ROUTLEDGE

POSTWAR URBAN AMERICA

Demography, Economics, and Social Policies

John F. McDonald

POSTWAR URBAN AMERICA

This book presents an analytical history of postwar urban America as a drama in four acts, with the goal of identifying the demographic, economic, and political factors that gave rise to positive outcomes. After a brief transition to peacetime, urban America experienced robust growth from 1950 until roughly 1970. The end of this first act was announced years in advance when riots erupted in the Watts section of Los Angeles in August 1965. There were many signs of trouble brewing in urban areas, and the blizzard of programs that was the Great Society was partly in response to those problems. The decline of the major cities and the attendant social problems were all related and reinforced one another during these years.

Act 2 was a bad time for cities and the people who lived in them, but it did end, and sometime after 1990, the downward spiral that had gripped America's cities stopped and Act 3 began. To be sure, urban America still suffered from many problems, but many things were getting better, not worse—for example, the murder rate in the United States dropped to levels that had not been seen since before the start of the urban crisis in the mid-1960s. It was time to focus on what was working and how to keep the momentum of social and economic progress going. Unfortunately, however, Act 4 brought a reversal of the hopeful trends of the 1990s, as a relatively small recession in 2001 was followed by a weak recovery. Then came the financial crisis of 2008 and the deepest recession since the Great Depression, with across-the-board increases in poverty.

A primary task of this book is to study the major urban areas of the United States to understand why this all happened the way it did. The method followed is to identify seventeen urban areas in the North, fifteen in the South, and eight in the West and then study them from 1950 to 2010. Most of the chapters present detailed examinations of either the northern urban areas or the urban areas in the South and West during one of the "acts" in the drama—the time periods we call growth, crisis, rebirth, and new century. The hope is that this analysis will help stimulate the thinking that is needed to recognize that some urban areas have been more successful than others, that a rebirth did take place in urban America in the 1990s, and that the task going forward is to nurture and enhance the positive forces that can play a role once again.

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Preface

Postwar Urban America: Demography, Economics, and Social Policies is a demographic and economic history of the major urban areas in the United States from 1950 to 2010, with projections to 2030. The urban areas are divided by region—North, South, and West—in Part I, and the sixty years from 1950 to 2010 are divided into four periods in Parts II through V. Much of the urban affairs literature consists of studies of individual urban areas or cities or of statistical studies of the 300-plus metropolitan areas. This book takes a different approach in that I include a more select group of major urban areas so that some of their individual features can be described and compared. Unique aspects of New York, Los Angeles, and Chicago are identified, as are features of places such as Birmingham, Indianapolis, and Phoenix, and nontechnical terms are used throughout.

Nearly all the major urban areas grew rapidly during 1950 to 1970. Indeed, these decades were the time in which the urbanization of the South began in earnest. The transformation of the South from a backward region in 1950 to a modern economy is a story of urbanization. The fifteen urban areas that grew to populations of more than 1.5 million are included in the chapters on the South. The next two decades were ones of urban crises, especially, but not exclusively, in the North. The 1990s are marked by a robust national economy and reversal of negative trends in many urban areas and central cities. However, the first decade of the twenty-first century was one of weak recovery from the recession of 2001, emergence of a housing market bubble, and financial crisis. The effects on cities were negative, but they were stronger in some metropolitan areas. Thus, one major purpose of this book is to draw lessons from this history. Why have some metropolitan areas and their central cities fared better than others in recent decades? Can those metropolitan areas that have struggled do better? How?

Parts III and IV attempt to bring historical perspective to the urban crisis that gripped most major cities in the United States for roughly the two decades of the 1970s and 1980s. The historical perspective includes the legacy of slavery that was amply documented by Gunnar Myrdal in *An American Dilemma* (1944). The period of rapid urban growth and Great Migration from the South after World War II substantially improved the lives of most Americans, but also produced the tensions and frustrations that led to violent outbursts in the 1960s. The period of urban crisis followed, and that crisis was visited primarily on black Americans in the cities. The descent of the cities during this time provided the reasons for many to lose hope for the cities, and many still are in this frame of mind.

In many urban areas, the period of descent came to an end sometime around 1990. An important part of this book is the study of the urban rebirth that occurred. This study also shows that urban rebirth was far from complete and was fragile. Nevertheless, the 1990s provide some important lessons for urban areas.

Part V then turns to the first decade of the new century. This decade was not a good one for urban America: recession was followed by weak recovery followed by the worst financial crisis and deepest recession since the Great Depression. This group of chapters

includes Chapter 20, a detailed examination of the macroeconomy and the financial system as they developed over the decade, the specific events of the financial crisis, the resulting deep recession, and the policy responses to the crisis. It provides the background for chapters on what transpired in the urban areas of the North, South, and West. The special case of Detroit and its bankruptcy filing merits a separate chapter.

The final two chapters, Chapters 24 and 25, are a speculation on what might be next for urban America. For U.S. cities, the decade of the 1990s was good, but the first decade of the 2000s was very bad. These chapters discuss how one might imagine the future of an urban area. Might the outcomes for the coming decades fall somewhere in between those two decades? Projections are made in a straightforward manner for each urban area to the year 2030 based on answering this question in the affirmative. The purpose of the projections is to show that some urban areas, mainly in the North, will continue to experience central-city decline unless something changes. Chapter 25 presents some ideas for stimulating metropolitan growth and slowing, perhaps even reversing, such decline. In the end, I am hopeful that America's cities can recover from the bad decade. Lessons from the more successful urban areas are proposed, and the application of those lessons to less successful urban areas is considered.

This book is an expression of hope for America's cities and the people who live in them. It is also a call for others to follow this lead in their thinking and action. As I demonstrate, this call to be hopeful about the cities is firmly based on evidence. It is not a vain hope. At the same time, hope must be backed by careful study and effective action. Thus, this book is a call to understand why it is reasonable to be hopeful and a call for further effort to achieve positive results. As such, I hope that it reaches an audience far beyond the scholarly community, including public officials, journalists, and citizens in general.

This work is partly based on a long career of studying America's cities that began when I attended Professor Kenneth B. Clark's course at Harvard Summer School in 1965. Consequently, there are many people who could be thanked, but I shall mention only two by name. First, I thank George Lobell of M.E. Sharpe who encouraged this book and made valuable suggestions for its organization, building on and vastly improving an earlier work I published with Sharpe. Second, and most important, I thank my wife, Glena McDonald. She has served as initial reader and proofreader for the book and as inspiration. I also thank Sage Publications for their policy of permitting free usage of my article in *Urban Studies* on Detroit (McDonald 2014), a revised version of which appears as Chapter 22.

Introduction

The thesis of *Postwar Urban America* is that the drama of the urban United States since 1950 has four acts. After a brief transition to peacetime, urban America experienced robust growth until roughly 1970. The end of this first act was announced years in advance by rioters in the Watts section of Los Angeles in August 1965. The Watts riot came just four days after President Lyndon B. Johnson signed the Voting Rights Act on August 10, 1965. The Voting Rights Act was a signal achievement of the civil rights movement, and it came in the same year as President Johnson's Great Society programs. There were many signs of trouble brewing in urban areas, and the blizzard of programs that was the Great Society was partly in response to those problems. The urban riots of the 1960s, however, made it clear that a new period for urban America was beginning. Act 2 began with a bang.

The urban crisis that began about 1970 lasted until approximately 1990. That crisis had many dimensions that are discussed in this book. One useful summary device—the vicious circle—was provided by Gunnar Myrdal (1944) in the classic study *An American Dilemma*. The decline of the major cities and the attendant social problems were all related and reinforced one another. Those problems included segregation, central city fiscal problems, inner-city joblessness, dependence on welfare, teenage pregnancies, births out of wedlock, serious crime, drug addiction, poor education, and general hopelessness. This second act was a bad time for cities and the people who lived in them, but it did end.

No one announced the end of act 2, but sometime shortly after 1990, the downward spiral that had gripped America's cities stopped. I argue that urban decline halted, and in many urban areas, a "virtuous circle" began in which improvements on several dimensions became mutually reinforcing. I also argue that many observers of the urban scene failed to see that act 3 had begun. There are at least three reasons for this failure. First, the beginning of act 3 was unexpected. Urban analysts were used to act 2 and its themes and did not believe that a basic alteration of theme was possible. Second, the beginning of act 3 was not easy to discern. The opposite of rioting did not break out, and the data in the early years were their usual messy and puzzling selves. Third, I believe that some analysts, journalists, and advocates are invested in the theme of urban decline. They opine, "Isn't it terrible? America needs to pay more attention to its cities. More programs and money are needed. Don't confuse me with the facts." To be sure, urban America still suffered from many problems, but many of those problems had been getting better, not worse. The murder rate in the United States had dropped by 50 percent since the early 1990s to levels that had not been seen since before the start of the urban crisis in the mid-1960s. There were still far too many murders—especially compared with every other advanced nation—but real progress had happened. The time was well past due for the nation to focus on how to keep the momentum of social and economic progress going.

Unfortunately, the first decade of the twenty-first century brought a reversal of the

hopeful trends of the 1990s. This new decade was marked by a relatively small recession in 2001 that was followed by a weak recovery. Then came the financial crisis in 2008 and the deepest recession since the Great Depression. These events had strong negative effects on urban areas and their central cities. It appears that the central cities once again were gripped by a vicious circle of decline. The drama of urban America since 1950 now has four acts.

The purpose of this book is to back up and work through all four acts. Just as act 1 contained signs of the trouble ahead in act 2, indicators during act 2 suggested that things might change. One period does lead to the next, but I am no economic determinist.[1] Reversal of the vicious circle into a virtuous circle was indeed unexpected. Furthermore, I believe that the beginning of act 3 was not the result of the heroic efforts of a few "great men and women." Another great and largely unexpected event took place at the same time as the rebirth of urban America: the end of the Cold War. As John Gaddis (2005), the eminent historian of the Cold War, recounts, the sickness of the Soviet society and economy was becoming increasingly obvious in the 1980s. But Gaddis argues that the end of the Cold War in 1989–1991 was brought about by a small group of important actors, Pope John Paul II, Ronald Reagan (an actual actor, after all), Margaret Thatcher, Lech Walesa, Mikhail Gorbachev, Boris Yeltsin, and Deng Xiaoping.[2] No such cast of characters can be identified in the rebirth of urban America in the 1990s. Rather, the efforts of literally millions of individuals were involved. Millions of welfare mothers found employment after "welfare as we knew it" ended in 1996. Millions of immigrants came to America's cities with the hope of a better life and stayed to revitalize neighborhoods, too. Some of these efforts were purposeful, and some were mistakes that had unexpected consequences. For example, the boom in the construction of downtown office buildings at the end of the 1980s created both financial havoc and a supply of office space that was available at low rents. Other important factors just happened. The AIDS epidemic convinced everyone that having unprotected sex is not a good idea. And, as Steven Levitt and Stephen Dubner (2005) have pointed out, the United States Supreme Court decision in the case of *Roe v. Wade* in 1973 that established a woman's right to an abortion in the first two trimesters of pregnancy was followed by a reduction in the crime rate eighteen years later. Was that a coincidence? Levitt and Dubner think not.

If act 3 was largely unexpected, so was act 4. Some observers warned that deregulation of the financial system that took place in the late 1990s was unwise, and warnings of the bubble in urban housing markets were issued, but those warnings went unheeded. Even those who warned of trouble did not anticipate the severity of the financial collapse and recession that occurred. Central tasks in this book are to understand the origins and events of the financial crisis and then to show its effects on urban areas. Alternative explanations for the financial crisis are discussed and evaluated, and the policy responses to the crisis are also scrutinized.

The story in outline form can be told using population figures for the three main regions of the nation. Table A.1 shows the population for the nation (excluding Alaska and Hawaii) and for the North, South, and West by decade from 1950 to 2010. Total population and black population data are displayed. We see that the nation entered the 1950s with a population of 150.7 million of whom 58.0 percent (87.4 million) lived in the North, 29.0 percent (43.7 million) resided in the South, and only 13.0 percent (19.6 million) lived in the lightly populated West. The South had 63.3 percent (9.5 million) out of a national total of 15.0 million black residents. In 2010, the population for the

Table A.1

Population of the Forty-Eight Contiguous States plus the District of Columbia
(in 1,000s)

	1950	1960	1970	1980	1990	2000	2010
U.S. total	150,696	178,464	202,143	225,179	247,052	279,583	306,676
U.S. black	15,043	18,860	22,564	26,464	29,937	34,614	38,865
North total	87,401	100,607	110,839	113,449	116,532	124,640	129,509
North black	4,957	7,465	10,231	11,690	13,031	14,569	15,703
South total	43,734	50,663	57,568	69,923	79,392	93,584	107,291
South black	9,516	10,321	10,654	12,545	14,127	17,012	19,783
West total	19,586	27,194	33,734	41,806	51,128	61,359	69,876
West black	570	1,074	1,678	2,231	2,779	3,033	3,379

Note: North includes New England, Mid-Atlantic region, East-North-Central region, West-North-Central region, Delaware, Maryland, and the District of Columbia. The South includes the eleven states of the Confederacy plus Kentucky, Oklahoma, and West Virginia. The West includes the Mountain and Pacific regions (excluding Alaska and Hawaii).

Source: Census of Population.

nation (excluding Alaska and Hawaii) doubled to 306.7 million, with 42.2 percent (129.5 million) in the North, 35.0 percent (107.3 million) in the South, and 22.8 percent (69.9 million) in the West. The share of the population in the North dropped by 15.8 percentage points, with the West picking up most of that share. The regional distribution of the black population changed dramatically over the sixty years. In 2010, the South was home to 50.9 percent of the black population of 38.9 million. The share of the black population living in the North had increased from 33.0 percent to 40.4 percent, and the West increased its share of the black population from 3.8 percent to 8.7 percent.

The four-act story of America's major urban areas can be seen in Table A.2, which shows percentage changes in population for 1950 to 1970, 1970 to 1990, 1990 to 2000, and 2000 to 2010. With the exceptions of Los Angeles and San Francisco–Oakland, all the major urban areas in 1950 were located in the North. A critical part of the overall story is the emergence of major urban areas in the South and West after 1950, but for now we presume that major urban areas are primarily located in the North.

Table A.2 shows that the population of the nation (excluding Alaska and Hawaii) increased by 34.1 percent from 1950 to 1970. Population growth in the North of 26.8 percent fell short of the national total, but the difference in growth is a relatively modest 7.3 percent (3.65 percent per decade). Population growth in the South was 31.6 percent over this same period, and the West was booming with population growth of 72.5 percent. The Great Migration of blacks from the South is clearly in evidence. The total black population increased by 50.0 percent over those twenty years, but the black population of the North increased by 106.4 percent, from 4.97 million to 10.23 million. The black population of the South increased only 12.0 percent during this period. The small black population in the West increased by 194 percent and reached 1.68 million. The migration of the black population from the South to the North was a factor in the overall population growth of the northern region. The growth in the black population accounts for 22.5 percent of the population growth of the North in the 1950s and 1960s. Clearly, the North was seen as the region of economic and social opportunity.

The twenty years from 1970 to 1990 are in sharp contrast to the previous twenty

Table A.2

Changes in Population (percentages)

	1950–1970	1970–1990	1990–2000	2000–2010	1950–2010
U.S. total	34.1	22.2	13.2	9.7	103.5
U.S. black	50.0	32.7	15.6	12.3	158.4
North total	26.8	5.1	7.0	3.9	48.2
North black	106.4	27.4	11.8	7.8	216.8
South total	31.6	37.9	17.9	14.6	145.3
South black	12.0	32.6	20.4	16.3	107.9
West total	72.5	51.6	20.0	13.9	256.8
West black	194.4	158.8	9.1	11.4	492.8

Source: Table A.1.

years. During this twenty-year period, national population growth slowed to 22.2 percent, but population in the North increased by only 5.1 percent! The difference between the national and regional growth figures has widened to 17.1 percent (8.55 percent per decade), compared with 7.3 percent during the 1950–1970 period. Population growth of 5.1 percent is far below the natural rate of population growth (births minus deaths) of 15 percent. Just as the Great Migration of blacks to the North was indicative of relative economic and social opportunity, the migration of people from the North during the 1970s and 1980s is indicative of declining economic opportunity compared with the rest of the nation. The black population of the North increased by 27.4 percent during this period, but this figure is in strong contrast to the 106.4 percent growth recorded in the previous twenty years. Because the black population of the nation increased by 32.7 percent in the 1970s and 1980s, it is fair to say that the Great Migration to the North was over. The urban riots of the 1960s, which could be watched on television, may well have played a role in convincing people not to migrate to the great northern urban areas. Population growth in the South was a robust 37.9 percent, and the West continued to boom with population growth of 51.6 percent over these twenty years. The term *Sunbelt* applies to this period.

Now consider the data for the 1990s, when yet another demographic shift is in evidence. The change is not as dramatic as the one that took place in the 1970s and 1980s, but it is noticeable. The population of the nation increased by 13.2 percent, and the North came back with population growth of 7.0 percent, a difference of 6.2 percent over the decade. Perhaps more important is that the population growth in the 1990s exceeded the growth over the previous twenty years of 5.1 percent. As we shall see, this population growth in the North translated into population growth in some of the major central cities such as New York, Chicago, Boston, Columbus, Kansas City, Indianapolis, and Minneapolis–St. Paul. Black population growth in the North of 11.8 percent fell short of national growth by a modest 3.8 percent. Population growth in the South of 17.9 percent kept up its pace from the 1970s and 1980s, but the growth of the West slowed to a relatively sedate (for them) figure of 20.0 percent. The locus of black population growth shifted to the South with an increase of 20.4 percent, compared with 11.8 percent in the North and only 9.1 percent in the West.

The first decade of the twenty-first century brought yet another change in the pattern.

Overall population growth in the forty-eight states plus Washington, D.C., slowed to 9.7 percent, and the North had population growth of only 3.9 percent. Population growth in the South was 14.6 percent, which exceeds the growth in the West of 13.9 percent. Black population growth was concentrated in the South (a growth rate of 16.3 percent, and 63.1 percent of population growth of this group).

This short excursion into the population figures has shown that the first twenty years of the period were a time of growth in the North, the home of nearly all the nation's major urban areas. Although population in the other two regions grew more rapidly than in the North, the North is by far the nation's most mature region. A somewhat slower growth rate is to be expected in the mature region. The Great Migration of the black population to the North was in full swing. The next twenty years, 1970 to 1990, are roughly the years of urban crisis. Population growth in the North was a miniscule 5.1 percent over these twenty years. The Great Migration ended. People were "voting with their feet." The North simply was not providing economic opportunity as it had before. The move to the Sunbelt—both the South and the West—is clear in these data. As we shall see, very slow population growth in the North was associated with sizable population declines in major central cities (even as many suburban areas prospered). Indeed, some of those population losses were devastating. But there is evidence of a comeback in the North in the 1990s. Population growth in the 1990s of 7.0 percent exceeded the growth for the entire 1970–1990 period, and population increased in some major central cities. However, the first decade of the twenty-first century brought a return to the earlier pattern of slower population growth in the North and a return to large population losses for northeastern central cities. The task of this book is to describe more fully and uncover the reasons for the outcomes shown in Tables A.1 and A.2 by examining the major metropolitan areas and their central cities.

The figures on poverty in the United States are another telling set of introductory data. The official poverty rate figures begin with 1959, but Iceland (2006) used data from the 1950 census to estimate poverty rates in 1949 using the official definition of poverty (which varies by household size). Poverty rates for the entire population and for certain population subgroups are shown in Table A.3. The national poverty rate as estimated by Iceland for 1949 was 39.5 percent. Poverty declined dramatically in the 1950s and 1960s to 22.3 percent in 1960 and 12.6 percent in 1970, a record that is consistent with the economic growth and prosperity of this period. But, after a decline to 11.1 percent in 1973 (the all-time low point), the poverty rate fell no further for the next twenty years. The national poverty rate had inched up to 13.0 percent in 1980 and 13.5 percent in 1990. The 1990s are a different story. Poverty increased in the recession of the early 1990s to 15.1 percent in 1993 and then fell steadily to 11.3 percent in 2000, very close to the all-time low. The poverty rate increased somewhat during the next five years because of the recession of 2001 and the slow recovery in employment, but it remained relatively low at 12.5 percent in 2007. Then, however, the poverty rate increased sharply as a result of the financial crisis, deep recession, and slow recovery during the years up through 2010. The overall poverty rate increased by an average of 0.87 percent per year during 2007 to 2010 and reached 15.1 percent in 2010 (the highest poverty rate since 1993).

The trends in the overall poverty rate thus correspond to the periods of growth, crisis, rebirth, and recession in the nation's urban areas. However, the data on poverty for black persons, Hispanic persons, persons in female-headed households, and persons

Table A.3

Poverty in the United States: 1949–2010

	1949	1960	1970	1980	1990	2000	2010
All persons	39.5%	22.3%	12.6%	13.0%	13.5%	11.3%	15.1%
Blacks	76.7	55.1*	33.5	32.5	31.9	22.5	27.4
Hispanics	65.3	N/A	22.8**	25.7	28.1	21.5	26.5
Persons in female-headed households	62.4	48.9	38.1	36.7	37.2	28.5	34.3
Blacks in female-headed households	N/A	70.6	58.7	53.4	50.6	38.6	41.0

*Figure for 1959.
**Figure for 1972, not available for 1960 or 1970.
Sources: U.S. Bureau of the Census and Iceland (2006).

in households headed by black females illustrate the periods more clearly. As shown in Table A.3, the poverty rate for black persons started at an astonishing 76.7 percent in 1949 and dropped to 33.5 percent in 1970 as blacks moved from the rural South to urban areas, especially urban areas of the North. However, black poverty made no further significant declines for the next twenty years. Blacks entered the decade of the 1990s with a poverty rate of 31.9 percent, but see what happened next. After the recession of the early 1990s, black poverty began to drop, and it reached its all-time low point of 22.5 percent in 2000. The first decade of the new century ended with a black poverty rate of 27.4 percent. The story for the Hispanic population is broadly similar to that for blacks. Hispanic poverty was 65.3 percent in 1949, and it had dropped to 22.8 percent in 1972. From this point, poverty increased to 25.7 percent in 1980 and 28.1 percent in 1990. Again, after the recession of the early 1990s, poverty among Hispanics fell to the lowest level on record of 21.5 percent in 2000 and increased to 26.5 percent as of 2010. The periods of growth, crisis, rebirth, and recession are clearly illustrated by the poverty rates of the nation's two largest minority groups.

Next, we turn to the poverty rates for persons in female-headed families. The poverty rate for these persons fell from 62.4 percent in 1949 to 38.1 percent in 1970, but then improved very little for the next twenty years. Then poverty dropped from 37.2 percent in 1990 to 28.5 percent in 2000. The data for persons in households headed by black females show continuous improvement, but that improvement was more rapid before 1970 and after 1990. The poverty rate for 1949 is not available, but it stood at 70.6 percent in 1960. Poverty fell to 58.7 percent in 1970 and 50.6 percent in 1990, and then it dropped to 38.6 percent in 2000, a record low rate for this group. The poverty rate in 2010 was 41.0 percent. A member of a household headed by a black female had a better than fifty–fifty chance of being poor until 1995, a figure that changed to forty–sixty in 2010. In summary, the data in Table A.3 show that the United States made great progress at reducing poverty from 1949 to the early 1970s, but made little progress for the next twenty years. The decade of the 1990s brought further progress in the fight against poverty, and the first decade of the twenty-first century brought across-the-board increases in poverty. A primary task of this book is to study the major urban areas to understand why it all happened.

The method followed throughout is to identify seventeen urban areas in the North,

fifteen in the South, and eight in the West and then study these urban areas from 1950 to 2010. Most of the text chapters are detailed examinations of either the northern urban areas or the urban areas in the South and West during one of the time periods called growth, crisis, rebirth, and new century.

As one who lived through the urban crisis from age twenty-one to age forty-eight or so (and who lived through the entire Cold War as well), I struggle with the question of where we go from here. International terrorists have supplied the answer on the foreign policy side for now, but my expertise does not include fighting the "war on terror." I hope that this book will help stimulate the thinking that we need to recognize that some urban areas have been more successful than others and that rebirth did indeed take place in urban America in the 1990s. The task going forward is to nurture and enhance the positive forces that can be at work.

NOTES

1. Indeed, the urban crisis referred to was a crisis visited primarily on the urban black population in the northern cities, but this crisis, and especially its racial dimension, could have turned out differently. For example, the South could have won the Civil War, kept slavery for many more years, and as a separate nation prevented much of the Great Migration of blacks to the cities of the North in the twentieth century. How could the South have won? The military historian Bevin Alexander (1993) argues that Robert E. Lee missed a real opportunity to create a situation in which Britain might have recognized the Confederacy and the North might well have negotiated a peace. Lee's invasion of the North in 1863 was potentially a master stroke, but Lee violated Alexander's first rule of winning wars by mounting a frontal attack on July 3, 1863, at Gettysburg. Instead, he could have skirted the Union army, moved to the east, and simultaneously threatened Philadelphia, Baltimore, and Washington, D.C. Furthermore, a major portion of his army—the left flank—was out of position to be useful during the crucial parts of the battle. The eminent historian James McPherson (1988) observed in *Battle Cry of Freedom* that the vice president of the Confederacy, Alexander Stephens, was on route under a flag of truce to the union lines at Norfolk. Confederate President Jefferson Davis had hoped that Stephens would arrive in Washington at the same time that the victorious Lee would be marching on the northern capital. The reports of the Stephens mission and the outcome of the battle reached President Abraham Lincoln at the same time, and he curtly refused to permit Stephens to pass through the lines. As Alexander (1993) argues, Lee might never have made these mistakes had the strategic genius Thomas Jackson not been killed on May 2, 1863, at Chancellorsville. Jackson was in the process of sweeping around the flank of the Union army, attacking from the rear, and cutting off its retreat when he was killed by what probably was "friendly fire." Jackson repeatedly had tried to persuade Lee that such a maneuver was their best strategy and at last had won the authority to go ahead. Upon Jackson's death, Lee reverted to his direct method of battle and destroyed the offensive power of the southern army. The exercise in counterfactual history should not lead anyone to conclude that the northern victory was not the better outcome.

2. Gaddis (2005) recounts the story that the opening of the Berlin Wall in November 1989 was a mistake. The East German Politburo had intended only to relax somewhat the rules for travel to West Berlin, but the official who held the press conference got confused and announced that citizens of East Germany were free to leave permanently through any of the border crossings, effective immediately. The border guards had not been informed of the new "policy," but when a large crowd gathered at one of the gates, the guards took it upon themselves to open the wall rather than fire on their countrymen. Great historical forces were at work, but there was an idiosyncratic element at work on that day as well.

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POSTWAR URBAN AMERICA

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Part I

Urban America in 1950

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1
Urban Areas of the North

In 1950, there was really only one major league sport: baseball. Major league baseball was played in only ten cities: Boston (2 teams), New York (3 teams), Philadelphia (2 teams), Chicago (2 teams), St. Louis (2 teams), Washington, D.C., Pittsburgh, Cleveland, Cincinnati, and Detroit. Half of the sixteen teams were located on the East Coast in the Boston–New York–Philadelphia–Washington axis. This configuration for major league baseball was set in 1903 with the founding of the American League and was doubtless based partly on how far one could travel overnight by train at the turn of the twentieth century. In 1947, the Brooklyn Dodgers had hired the first black player in the major leagues since the nineteenth century, Jackie Robinson. In 1950, there were only five black players, and the Negro League was still active, with teams in many of the major league cities. All that was about to change. In 1953, one major league team, the St. Louis Browns, moved to Baltimore and took the name Baltimore Orioles, and the New York Giants and the Brooklyn Dodgers moved to the West Coast in 1957. Teams started to travel by airplane. The numbers of black players and players from Latin America would increase dramatically, and the Negro League would fold. In 1950, though, all that was in the future.

THE AMERICAN ECONOMY IN 1950

The United States had come through World War II and the immediate postwar years as by far the most powerful and economically advanced nation in the world. The nation's major cities had been the "arsenals of democracy" during the war and had switched successfully to the production of consumer goods after the war. The fear that the economy would enter a postwar depression proved unfounded. Both the Cold War and the hot war in Korea had begun, but Americans were poised to enter a period of unprecedented prosperity. James T. Patterson (1996), in his marvelous contribution to the *Oxford History of the United States* series, calls it the period of "Grand Expectations."

The United States had a population of 151 million in 1950. The nation's population is now over 300 million, so one fact about the urban areas is that they have had to grow to accommodate a doubling of the population. (No new urban areas have been founded since 1950; they all existed then.) Life was different in 1950. The median annual household income in the nation in 1950 was $2,599 (including families and unrelated individuals). Median income for families in urban areas was $3,673. There were 40.2 million registered passenger cars (and taxis). There were very few four-lane highways. Only 10 percent of households owned television sets, and 38 percent of the population had never seen a television program (although every Los Angeles Rams football game was televised in 1950). Agricultural employment was still 7 million in 1950, and nonagricultural employment as reported in the 1950 U.S. census was 49.23 million, broken down as follows:

Mining and construction	4.36 million
Manufacturing	14.58 million
Transportation, communication, and utilities	4.37 million
Wholesale and retail trade	10.55 million
Finance, insurance, and real estate (FIRE)	1.92 million
Business and repair services	1.41 million
Other services	9.55 million
Public sector	2.49 million
Total	49.23 million

Manufacturing was 29.6 percent of nonagricultural employment in 1950, and mining and construction and distribution (transportation, communication, utilities, and trade) made up 19.3 percent of the total. Services of all kinds (including FIRE) made up 26.2 percent of nonagricultural employment. The economy was dominated by the production and distribution of goods.

In 1950, I was seven years old. My parents and I lived in Decatur, Illinois (an industrial urban area of 99,000 in central Illinois farm country; the soybean capital of the world), in a new four-room house with about 900 square feet of living space and a basement. Much of the basement was taken up by the coal furnace and the coal bin. During the winter, my father shoveled coal into the furnace at regular intervals. Air-conditioning was unknown (at least to us). We had an electric refrigerator, but everyone called it an icebox. There was no television station in Illinois outside of Chicago. It is likely true that I had never heard of television at that time, let alone seen it. My parents did own a car; my recollection is that it was a Nash. My father worked as a grain inspector for the federal government in downtown Decatur. My mother also worked, something that was quite unusual for a mother in those days. She was the receptionist and assistant for a physician whose specialization was eye, ear, nose, and throat, a specialty that no longer exists. My mother was a trained as a Red Cross first-aid instructor, but had no medical training beyond that. Much later, she told me stories of the patients who appeared at the doctor's office in dire straits, usually with eye injuries. I walked three blocks to my school and attended the second grade. We had lived in another house when I was in kindergarten, and I had taken the city bus to school. I would walk to a close neighbor's house, and the mother saw to it that her son and I got on the bus. I presume that the bus driver made sure that we got off at the right place. We never locked our house in those days.

Life was different in 1950. We begin this history with a systematic look at the urban areas of the North in that year. The purpose of this chapter is to give a snapshot in 1950 of the top seventeen urban areas in the North, which is assumed to extend from Washington, D.C., west to Kansas City and north to Minneapolis–St. Paul. Chapter 2 is a quick look at the twelve largest urban areas of the South, and Chapter 3 discusses the major urban areas of the West. Chapter 4 is a short update on race in urban America in the context of Gunnar Myrdal's 1944 book, *An American Dilemma.*

PRINCIPLES OF BUSINESS LOCATION IN 1950

The production and distribution of goods dominated the U.S. economy in 1950. The northern portion of the nation dominated the production of goods, and most of that

production was located inside the cities of the North. An understanding of the history of urban America first requires knowledge of the principles of business location that were at work in 1950. Businesses must assemble inputs and distribute output to customers. Choosing a location that will save on transportation costs can be a very complex problem that must take into account the costs of transporting the inputs and outputs and the relative weights attached to those costs.

The urban areas of the North all began as what are called transshipment points, or breaks in the national or regional transportation system where freight must be moved from one mode of transportation to another (or from one carrier to another if there is no change in mode). In particular, the urban areas of the East Coast began life as ports where agricultural products were brought in by boat or wagon and moved out on ships. Goods also arrived on ships and were transferred to wagons or boats for distribution to customers. The major urban areas of the Midwest began as ports on the Great Lakes (Chicago, Cleveland, Detroit, Milwaukee) or as river ports (St. Louis, Cincinnati, Kansas City, Minneapolis–St. Paul). Their first function was to transport agricultural products to the consumers in the East, but soon entrepreneurs realized that transshipment points for agricultural products could be centers of production as well.

During the first half of the nineteenth century, two factors combined to create America's first group of real cities: the invention of large-scale production methods (for that time) and what economic historians call the transportation revolution. Factories with economies of scale were developed in many industries: textiles, apparel, iron, tools, ordnance, wagons, lumber, and food products such as flour, for example. The transportation revolution was based first on the steamboat and, a few years later, on the railroad. Production to build the railroads and companies to run them became major parts of the economy. These two factors made it economical to house large manufacturing enterprises at the transshipment points. For example, Cyrus McCormick invented the mechanical reaper in his home state of Virginia in 1831. He started production of the reaper in Cincinnati in 1845, but he realized that Chicago, the rapidly growing city that was to become the focus of the transportation system of the Midwest, was the place to produce his reapers. He moved his factory to Chicago in 1847, even before there was a railroad serving the city. He produced seven hundred reapers in 1848, and by 1850 production had doubled. McCormick had made a good decision because Chicago became the central point for a vast railroad system that serves the Midwest and the nation. The McCormick Reaper Works became International Harvester, and thanks to many other entrepreneurs like McCormick, Chicago became the nation's number two center of production and distribution (second to New York).

Business location within Chicago was based on access to transportation, which in the nineteenth and early twentieth centuries meant access to water and rail. McCormick's first Chicago reaper plant was located at the mouth of the Chicago River, which was also home to the enormous grain elevators from which the agricultural products of the Midwest were shipped east. Later, McCormick factories were placed on both the north and south branches of this river. The Union Stockyards, which consolidated Chicago's various stockyards and meatpackers into one location in 1865, was located at a rail junction and on a tributary of the Chicago River. Cattle and hogs arrived by rail from midwestern farms, and packed meat was sent to customers by rail. (The tributary of the Chicago River, called Bubbly Creek because of the horrible pollution, was used as a sewer.) The iron and steel industry and other heavy industry were located on the south

side of the city where the Calumet River empties into Lake Michigan. A new generation of steel plants was located across the state line in Indiana, again on Lake Michigan. Inland Steel, located in the southern suburb of Chicago Heights, took its name from the remarkable fact that it was not on Lake Michigan. It was, however, located near a bevy of rail lines that extend in all four directions. Steel plants needed to be situated` where inputs could be assembled at the least cost. In the case of the steel industry of Chicago and northwest Indiana, ore came by ship from Duluth and coal and limestone were brought by rail from southern Illinois, southern Indiana, and Kentucky. Other Chicago industries that produced goods for the farmers and artisans of the Midwest (and sold them by catalog through Sears, Roebuck and Montgomery Ward) were located within easy reach of the many rail lines that delivered the goods to the customers.

In general, the allocation of land to various uses is based on the amount those various users are willing to pay. Land-use zoning—municipal laws that allocate land to the various uses—did not exist until the 1920s. "Downtown" locations were dominated by retailers and people who needed office space, such as lawyers, accountants, and bankers. Manufacturers might have liked being located downtown (and some were), but they could not normally outbid these users for downtown sites. Manufacturing firms that established themselves on the outskirts of downtown or on the rivers, canals, and rail lines did so because they outbid others for those sites. Housing was constructed outside downtown and near the manufacturing plants. By the end of the nineteenth century, major cities had rail systems in place that permitted workers to commute to their jobs in and near the downtown area. (In fact, anyone who has eaten at the Subway chain of sandwich shops knows that one John McDonald is credited with being the father of the New York subway system. (As far as is known, this important figure in urban history is not related to me.)

The era of the automobile began in earnest in the 1920s, but the introduction of the truck on a large scale initially had a larger effect on industrial location than did the automobile. Trucks were used primarily to transport physical inputs and outputs within cities in the period of 1920 to 1950. Few modern highways existed in those days, so rail transportation still dominated long-haul freight. Trucking freed lighter industry to form a more dispersed location pattern within cities and nearby suburbs because cities had decent internal street systems. Industry also benefited from a complex network of rail lines and rail yards within cities. Chicago led the way in this regard, and its system still exists. Heavy industry (steel and other primary metals, oil refining, and chemicals) was still tied to sites with rail and water transportation, but lighter industry (machinery, apparel, instruments, and so on) could locate at many sites within the city, with its good streets and internal rail network. Real estate development firms established large industrial parks for industry. That was how things stood in 1950. As we shall see, however, massive changes in the composition of the economy and the nature of the transportation system undermined the economic base of the city as it existed in 1950.

URBAN AREAS OF THE NORTH: POPULATION, EMPLOYMENT, AND EARNINGS

Population data for the top seventeen urban areas in the North (and their central cities) are shown in Table 1.1. Washington, D.C. (always a special case), Baltimore, and Kansas City are included in the North. The urban areas are ranked by the population

Table 1.1

Urban Areas of the North in 1950 (population in 1,000s)

Urban Area	Urban Area Population	Black Population in Urban Area (%)	Central City Population	Black Population in Central City (%)
New York	13,318	1,020 (7.7)	7,892	748 (9.5)
Chicago	5,495	587 (10.7)	3,621	492 (13.6)
Philadelphia	3,671	480 (13.1)	2,072	376 (18.1)
Detroit	3,016	358 (11.9)	1,850	300 (16.2)
Boston	2,370	52 (2.2)	801	40 (5.0)
Pittsburgh	2,213	136 (6.1)	677	82 (12.1)
St. Louis	1,681	215 (12.8)	857	154 (18.0)
Cleveland	1,466	152 (10.5)	915	148 (16.2)
Washington, DC	1,464	334 (22.8)	802	281 (35.0)
Baltimore	1,337	265 (19.8)	950	222 (23.4)
Minneapolis–St. Paul	1,117	13 (1.2)	833	13 (1.6)
Buffalo	1,089	124 (11.4)	580	37 (6.4)
Cincinnati	904	95 (10.5)	504	88 (17.5)
Milwaukee	871	22 (2.5)	637	22 (3.5)
Kansas City	814	87 (10.7)	457	56 (12.3)
Indianapolis	552	65 (11.8)	427	64 (14.0)
Columbus	503	52 (10.3)	376	47 (12.5)
Mean		10.4		13.8

Source: Census of Population.

of the metropolitan area, which consists of one or more counties. To continue with the baseball story, the top nine urban areas were nine of the ten with major league teams in 1950. Cincinnati was the smallest urban area with a team, smaller than Baltimore, Minneapolis–St. Paul, and Buffalo. Baseball franchises were subsequently awarded to all urban areas in the top fifteen except Buffalo. It is also clear why it made sense to move the St. Louis Browns to Baltimore, the largest urban area in the North without a team. St. Louis was attempting to support two teams with a population of only 1.68 million, and Baltimore had no team and a population of 1.34 million. New York (the Big Apple) and Chicago (the Second City) are in classes by themselves.

New York

New York occupies a spectacular site. Its harbor is huge and is protected by Long Island, and the Hudson River extends far inland. It is difficult to imagine a better setup for a nineteenth-century port city to engage in commerce and trade. Philadelphia outpaced New York in the eighteenth century, but by 1810, New York (i.e., Manhattan), together with its small neighbor Brooklyn, had a population of almost 100,000, surpassing Philadelphia for the first time. From this point on, New York participated robustly in the twin revolutions in transportation and large-scale production that created the first great American cities. The Erie Canal opened in 1826 and connected New York to the growing Great Lakes region, but many other canals were constructed in those days that expanded New York's market area. By 1852, New York was connected to the West (Chicago and St. Louis) by rail. It had emerged as the nation's leading port as well as the focus of an internal transportation system that served the entire Northeast.

Trade and commerce required financial services. New York became the nation's bank-

ing, finance, and insurance capital in the mid-nineteenth century. Foreign investment in America, especially in railroads, flowed through the city. New York also participated in industrial growth, becoming the greatest manufacturing city in the nation. Its early industrial concentrations were in apparel, iron, and printing and publishing. Manufacturing has never dominated New York's economy as it has those of other urban areas such as Detroit, Pittsburgh, Cleveland, and Chicago, but the sheer size of New York made its manufacturing sector the largest in the United States. Individual manufacturing firms in New York tended to be relatively small, and they tended to cluster together to benefit from economies of agglomeration, such as sharing of a labor pool and having access to specialized products and services.

New York also emerged as the gateway to the nation. Immigrants came to New York, and, although many moved on, many stayed to work in the city's booming economy. Foreign-born persons numbered 384,000 and were 47 percent of the New York population in 1860. This huge migration was a potentially volatile mix that produced several urban riots in the nineteenth century.

As urban sociologist Janet Abu-Lughod (1999) puts it, New York solidified its character in the period of 1870 to 1929. The first twenty years of this period were dominated by massive migration from Europe. Most of that growth took place on Manhattan, where industry expanded and densities increased. The Lower East Side became the famous port of entry for immigrants. The next phase of growth, from the 1890s to World War I, saw more immigration and growth as well as refinement of the financial sector into modern Wall Street with its stock market, investment banking, insurance, and legal and accounting services. The construction of the subway system got under way in the 1890s. The modern city of New York was created in 1898 when the five boroughs were united under one municipal administration. As Manhattan became increasingly crowded, manufacturing was pushed to the other boroughs and to New Jersey. Apparel and printing and publishing remained in Manhattan, but industrial activities such as iron foundries, stone and marble cutters, boot and shoe firms, and electronics firms moved to Brooklyn, Newark, and other locations away from downtown.

Immigration from abroad ceased to be a major driving force behind the New York economy during World War I and was cut off sharply by the restrictive immigration laws of 1921 and 1924 that set quotas based on the numbers of immigrants from origin countries present in the 1890 census. The purpose of the laws was to limit migration from southern and eastern Europe. Instead, internal migration became the source of population growth. Black migration from the South started in large numbers during the war and continued in the 1920s, but white people who moved from the farms and small towns of the South and the East were greater in number. Abu-Lughod points to "a new burst of explosive construction that pushed the envelope of development well beyond the city's limits, as fast-growing suburban communities began to dot the adjacent counties of Nassau, Westchester, and even Suffolk" (1999, p. 71). It was the first period of "white flight" to the suburbs. Population density of the Lower East Side declined to a more sensible level, and as whites moved out of Harlem and blacks moved in, Harlem became the largest concentration of black people in the nation during the 1920s. Manhattan solidified its position as the nation's capital of finance, publishing, and entertainment, including the new industry of broadcasting. It also assumed its modern appearance: both the Empire State Building and the Chrysler Building opened on the eve of the stock market crash of 1929.

The financial and commercial sectors of New York were hit very hard by the Great Depression as international trade dwindled and industrial employment dropped, too. Harlem, though, was hardest hit, and a study headed by sociologist E. Franklin Frazier (1937) found poverty, poor and crowded housing, lack of medical care, poor education, and high crime (and sometimes overzealous police). The Harlem riot of 1935 was the first instance of an outburst of urban blacks against racial discrimination and poverty. Another riot took place in Harlem in August 1943. This time, the precipitating event was an altercation between a policeman and a female client at a hotel. A black soldier intervened, and false rumors spread that a white policeman had killed a black soldier. Soon after, windows were broken, stores looted, and fires set in Harlem. Dominic Capeci Jr. (1977), a scholar of the Harlem riot of 1943, believes that the underlying causes included inflation in rents and prices, segregation in the military, and racial discrimination in defense jobs. Federal rent control was implemented in New York City before the end of the year. Overall, World War II gave the New York economy a big boost. War production included aircraft manufacturing, which was located at plants in the suburbs on Long Island.

Conversion to the peacetime economy brings us to 1950. Table 1.1 shows that the population of the New York–New Jersey urban area was 13.32 million, and 1.02 million (7.7 percent) of that population was black. New York City had a population of 7.89 million, with a black population of 748,000 (9.5 percent). The sheer size of the New York–New Jersey urban area must be kept in mind as the discussion of urban areas proceeds. Its black population exceeded the entire population of the Cincinnati urban area. Table 1.2 shows that total employment in the New York urban area was 5.31 million, of which 30.5 percent (1.62 million) was in manufacturing. As Table 1.2 shows, that figure is not a particularly high concentration in manufacturing, especially compared with Detroit, Cleveland, and Milwaukee, whose figures were all more than 40 percent. Only 58.6 percent of the manufacturing jobs were located in New York City at this time. As Table 1.2 shows, manufacturing employment was more heavily concentrated in the central city in most of the major northeastern urban areas. Women held 31.7 percent of the jobs in the New York urban area, which is a typical percentage for northeastern urban areas. This urban area was home to 463,000 employees in finance, insurance, and real estate (FIRE) and business services. Although it amounts to only 8.7 percent of total employment, this sector alone employed more people than the total at work in the Cleveland urban area! Average earnings for men of $3,012 per year in the New York urban area, also shown in Table 1.2, were similar to earnings in other major urban areas. On the other hand, with the exception of Washington, D.C., average earnings for women of $1,708 in New York were the highest in the nation. Earnings for women probably reflect the higher skills required by employers in New York City's office towers. The median years of education for adults (age twenty-five and older) in the urban area—9.6 years for men and 9.4 years for women—were not particularly high, however.[1] Remember that half of the adults had *fewer* years of education.

Chicago

In 1950, Chicago was still the second city and second urban area. It lost the first of these distinctions to the city of Los Angeles sometime in the 1980s, but the Los Angeles urban area jumped ahead of the Chicago urban area in the 1950s. Chicago did not exist

Table 1.2

Urban Areas of the North in 1950: Employment and Earnings (employment in 1,000s)

Urban Area	Employment (% female)	Manufacturing (%)	Percent Manufacturing in City, 1947	FIRE* and Business Services (%)	Male Earnings (median $)	Female Earnings (median $)	Median Years Education of Male/Female
New York	5,314 (31.7)	1,623 (30.5)	58.6	463 (8.7)	3,012	1,708	9.6/9.4
Chicago	2,362 (30.8)	885 (37.5)	78.3	145 (6.1)	3,201	1,610	9.9/9.9
Philadelphia	1,438 (30.9)	527 (36.6)	61.8	77 (5.3)	2,841	1,479	9.5/9.5
Detroit	1,193 (25.8)	560 (46.9)	60.8	52 (4.4)	3,277	1,483	9.9/10.3
Boston	915 (33.1)	262 (28.6)	37.6	64 (7.0)	2,771	1,414	11.7/12.0
Pittsburgh	809 (24.7)	307 (37.9)	24.0	33 (4.1)	2,787	1,154	9.0/9.3
St. Louis	677 (30.6)	229 (33.8)	70.6	35 (5.1)	2,852	1,354	8.8/8.8
Cleveland	616 (29.8)	250 (40.5)	83.3	30 (4.9)	3,167	1,400	10.4/10.5
Washington, DC	621 (38.5)	45 (7.2)	N/A	35 (5.6)	3,005	2,004	12.1/12.2
Baltimore	528 (30.3)	158 (29.8)	71.2	26 (4.9)	2,708	1,204	8.8/8.8
Minneapolis–St. Paul	461 (33.4)	116 (25.2)	86.6	33 (7.1)	3,020	1,341	10.8/11.6
Buffalo	424 (26.9)	171 (40.3)	47.3	16 (3.8)	3,004	1,270	9.5/9.6
Cincinnati	357 (30.5)	118 (33.1)	72.1	20 (5.5)	2,812	1,243	9.1/9.2
Milwaukee	375 (30.4)	161 (42.8)	75.1	18 (4.7)	3,201	1,369	9.6/9.6
Kansas City	340 (31.5)	81 (23.9)	59.4	22 (6.4)	2,886	1,372	10.7/11.3
Indianapolis	234 (32.1)	77 (32.9)	86.2	14 (5.9)	3,038	1,436	10.6/10.9
Columbus	200 (32.4)	50 (25.0)	75.4	13 (6.3)	2,832	1,415	11.0/11.6

*Finance, insurance, and real estate.
Source: Census of Population.

before the 1830s. In 1829, the state of Illinois announced that it would build a canal at the village of Chicago to connect Lake Michigan to the Illinois River (and thus to the Mississippi River). This announcement set off a land boom that has few rivals in world history. The canal would make Chicago *the* transshipment point between the Great Lakes and the Mississippi River system. At that time, water transportation ruled both the freight and passenger markets. Although the Midwest (the old Northwest) was only sparsely settled then, people knew that the region was about to be settled and that both agricultural and urban economic activity would go hand in hand. Because of the national depression of the 1830s, the Illinois and Michigan Canal was not completed until 1848, the same year in which the first railroad steamed west ten miles from Chicago to the Des Plaines River. Soon the Galena and Chicago Union railway stretched over 100 miles west to Galena. The 1850s saw the first boom in railroad construction, and Chicago became the central point for railroads in every direction. Chief among these railroads were the Illinois Central, the Rock Island, the Chicago and Northwestern, the Michigan Central, and the Chicago, Burlington, and Quincy.

Chicago's position at the center of the rail network made it into a transportation and manufacturing powerhouse in the last decades of the nineteenth century. The rail network was focused on downtown Chicago, which was located at the mouth of the Chicago River. Commercial development became concentrated in Chicago's Loop, an area of a little more than a square mile bounded by Lake Michigan on the east and by the Chicago River on the north and west. However, many businesses soon outgrew their original downtown locations and moved outward. Emblematic of this trend was the founding, as mentioned above, of the Union Stockyards in 1865 five miles south of downtown at a point of access to both water and rail transportation.[2] The movement of business to the "suburbs" is nothing new. Chicago was the fastest-growing urban area in the world in the 1880s and 1890s, and it reached a population of 1.37 million in 1890, 2.67 million in 1910, and 4.41 million in 1930. The population growth was largely the result of migration from Europe before that migration was cut off in 1924. Population growth resumed after the Great Depression of the 1930s; in 1950, the population of the urban area was 5.5 million and the city of Chicago reached its all-time high of 3.62 million.

Chicago had been a major destination in the Great Migration of blacks from the South since the beginning of this movement during World War I. The black-owned newspaper, the *Chicago Defender,* was delivered by the Illinois Central railroad to people in the South, and it ran advertisements for jobs in Chicago and advice on how to get there. By 1950, the black population of the Chicago urban area (the city of Chicago and its suburbs) had reached 587,000 (10.7 percent of the urban area). The black population of the city of Chicago was 492,000, which was 13.6 percent of the city's population.[3]

The Chicago economy of 1950 had a diversified manufacturing base that provided an amazing 885,000 jobs (37.5 percent of total employment, well above the national figure of 29.6 percent). Manufacturing was heavily concentrated in primary metals, fabricated metals, and machinery. These industries employed 419,000 workers, which was 47.3 percent of manufacturing employment. The machinery industries (electrical and nonelectrical) employed 210,000 people, including 59,000 women. The Chicago urban area contained 6.1 percent of all the manufacturing jobs in the nation. The Census of Manufactures reported that there were 852,000 jobs in manufacturing in the urban area in 1947 and that 667,000 (78.3 percent) of these jobs were located within the city of Chicago. The dominance of the central city by wholesale and retail trade can also be

documented. Wholesale trade employed 155,000 in the urban area in 1948, and 138,000 (89 percent) of those jobs were located in the city. Retail trade employment in the urban area was 354,000 in that same year, and 249,000 (70 percent) of the jobs were located in the city. As shown in Table 1.2, women held 30.8 percent of the jobs, which was quite typical for major urban areas in the North. Median earnings for men (at $3,201) and for women (at $1,610) were relatively high, even though the median education level of 9.9 years was not especially high. In fact, earnings for men were greater only in Detroit, and women's earnings were higher only in New York and Washington, D.C.

Philadelphia and Detroit

The next two urban areas—Philadelphia and Detroit—were similar in size. Both had metropolitan populations in excess of 3 million and central cities of about 2 million. Both central cities had reached their historic population peaks in 1950. And each urban area had sizable black populations of 12 to 13 percent that were the result of the waves of the Great Migration from the South in the 1920s and the 1940s. The two cities are, of course, quite different in both their histories and economic functions.

The Philadelphia urban area was big, diverse, and old. As shown in Table 1.2, its economy was similar to Chicago's in some basic measures. About 37 percent of employment was in manufacturing, and no particular manufacturing industry was dominant. As researchers with the Philadelphia Economic Monitoring project showed, all sectors of manufacturing were well represented in Philadelphia. Durable goods provided 48 percent and nondurable goods accounted for 52 percent of manufacturing employment. The top durable goods industry was electrical machinery and equipment, whereas apparel was the leading nondurable industry. Some 61.8 percent of manufacturing employment was located in the central city. As in Chicago, about 31 percent of jobs were held by women, but median earnings for both men and women were about 10 percent lower in Philadelphia than in Chicago.

Detroit was our most industrial large urban area. Manufacturing provided 560,000 jobs, 47 percent of employment in the Detroit urban area in 1950, by far the highest percentage among all large urban areas. The city of Detroit was home to 60.8 percent of the manufacturing jobs, and another 12.8 percent (mainly Ford Motor Company) were located in Dearborn, adjacent to Detroit. The "transportation equipment" (i.e., auto industry) employed 339,000 people, which was 61 percent of manufacturing employment and 28 percent of total employment. Detroit's fate has been tied to the auto industry since the turn of the twentieth century.

The first American automobile producer was actually not located in Detroit. In 1896, the Duryea Company of Springfield, Massachusetts, was the first to begin production of a gasoline-powered car in the United States. Olds, the first Detroit producer, began in 1899; by 1904, however, 42 percent of American automobiles were being produced in the Detroit area, and by 1914, Detroit was making 78 percent of the vastly expanded auto industry output. Why was Detroit so successful in this new business? One critical antecedent was the ship and boat industry. It was here that the internal combustion gasoline engine was developed into a practical engine for powering boats. Several early Detroit auto entrepreneurs had backgrounds in the boat engine business. Olds produced them, Leland made parts for them, and Dodge and Ford repaired them. Other industries that were present in Michigan supported the auto industry, examples being the car-

riage industry, steel, wheelwrights, and machine tools. The firms and workers in these industries had the skills to produce the components needed for the auto. Financing was available from investors who had made fortunes in lumber, mining, food processing, and other industries. What is more, the investors in Detroit were willing to learn about the potential of the auto industry. All these factors created an innovative contagion in which the development of ideas, products, and markets acquired its own momentum. Economists call this phenomenon *agglomeration economies.* Firms locate together to be where the action is. Several other urban areas have benefited from this phenomenon, most notably the San Francisco Bay area with its Silicon Valley.

Henry Ford's first car company had failed, but in 1903, he was ready to join the dozens of other car companies in Detroit with another venture. At this point, he was forty years old and knew just about everything there was to know about the car business. Furthermore, he had the vision that the future of the business was to build a car that was inexpensive enough to be marketed on massive scale to the farmers and artisans of the day. In 1903, cars were expensive, and only the well-to-do bought them. There were only about 800 cars in Detroit at the time. Ford's timing was good; his new company was successful, and he was able to plough money back into design work. The year 1908 is a landmark in industrial and urban history. In that year, Henry Ford introduced the Model T Ford, a reliable, durable, and compact car. It benefited from recent improvements in steel technology that permitted steel parts to be both lighter and stronger than ever before. The Model T was successful from the beginning, but then the story changed. At the start, Ford had been only one part of the Detroit auto industry and its agglomeration economies.

Henry Ford had visited the Union Stockyards in Chicago and seen the conveyer belt system used by meatpackers to "disassemble" cattle into cuts of beef. Inspired, Ford invented the assembly line. At first, assembly lines were developed for various parts of the Model T: motors, transmissions, and so on. Then, in 1914, the first moving assembly line was introduced in which the chassis of the Model T was pulled along by conveyer belt. These improvements in production methods permitted Ford to cut the price of the Model T from $780 in 1910 to $360 in 1914. David Halberstam's 1986 book *The Reckoning* informs us that in 1914 Ford produced 268,000 cars with 13,000 employees while the other 299 U.S. carmakers produced 287,000 cars with 66,000 employees. Ford's share of the market (in terms of cars produced) had increased from 9.4 percent in 1908 to 48 percent in 1914. The chief source of this tremendous growth in the Ford Motor Company was the economy of scale for the firm provided through assembly line production. As Ford himself once immodestly put it, "I invented the modern age."

Ford did not stop with the Model T assembly line. Beginning in 1918, he created his River Rouge complex, located on the Detroit River in Dearborn at the southwestern edge of the city of Detroit. River Rouge eventually became a fully integrated manufacturing facility that took iron ore in at one end and shipped cars out the other end. "The Rouge" began as a boat factory in 1918; added a pig iron plant in 1920; branched out to tractors, auto engines, and a steel plant in 1925; and then became the plant for the Model A Ford that was introduced in 1925. The Rouge was one-and-a-half miles long and three-quarters of a mile wide, had twenty-three major buildings and ninety-three miles of railroad track, and employed as many as 75,000 workers. At the Rouge, it took four days to produce a completed car from raw materials. By the way, Ford still operates a plant at the Rouge.

First place in the auto industry was taken over by General Motors in the 1920s under the leadership of Alfred Sloan, who emphasized a more diverse product line using a divisional structure and clever marketing. The Cadillac, Fisher Body, and other General Motors plants were located in the city of Detroit. Chrysler emerged as the number three auto company. The Chrysler auto body plant and "Dodge Main" were its largest plants in the city of Detroit, and Plymouth and Chrysler assembly plants were located there as well. (Actually, Dodge Main was located in Hamtramck, a separate town located within the boundaries of the city of Detroit.) The industry recovered from the Great Depression of the 1930s by converting to war production in the 1940s, but by 1950, the auto companies were running on all cylinders, producing cars and trucks for the American public. The auto industry was also a leader in industrial unionism. The United Auto Workers (UAW) had organized the "big three" by the late 1930s after a bitter struggle, especially with Ford. The effect of the UAW is seen in the median earnings of men for Detroit shown in Table 1.2. These earnings of $3,277 were the highest in the nation, even though the median education level for adult men was an unexceptional 9.9 years. Median earnings of women in Detroit were exceeded only by those in New York, Chicago, and Washington, D.C.

Boston and Pittsburgh

The next group of urban areas is Boston and Pittsburgh, which had populations of 2.2 million to 2.4 million in 1950 and relatively small central cities. The population of the city of Boston of 801,000 was 33.8 percent of the urban area, and the city of Pittsburgh's population of 677,000 was only 30.6 percent of the urban total. Also, both had relatively small black populations. The black population of the Boston urban area was only 52,000 (2.2 percent), while the black population in the Pittsburgh area of 136,000 was 6.1 percent of the total.

The economy of the Boston urban area was less concentrated in manufacturing than were most of the other major urban areas. Boston is the state capital of Massachusetts and home to a large concentration of colleges and universities. As shown in Table 1.2, manufacturing provided 28.6 percent of employment in 1950, and only 37.6 percent of manufacturing was located in the city of Boston. Compared with most other urban areas, a higher proportion of jobs in the Boston urban area—33 percent—were held by women. The relatively low concentration of employment in manufacturing meant that the median earnings of men were a relatively low $2,771, whereas the median earnings of $1,414 for women were well above average. The men and women of the Boston urban area were among the most highly educated in the nation with 11.7 and 12.0 years of education, respectively, on average.

The Pittsburgh economy presents a sharp contrast to Boston. With 307,000 jobs, the concentration in manufacturing was heavy, and almost half (48.3 percent) of those jobs were in primary metals (i.e., the iron and steel industry). Primary metals employed 148,000 workers, which was 18.3 percent of all workers in the Pittsburgh urban area in 1950. This concentration in one industry was not nearly as great as autos in Detroit, but clearly the economy of Pittsburgh was tied to the fortunes of the iron and steel industry. However, manufacturing was not primarily located in the city of Pittsburgh. Only 24.0 percent of the manufacturing jobs were located in the central city. In particular, much of iron and steel industry was located along the Monongahela

River in Homestead and the other industrial towns of what was known as the Steel Valley. Recall that the central city contains a relatively small portion of the population of the urban area as well. Although the iron and steel industry had been unionized by the United Steel Workers, the median earnings in Pittsburgh were not relatively high. Median earnings for men of $2,787 were close to men's earnings in the Boston urban area, and women in Pittsburgh earned a relatively low $1,154. Both men and women in the Pittsburgh urban area had relatively low levels of education of 9.0 years for men and 9.3 years for women.

St. Louis, Cleveland, Washington, D.C., and Baltimore

The next size category for metropolitan areas includes St. Louis, Cleveland, Washington, D.C., and Baltimore. These urban areas had 1.3 million to 1.7 million people, and each central city contained 800,000 to 950,000 people. Not surprisingly, Baltimore and Washington, D.C., had the largest percentages of black population—19.8 percent and 22.8 percent, respectively—of any of the Snowbelt urban areas. The population of the District of Columbia (the central city) was 35 percent black, by far the largest percentage in the Snowbelt. The legacy of the Civil War years and the employment opportunities afforded by the federal government would appear to account for this figure. Both urban areas are often classified as southern, but they are regarded as part of the Snowbelt here. However, both St. Louis, 12.8 percent black, and Cleveland, 10.5 percent black, also had relatively large black populations at this time.

St. Louis, the smallest urban area attempting to support two baseball teams, had an economy with a typical concentration in manufacturing of 33.8 percent (with fully 70.6 percent of those jobs located in the city). Some of the industry in St. Louis was directly related to the agricultural economy of the Midwest, such as beer in St. Louis and stockyards in East St. Louis, Illinois. Women held 30.6 percent of the jobs. Median earnings were also typical at $2,852 for men and $1,354 for women. The median education level of 8.8 years in the St. Louis urban area was the lowest among the major urban areas in the North (tied with Baltimore).

The Cleveland economy was heavily concentrated in manufacturing, with 250,000 jobs (40.5 percent of employment), and 83.3 percent of those jobs were located in the city of Cleveland. In fact, only the Detroit and Milwaukee urban areas were more heavily concentrated in manufacturing. Cleveland had large fabricated metals and nonelectrical machinery industries (employment of 40,000 in each). Median earnings and education levels for both men and women in Cleveland were also relatively high: $3,167 and 10.4 years for men and $1,400 and 10.5 years for women.

Washington, D.C., is the atypical major urban area because of the dominance of the federal government. Government employed 189,000 workers in 1950, which was 30.4 percent of total employment. Government employment is also reflected in the number of female workers; at 38.5 percent of employees, it is by far the highest for any major urban area in the nation. Also, although median male earnings were a typical $3,005, female median earnings of $2,004 were the highest in the nation by a wide margin. The residents of the Washington, D.C., urban area were, on average, the most highly educated in the nation: 12.1 years of education for men and 12.2 years for women. Many civil service government jobs required a high school diploma.

Baltimore, an East Coast city about the same size as St. Louis in the Midwest, had a

lower concentration in manufacturing than did St. Louis (29.8 percent vs. 33.8 percent), although those jobs (71.2 percent) were heavily concentrated in the city. Both men and women in Baltimore had lower median earnings than those in St. Louis, but slightly more than 30 percent of the jobs in both urban areas were held by women. The median education level in Baltimore was low at only 8.8 years for both men and women. Only a few miles away in Washington, the median person had more than three additional years of education than did residents of Baltimore.

FIVE MORE URBAN AREAS

The next group of five urban areas comprises Minneapolis–St. Paul, Buffalo, Cincinnati, Milwaukee, and Kansas City (in both Missouri and Kansas). Population in this rather diverse group ranges from 814,000 to 1.12 million. Central-city population was smallest at 457,000 in Kansas City and largest at 833,000 in Minneapolis–St. Paul. The twin cities of Minneapolis and St. Paul are lumped together because they are adjacent and separated by only a street. The black populations of Buffalo, Cincinnati, and Kansas City ranged from 10.5 to 11.4 percent, reflecting their roles as recipients in the Great Migration. However, Minneapolis–St. Paul and Milwaukee had hardly been affected by the migration of black people from the South, probably because they are farther to the north than other urban areas such as St. Louis and Chicago.

These five urban areas represented a diverse group of local economies. Buffalo and Milwaukee had very high concentrations in manufacturing (both more than 40 percent of employment), and Minneapolis–St. Paul and Kansas City had very low manufacturing concentrations of 25.2 percent and 23.9 percent, respectively. Cincinnati had a more typical 33.1 percent of employment in manufacturing. Both Minneapolis–St. Paul and Kansas City faced west toward the vast agricultural areas of the Great Plains, serving as transportation centers, transshipment points, and, to a lesser extent, centers of manufacturing production. Manufacturing was very heavily concentrated in the twin central cities (86.6 percent) of Minneapolis and St. Paul, but not in the central city Kansas City (59.4 percent). St. Paul is the state capital and Minneapolis is the home of Minnesota's flagship state university, so government was a major employer there. The concentration of manufacturing in the central city was relatively high for Milwaukee (75.1 percent) and Cincinnati (72.1 percent), but a low 47.3 percent in Buffalo. Women held only 26.9 percent of the jobs in Buffalo, but they held more than 30 percent of the jobs in Milwaukee (and in the other three urban areas as well). Median earnings for both men and women were highest in the manufacturing city of Milwaukee and lowest in Cincinnati, the major urban area of the North adjacent to Appalachia.

Indianapolis and Columbus

The last two urban areas on the list are Indianapolis and Columbus. Although each area had a lower population in 1950 than the other areas considered—552,000 and 503,000 people, respectively—they are included because they grew to prominence in later years. The omission of Indianapolis and Columbus would mean that an important part of the story would be omitted as well.

Indianapolis is both the political and economic capital of Indiana and was a typical northeastern urban area in 1950. Blacks made up 11.8 percent of the population of the

urban area, manufacturing was 32.9 percent of total employment, and the earnings of men ($3,038) and women ($1,436) were better than average. Women held 32.1 percent of the jobs. Manufacturing employment was highly concentrated in the central city at 86.2 percent.

Columbus is also a state capital, located between Cleveland and Cincinnati. With a 10.3 percent black population in 1950, its racial composition matched other northeastern urban areas. However, manufacturing employment in Columbus was a relatively low 25.0 percent. State government (including Ohio State University) had a sizable presence in the local economy with 7.4 percent of employment. Earnings in Columbus for men were lower than in Indianapolis ($2,832 vs. $3,038), probably because of the relatively low concentration of manufacturing in Columbus. Earnings for women were $1,415, which matches Indianapolis. The education level in Columbus ranked third among the seventeen urban areas listed in Table 1.2, behind Washington, D.C., and Boston. The median education level for men was 11.0 years and for women 11.6 years.

HOUSING AND HOUSING PROGRAMS

The state of the nation's housing left much to be desired in 1950. Vacancy rates were very low by historic standards, and much of the housing stock was old and substandard in quality. These points are illustrated in Table 1.3 for the major urban areas of the North. The vacancy rate in the Milwaukee urban housing market was a miniscule 1.58 percent. Vacancy rates varied from this low up to 5.87 percent in the Baltimore urban area, and most of the vacancy rates in Table 1.3 are well below 3.5 percent. As a comparison, the vacancy rate in metropolitan areas in 1991 was 8.0 percent. Rates of home ownership varied from a low in New York of 31.7 percent up to 61.8 percent in Detroit and 61.9 percent in Philadelphia. Most of the ownership percentages were in the high 40s to 50s. The percentage of units occupied by nonwhites followed the population percentages shown in Table 1.1.

Perhaps the most telling information in Table 1.3 is the percentage of housing that was regarded as substandard by the Census Bureau. Housing was substandard if it lacked hot running water, or if it did not have private toilet and bath, or if it was dilapidated. Some units failed on all three counts, but it took only one to be considered substandard. In New York and Boston, the percentage of substandard units was a relatively low 12.2 percent, but St. Louis recorded a shocking 34.1 percent. Nine of the seventeen major urban areas in the North had substandard units in excess of 20 percent, and this group included Chicago with 21.8 percent substandard. As for my hometown of Decatur, Illinois, 37.9 percent of the units in the urban area were substandard in 1950 (although surely the percentage was substantially lower within the city limits). I can recall the outhouses that were used by neighbor families as well as the burning of same in celebration of the installation of indoor plumbing.

The quality of the housing stock was negatively affected by the lack of housing construction in the 1930s and early 1940s. Nonfarm housing starts in the United States averaged only 348,000 for the ten years from 1935 to 1944. Housing starts jumped up to 1.08 million per year during 1945 to 1949 and increased further to 1.54 million per year in the first five years of the 1950s. Table 1.3 shows the percentage of new units, the ones that had been built between 1940 and 1950. Washington, D.C., led with 38.2 percent, which no doubt reflects the huge increase in federal employment that took place in World

Table 1.3

Urban Areas of the North in 1950: Housing

Urban Area	Vacancy Rate (%)	Owner Occupied (%)	Occupied by Nonwhite (%)	Substandard (%)*	Built after 1940 (%)	Public Housing Units	Percent Public Housing
New York	4.55	31.7	6.8	12.2	12.2	16,882	0.43
Chicago	2.60	41.8	9.5	21.8	11.5	8,483	0.51
Philadelphia	3.32	61.9	12.1	17.0	13.4	3,248	0.31
Detroit	3.38	61.8	9.2	13.1	25.9	4,879	0.57
Boston	3.15	44.5	2.2	12.2	8.2	5,102	0.76
Pittsburgh	2.07	54.8	5.4	32.1	14.5	4,463	0.71
St. Louis	2.56	51.4	11.5	34.1	14.9	1,315	0.26
Cleveland	2.51	53.5	8.3	11.3	16.2	5,179	1.18
Washington, DC	3.57	42.6	18.2	12.9	38.2	3,147	0.75
Baltimore	5.87	55.0	16.2	21.3	22.8	5,021	1.28
Minneapolis–St. Paul	2.96	60.3	1.3	24.8	16.9	464	0.14
Buffalo	3.47	53.8	3.4	14.5	13.8	2,571	0.81
Cincinnati	2.82	49.1	10.2	27.9	13.0	3,818	1.34
Milwaukee	1.58	49.8	1.9	18.5	14.3	651	0.26
Kansas City	3.03	58.3	10.4	29.7	15.7	0	0.00
Indianapolis	2.33	58.5	10.5	31.0	18.9	748	0.43
Columbus	1.72	53.7	8.9	22.0	20.3	1,352	0.91

*Substandard units lack hot running water, or lack private toilet and bath, or are dilapidated.
Source: Census of Housing, 1950.

War II. Three urban areas—Detroit, Baltimore, and Columbus—had percentages of new units in excess of 20 percent. Otherwise, most of the urban areas had less than 15 percent new units. Philadelphia was a typical case with 13.4 percent new units.

The Philadelphia housing stock was described by the Philadelphia Economic Monitoring Project researchers (Stull and Stull 1991) as antiquated and inadequate.[4] Units were concentrated near the centers of manufacturing in the urban area, and more than 60 percent had been built before 1920. Little housing construction had taken place in the 1930s and 1940s; Stull and Stull found that the vacancy rate in 1950 was a very low 2.7 percent (2.4 percent in the central city and 3.2 percent in the suburbs). The vacancy rate recorded by the U.S. Census was 3.32 percent, which is only slightly different. Remember the original *Rocky* movie? Much of the Philadelphia housing stock consisted of small row houses that were no longer considered acceptable by the middle class. The census recorded that 17.0 percent of the housing stock was substandard, and many households with lower incomes lived in crowded rental units in poor condition.

The federal government had begun to recognize that the nation had a housing problem and declared in the Housing Act of 1949 the goal "to provide a decent home and suitable living environment to all Americans." One might question the feasibility of this goal and whether it should be the responsibility of the federal government, but this statement remains in place to this day. Federal housing policy in 1950 consisted of three programs and federal income tax deductions for mortgage interest and local property taxes. The three programs—mortgage insurance, public housing, and slum clearance—are examined next, in chronological order, and then the income tax deductions are illustrated.

The first major federal housing program was created by the National Housing Act of 1934. This act created the Federal Housing Administration (FHA) and provided for mortgage loan insurance to buyers who could qualify. The FHA mortgage insurance program was created during the Great Depression as part of the effort to have a banking and financial system that would not collapse as in the early 1930s. Through this program, the borrower paid an insurance premium that was 0.5 percent of the outstanding loan balance so that the lender would be protected from the borrower's possible default. The FHA program has a maximum loan amount, which started at $16,000 in 1935 and was lowered to $14,000 in 1950. The maximum maturity permitted started at twenty years in 1935 and was raised to twenty-five years in 1938. The interest rate was regulated; a maximum of 5.00 percent was permitted in 1935, which was lowered to 4.5 percent in 1940 and 4.25 percent in 1950. The maximum allowable loan-to-value ratio was 80 percent in 1935, which was raised to 90 percent in 1938. Prior to the creation of the FHA program, mortgage loans normally were of short duration (e.g., seven to ten years) and had low loan-to-value ratios (typically 65 percent). Buyers would have to obtain a new loan after a few years because the typical mortgage required only interest payments with a "balloon" payment at the end. The FHA program essentially created the mortgage loan as we know it: low down payment, lengthy maturity, and full amortization (i.e., the level monthly payments paid the interest and paid off the loan). The FHA insurance meant that lenders—banks and savings and loans—could offer such terms. In 1950, a qualified buyer could obtain a twenty-five-year loan of up to $14,000 with a 10 percent down payment at an interest rate of no more than 4.25 percent (plus the FHA insurance premium). The FHA mortgage insurance program is also available for apartment buildings with "reasonable" rents.