumption, and the creation of wealth and economic security, this legislation created middle-class America," Kaztnelson concludes.

Certainly my own white California family benefited from this burst of federal largesse. My parents used my father's GI Bill loan, which had an interest rate of about 4 percent and which required no down payment, to buy a \$13,000 house in 1954. In 1963 they sold that house for \$19,000 and applied their profit to a new \$34,000 house and adjoining lot, financed this time with a 3-percent-interest Cal-Vet loan (the state version of the GI Bill). They sold the lot for \$45,000 some years later, and the house in 1998 for \$385,000. My father is aware of the worth of these investments and the fact that they were underwritten by our common government. As he wrote me last week, "Not a bad investment return, thanks to our GI and Cal-Vet loans."

Not bad indeed. Had my family been black--even in California--the story would not have turned out so sunnily. Although race neutral on its face, the GI Bill, like the New Deal social-welfare legislation, was discriminatory by design. Drafted by the House Committee on World War Veterans' Legislation, which was headed by Rep. John Rankin of Mississippi (who distinguished himself by his vulgar racism even in the context of his times), the bill was designed to be administered locally, with predictable effects in the South. Even there, some blacks benefited:

Mississippi civil rights martyr Medgar Evers, for one, attended Alcorn College thanks to his veterans benefits. But with the options for black veterans limited by the pre-Brown world of segregated higher education, the gap in educational attainment between blacks and whites widened, rather than closed, after 1945. Of arguably even greater lasting significance, black veterans were systematically discriminated against by the lending institutions created by the bill, which "used redlining, local control, and overt discrimination to make it very difficult, often impossible, for blacks to qualify for mortgages."

The consequences of denying black veterans access to cheap mortgages were profound. Like interest, "Missed chances at homeownership . . . compound over time," Katznelson writes. By 1984, when GI Bill mortgages had mostly matured, the median white American house-hold had a net worth of \$39,135; the comparable figure for black households was \$3,397, which translates to 9 percent of white holdings. Seven of 10 white Americans owned their own home, whereas only four of 10 black families did. Despite all good intentions, Katznelson concludes, "there was no greater instrument for widening an already huge racial gap in postwar America than the GI Bill."

Will the knowledge that they and their families have benefited from pre-1960 government-welfare programs while their fellow black citizens have largely not convince older white Americans--who vote in greater numbers than any other demographic slice of our nation--to, as Katznelson urges, "Extend affirmative action in order to end it within one generation"? There is no particular reason to be optimistic on this score. But by making the history of the racially discriminatory application of Social Security and the GI Bill available to the general reader, "When Affirmative Action Was White" at least makes it harder for anyone to say, "I had no idea."

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