

The Homeownership Gap: How the Post-World War II GI Bill Shaped Modern
Day Homeownership Patterns for Black and White Americans

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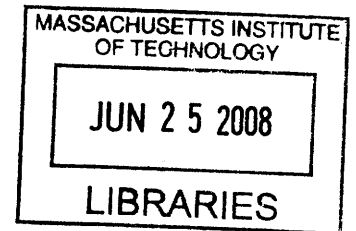
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THE HOMEOWNERSHIP GAP: HOW THE POST-WORLD WAR II GI BILL SHAPED MODERN DAY HOMEOWNERSHIP PATTERNS FOR BLACK AND WHITE AMERICANS

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Abstract

Servicemen's Readjustment Act of 1944, commonly known as the GI Bill, was a transformative piece of legislation signed by President Roosevelt intended to help WWII Veterans transition successfully from soldier to citizen. Often dubbed the magic carpet to the middle class, provisions of the bill granted eligible veterans free college tuition, job training and placement, generous unemployment benefits and a low interest, no money down loan for a home or business. The effects of this bill were widespread; it touched eight out of ten men born in the 1920's. Much is known of impact GI Bill benefits had on white veterans, but less is known of how black veterans, who accounted for one in thirteen WWII Veterans, were able to use them. This paper examines barriers black veterans faced to access and use the housing benefit, and examines the possible intergenerational impacts such barriers had on the wealth and homeownership status of African Americans today.

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This paper is dedicated to my dad, Leonard Anderson, a black WWII Veteran from Lynchburg, VA. My dad and I started this project together, but he died unexpectedly of complications from lung cancer sustained from asbestos exposure, ironically enough, while serving in the US Navy. I can remember years ago being 17 years old and begging him to sign papers to let me drop out of high school. I offered up enlistment in the Navy as a possible alternative and I'll never forget his reaction. Furious, he told me he wouldn't go to the *corner* to fight for this military. That comment always stayed in my head, I could never understand his animosity toward the Navy when everyone else seemed to be so proud. After doing this research, I now completely understand. I only wish he was here so I could tell him.

“The day after Pearl Harbor, my grandfather signed up for duty, joined Patton's army, marched across Europe. Back home my grandmother raised a baby and went to work on a bomber assembly line. After the war, they studied on the GI Bill, bought a house through FHA and later moved west, all the way to Hawaii, in search of opportunity.” -*Presidential candidate Barack Obama, in a speech addressing the 2004 Democratic National Convention, describing the experience of his white grandfather after World War II.*

In America, the end of the World War II brought about 16 million soldiers home to American shores. Weathered and weary, these soldiers came home on the heels of an intense and bloody war that killed or wounded over one million Americans.¹ With the Great Depression still fresh in their minds, policy makers worried how these veterans would acclimate themselves to a peacetime economy. Eager to avoid a repeat of the disastrous government treatment of WWI Veterans, post war planners knew that benefits for returning WWII veterans had to be significant.² Consequently, Congress drafted legislation that would provide veterans ample opportunity to make a smooth transition from soldier to civilian in the post-war economy. This legislation, formally known as the Servicemen's Adjustment Act of 1944, or the GI Bill, was signed into law by President Roosevelt in June of 1944.³

Dubbed “the magic carpet to the middle class,” the GI Bill's benefits were massive, touching eight out of ten men born in the 1920's.⁴ The bill provided returning veterans with access to a low interest, no money down loan for a home or business, job

¹ Mettler (2005) p.25

² <http://www.eyewitnesstohistory.com/snprelief4.htm>

³ http://www.gibill.va.gov/GI_Bill_Info/history.htm

⁴ Levitan and Cleary (1973)

training and placement, unemployment insurance and college tuition. Spending on this government-sponsored benefit was massive; between 1944 and 1971, it totaled over \$95 billion dollars.² The GI Bill is credited as having contributed more than any other program in history to the welfare of veterans, and to the growth of the national economy; it opened unprecedented pathways to the middle class for an entire generation of veterans and their families, many of whom went on to enjoy economic prosperity for years and years to come³.

Much has been written about the white WWII Veteran's experience with the GI Bill, but less is known about the experience for African Americans, who represented one out of every thirteen veterans.⁴ The literature shows that African Americans used the education benefit to attend black colleges and universities,⁵ but there is a lack of information describing the extent to which black veterans were able to utilize the housing benefit to invest in a home and accumulate wealth. This paper seeks to provide a framework to analyze the African Americans' veteran experience with the GI Bill, particularly in terms of the housing benefit. In it I will lay out the argument that white veterans were able to use the home loan benefit to purchase a house and gain a foothold in the middle class, while blacks were systematically excluded from similar advantages. Furthermore, I offer the idea that the existing gap in homeownership rates between black and white Americans might be smaller had black veterans been able to take full advantage of their GI Bill benefits, and that full participation in GI Bill benefits might

²Levitan and Cleary (1973)

³ The History of the Department of Veterans Affairs, Part 4, page 3

⁴ Our Negro Veterans, Bolte and Harris p.4

⁵ Turner and Bound (2002), Mettler (2005)

have put black WWII Veterans in a better position to transfer wealth to future generations, impacting the socio-economic status of their descendants.

In 1946 and 1947, Veterans Administration (VA) mortgages accounted for more than 40% of total mortgages issued,⁶ and records, while spotty, show that few such mortgages went to black veterans. It is unknown if the effect of the GI Bill in general was to increase homeownership or if it simply accelerated it, this subject warrants further study; but the idea that the benefit was an impetus for veterans to buy is undeniable.

The first half of this paper is focused on the barriers blacks faced to qualifying for the GI Bill; that is, enlisting in the military and becoming honorably discharged. I go on to detail barriers WWII Veterans faced in accessing GI Bill benefits, and finally to barriers they faced in utilizing the home loan benefit, and to accessing housing markets in general in the post war, pre-civil rights movement era. The second half focuses on durable effects such housing mobility restrictions might have had on black veterans, their families, and subsequent generations. I discuss the role of homeownership in the accumulation of wealth, the modern day wealth gap between black and white Americans, and the intergenerational constraint poverty places on mobility.

I view these effects through the lens of two theories: William Darity's theory of Stratification Economics and Rebecca Blank's theory of Cumulative Discrimination. Both theories point to how the effects of discrimination compound over time, and how

⁶ Katznelson (2005)

negative outcomes created by structural barriers to opportunity become, over time, ascribed to cultural and behavioral characteristics of, in this case, the black urban poor.

Stratification Economics

In his paper “Stratification Economics: The Role of Intergroup Inequality,” economist William Darity Jr. describes stratification economics as an “empirically based method that examines the structural and intentional processes that generate income, wealth and class inequality between ascriptively distinguished groups.”⁷ Two structural processes come into play here. First is the way that black soldiers were treated in the armed services during WWII; they were systematically denied access to moving up the ranks of command, thereby restricting their access to higher pay and better retirement packages that were available to white soldiers. Black soldiers were denied advanced or specialized training in fields that would vastly improve earnings potential in civilian life, whereas white soldiers, even when less qualified, would receive such training, thereby positively effecting their future earnings potential. Second is the black experience in the post war era, with the GI Bill acting as a structural process, that largely benefited whites while tightly constraining, through a series of deliberate policies and laws, access to benefits for blacks. The extent to which state sanctioned Jim Crow laws restricted utilization of benefits by blacks is an example of this constraint; zoning and land use regulations enacted in white neighborhoods, as a means to keep blacks out, is another.

Darity maintains that stratification economics point to long-term effects of

⁷ Darity (2005)

property dispossession being visited on current generations and across generations, becoming the critical factor shaping the distribution of wealth. He asserts that blacks generally have had less wealth accumulated to pass on to their next generation. To that end, the GI Bill presented a critical opportunity for blacks to accumulate wealth through the purchase of a home that could be transferred to future generations. This opportunity was lost as the direct result of a number of structural factors designed to keep blacks from accessing a low interest, federally guaranteed loan on a single family home. Concurrently, their white counterparts used it to purchase homes in unprecedented numbers, and in so doing, started the ticking of home equity clock.

Cumulative Discrimination

The stratification economics approach used by Darity notes that the effects of structural disadvantage that persists over generations, a sentiment echoed by Rebecca Blank in her 2004 paper *Tracing the Economic Impact of Cumulative Discrimination*. Blank defines cumulative discrimination as “the measurement of discriminatory effects over time and across domains,”⁸ analyzing the cumulative effects of single or multiple incidents of discrimination across time. Blank notes the significance of the cross-generational effects of cumulative discrimination, pointing to large black/ white outcome gaps on virtually every indicator of well being, including levels of wealth, educational achievement, health and housing quality. She asks to what extent the current racial disadvantage is the result of cumulative effects of past discrimination, and acknowledges that the inability of past generations of African Americans to own houses and to

⁸ Blank (2004)

accumulate wealth may have negatively affected the wealth status of current generations of African Americans.

Chapter 2: Methodology

I arrived at this research question through a combination of personal experience and curiosity. As the bi-racial daughter of an African American World War II Veteran, growing up I often wondered why we didn't live in a neat little suburban home like the ones occupied by my mom's white relatives in nearby towns. As an adult student of city planning, I often heard talk of a black/white homeownership gap followed by statements like "holding all other variables constant we still can't figure out why ..." or "even in adjusting for income and socio-economic status blacks still lag behind in..." I'm not a historian or an economist, but the fact that white WWII Veterans came home to a government sponsored program designed to help them buy a home always stuck out in my mind as a head start that wasn't exactly available to my own black father.

Within the limitations of this paper, it is quantitatively impossible to say that, had it not been for race, black soldiers would have accessed the GI Bill, piled into a station wagon and driven off into the suburbs in search of the perfect wealth-generating cul-de-sac. Clearly, race, an endogenous variable, would have affected future prospects and outcomes, potentially negating even GI Bill gains. It is therefore hard to say which outcomes in the homeownership gap were GI Bill and race related versus segregation and race related versus political power and race related, or labor market and race related... the list goes on indefinitely.

However, this paper does demonstrate the way that the GI Bill moved many whites into the middle class, and raises the possibility that it might have had a similar

effect on black veterans if given the opportunity to access and use the benefits in ways that white veterans did.

By pulling apart the many aspects of the black experience with the military in WWII, I attempted to, through the study of primary data sources such as letters from black soldiers, and archives of civil rights organizations that worked with black veterans in the south, extrapolate some of the racial mechanisms and interactions that impeded access to the GI Bill for black veterans. Through qualitative interviews with black veterans, I show that the mechanisms were not random; they were completely entwined within the black experience in the war, and while their impact diminished with time, they were still ever present.

This study is one that uses process tracing and qualitative methods to frame the experience of the African American WWII veteran in buying a home of comparable investment value to his white counterpart. It pays close attention to the historical experience of their lives, as they came back from fighting for freedom and against oppression abroad, to be rewarded with an inequitable benefit system.

For this paper, I used two primary research methods: document analysis and semi-structured interviews. The semi-structured interview is a uniquely valuable tool leaving room for discovery as the individuals explore and expand on their experiences. Open ended questions written were within a protocol, encouraging them to reminisce while answering questions, allowing a chance for me to collect valuable anecdotal information.

The document analysis led me through military history, using information published by the military in the 1950's, going through newspaper articles on integration immediately following the war, and sifting through the archives of the Southern Regional Council, a civil rights group that traveled the deep south to inform black soldiers of their benefits after the war. I also read through a number of letters written by black soldiers during and after the war, and this material provided true insight into the conditions the soldiers faced, in training camps, on the battlefield, and upon the return home. Finally, I reviewed a wide swath of contemporary literature about the intergenerational transfer of black wealth, the impact of the post war economic gains on the children of WWII Veterans known as the baby boomers, and the durable impact of homeownership on wealth. In combination, these methods produce a compelling picture of the significant and lasting impact of the GI Bill on American WWII Veterans and their families.

Chapter 3: Black Soldiers in World War II

Induction into the Armed Services

“A lily-white navy cannot fight for a free world. A jim crow army cannot fight for a free world. Jim crow strategy, no matter on how grand a scale, cannot build a free world”

-Editorial from the NAACP magazine the Crisis, January 1942⁹

Blacks have a long history of participation in the United States Armed Forces, and many served in WWI. In the years following WWI however, black soldiers were gradually phased out of the peacetime military. In 1938, the black press waged a full-scale campaign for military opportunities for blacks,¹⁰ but it wasn't until The Selective Training and Service Act of 1940 that Congress authorized an increase in the allotment of black military units. The act required that black military opportunities become representative of the black proportion of the United States population, at that time, 10%. Facing few other employment or education prospects, blacks flocked to this opportunity, in some northern cities breaking enrollment records.¹¹ As Claude, a WWII Veteran from NY City succinctly put it, “I wanted to get off the streets of NY, and the Army, at that time, presented the best opportunity to do just that.”¹² White citizens of towns with significant black populations were anxious to get black men drafted and out of town where white men were facing heavy draft numbers.¹³

Blacks who didn't volunteer for the service were inducted through the draft,

⁹ Lee (1965) p.83

¹⁰ Ibid p.52

¹¹ Ibid p.69

¹² Interview, Claude, March 2008, Harlem, NY

¹³ Lee (1965) p.85

where they received notices that they must report, at some future date, for military service. These notices adversely affected the employed and unemployed as well. Those who held jobs quit or were fired upon selection, only to find their induction date delayed indefinitely; those job seekers faced resistance from employers who didn't want to hire a draftee who would be pulled from the job at a moment's notice.¹⁴

The Selective Training and Service Act addressed the issue of discrimination in the military, but it did not seek to end segregation. In fact, much of the holdup in the deployment of black inductees to training camps was based on logistical issues of how to keep troops completely segregated in housing, training, and recreational facilities. As the numbers of black inductees rose, bases around the country scrambled to find ways to retrofit their facilities to accommodate the segregation of black and white troops.

Black Life on American Military Bases

"Dear Lord today/I go to war/ To fight, to die,/ Tell me what for?/ Dear Lord, I'll fight,/ I do not fear,/ Germans or Japs/ My fears are here. America."- World War II Veteran Frank James in his autobiography "Capers of a Medic"

In the early stages of US involvement in the war, black soldiers remained stateside where, clustered in segregated training camps, they received debatable amounts of actual military training. For black soldiers, life at the training camps was harsh and oppressive. Blacks, especially those from Northern cities, were often sent to military bases in the south, where, under the auspice of "year round training weather" they would become subject to a virtual racist free for all. My ethnographic interviews confirmed such

¹⁴ Ibid p.90

practices; one veteran told the story of being sent to Louisiana from Harlem, and later moved to Texas after race riots involving the local townspeople. A veteran from Chicago told the story of how he refused to be stationed in a southern training camp, and, through the will of a sympathetic sergeant, was instead sent to Oregon. In southern training camps black soldiers were consistently abused, terrorized and dehumanized, under legal auspice of local Jim Crow laws. Letters from black soldiers stationed in training camps in Texas, Arkansas, Louisiana and Mississippi repeatedly referred to such training camps as “living hell” where they were “treated worse than dogs.”¹⁵ Such abuses were not limited to training camps in the south; the literature shows that camps in New Jersey and other bases across the country were just as bad in their treatment of black soldiers.¹⁶

On the military base, blacks faced the worst of Jim Crow segregation; even blood banked at the Red Cross was separated by race.¹⁷ Archived letters and reports detail some of the brutal conditions that black inductees faced at Army training camps where, relegated to segregated barracks, they slept on sand floors or wooden cots. They were given latrines with no running water, and were left to clean buckets of human waste for reuse. Barred from dining with white soldiers, blacks had to wait until white soldiers finished their meals before they could enter mess halls. Inside, they were met with whatever cold food was leftover, in some cases reduced to eating what was left on a white soldier’s plate.¹⁸

¹⁵ McGuire (1983)

¹⁶ Ibid p.171

¹⁷ Lee (1965) p.331

¹⁸ McGuire (1983) p.634

Black soldiers were given recreational facilities that were limited in size and use, a particular injustice considering that most soldiers were teenagers, and recreation was important.¹⁹ They were either completely barred from entertainment options or limited to separate seating sections in the theatre, where, should it reach capacity, they would be forced to give up their seats to white soldiers. They attended separate dances and social functions, which were subject to end abruptly should white soldiers decide they wanted to utilize the space. They were barred from white religious services, left to worship at inconsistent and poorly planned times.²⁰ There were insufficient guest-house accommodations for visiting wives and family members, leaving blacks estranged from loved ones while white soldiers were able to accommodate their families nearby.²¹

In the south, Black soldiers could venture in to town to patronize local black establishments on a day pass, but this too was often difficult. Busses were segregated and “black” busses ran on obscure schedules that rarely fit with the amount of pass time soldiers had allotted to them. Other busses would only accept 5 black soldiers at a time, or as many as the driver deemed acceptable, making travel unpredictable and difficult. Rail travel was just as bad, as black soldiers could only ride in segregated train cars to go home on furlough. This created a logistical nightmare for black soldiers heading home; since black cars were often full, they wound up riding in boxcars and baggage cars for substantial distances, even when were seats available in the white coaches.²²

¹⁹ Lee (1965) p.303

²⁰ McGuire (1983) p.19

²¹ Lee (1965) p.303

²² Ibid p.320

These policies severely affected black troop morale. Despite the fact that they were wearing American military uniforms, blacks found themselves indeed treated worse than white German prisoners of war. The following letter was written by a black GI to Yank Magazine in 1944:

Dear YANK Magazine:

Myself and eight other Negro soldiers were on our way from Camp Claiborne, LA., to Fort Huachuca, Arizona. We had to lay over until the next day for our train. We could not purchase a cup of coffee at any of the lunchrooms around there. The only place where we could be served was at the railroad station but, of course, we had to go into the kitchen. As you know, Old Man Jim Crow rules.

But that's not all; 11:30 a.m. about two dozen German prisoners of war, with two American guards, came into the station. They sat at the tables, had their meals served, talked, smoked, in fact had quite a swell time.

I stood on the outside looking on, and I could not help but ask myself these questions: are we not American soldiers, sworn to fight for and die if need be for this our country? Then why are they treated better than we are? Why does the Government allow such things to go on? Some of the boys are saying that you will not print this letter. I'm saying that you will.

-Cpl. Rupert Trimmingham, April 1944²³

For black soldiers, a trip off the southern military base and into a local town was a potentially life threatening experience. Blacks were targets of racial violence by local towns people, with local police especially hungry to challenge the manhood of black soldiers. Memoirs tell story after story of black soldiers being hunted down and beaten by local law enforcement and lynch mobs, all eager to assert that in those parts, blacks had no rights or standing. Despite the repeated assaults on blacks and ensuing race riots, the

²³ <http://www.pbs.org/wgbh/amex/warletters/filmmore/pt.html>

army never stepped in to defend or protect black soldiers.²⁴

The job of leading black troops was left to white officers, and it was a position that few white officers desired. Consequently, those leading black units were often officers not wanted anywhere else in the army, resulting in poorly trained, poorly led and ill prepared units. Such officers were often southern, picked to lead black troops under the widespread notion that southern officers could best control and direct black troops. This practice resulted in frequent conflicts between northern black soldiers and their southern commanders who, deeming them “uppity” were determined to show them who was in control.²⁵

Training and Advancement Opportunities for Black Soldiers

Black enlisted men saw little room for military career advancement during WWII. Racism, stereotypes about black intellectual and leadership capacity, and segregation impeded blacks from moving through military ranks. This is significant because with increased rank or training came an increase in military pay, retirement benefits, and potentially in post military occupational earnings. The following section details barriers black soldiers faced in the quest to improve their lives through training.

Black Officers in WWII

“About a moth and a half ago, we had the exteem priviledge [sic] of having a Colored Colonel visit us, namely Hamilton Neal. At this particular time, we had practically no form of amusement, not even a service club. At this time the only way we could get to town which was eleven miles away, was to hitch hike or walk. Our only form of recreation was the outdoor theater in which even here we were segregated. Colonel Neal said nothing in the way of encouragement to us. We listened to him, of course, for we

²⁴ Motley (1975)

²⁵ Ibid.

realized that his position was rearly [sic] achieved by a negro. He spoke of his pleasure in viewing our i.q. records and told us we should be proud to be at camp Barkeley. I suppose Colonel Neal was sent as a moral builder but to us he completely failed in his mission, for we looked upon him as a figure head."

-Pvt. Bert B. Babero, February, 1944²⁶

In the early days of the US involvement in WWII, black enlisted men had very little room for promotion through the military ranks. In 1942 just .04% of blacks in the Army were officers. Black soldiers who actually managed to move up the ranks saw little demand for their services; protocol forbade blacks to outrank or command white officers serving in the same unit. Likewise, white commanders insisted on having their units, including those that were all black, led by white officers. Segregated living facilities for black officers prevented their geographic assignment to some bases, and opposition from local civilian townspeople made it impossible for them to serve in some communities.²⁷ Black officers garnered little respect; they often found their leadership and qualifications questioned and were consistently passed over for promotion in rank. Finally, they were left in the unenviable position of having to agree with white commanding officers on unpopular or racially motivated decisions, forced to do so in order to preserve a military career.²⁸

Training Opportunities

For the most part, regardless of education status or intellectual capacity,

²⁶ Letters from African American Soldiers during WWII, Lowry G. Wright et al
us.history.wisc.edu/hist102/pdocs/Wright_Letters.pdf

²⁷ <http://www.history.army.mil/books/integration/IAF-02.htm>

²⁸ McGuire (1983) p.35

black soldiers were relegated to labor and service military units, both at the training camp and abroad. They performed what came to be known as “black work,” the most physical or menial tasks; digging ditches, laying roads, working on cleaning crews, or working as cooks, stewards or dishwashers.²⁹ Advanced training opportunities were often off limits to black soldiers due to varying state mandated requirements for segregated classrooms, or government imposed quotas on how many blacks could attend special military schools. Confusion over divergent policies on which jobs blacks were eligible created yet another barrier to potential applicants. Commanding officers in charge of blacks in whom they recognized potential were left clueless on how to guide their men in order to maximize their strengths.³⁰ Sometimes, even if blacks were accepted for specialized training, they found themselves limited to menial work upon arrival at the training ground. In one case, blacks accepted as pilot trainees arrived at an Airforce base only to perform housekeeping duties.³¹ In my own ethnographic research, I interviewed a veteran who went to Boise to do receive training in “engineering,” only to find that he would learn how to construct drainage for latrines³².

Military protocol was to funnel soldiers into training opportunities on the basis of their ability to learn. In order to determine this ability, soldiers were tested with the Army General Classification Test (AGCT). The test measured native capacity, schooling and educational opportunities, socioeconomic status and cultural background,³³ and was

²⁹ Ibid p.59

³⁰ Lee (1965) p.272

³¹ McGuire (1983) p.59

³² Interview, Glenn, April, 2008

³³ Lee (1965) p.243

inherently biased against blacks, who, mostly poor and from the south, lacked the most basic education. Most blacks scored poorly on the AGCT, but even those who scored well were denied advanced training opportunities. At one Virginia training camp, black and white soldiers attending a training program for medical and surgical technicians took a test to determine who would move into the final round of advanced training. Despite the fact that 3% of the black soldiers failed the test compared to 15% of white soldiers failing, no blacks were selected to advance to the next round of training.³⁴

Blacks in Combat

“It isn’t that I’m afraid to fight, but what are we fighting for? As far as I can see, we will never be a free people for the simple reason majority rules.”

-A black soldier in San Marcos, TX. 1943

The deployment of black troops overseas was a political minefield for the War Department. Protocol on how black troops should be utilized, treated and housed overseas was unclear. Some foreign countries expressed hostility toward the idea of having black troops within their borders; and colonial powers of black countries expressed particular concern at having uniformed, armed and paid black men roaming their streets putting ideas into the native psyche about the potential for black achievement.³⁵

The Selective Service and Training Act required that 10% of black troops be in combat units, but in practice their chances of engaging in overseas combat were low; dwindling as the war wore on. Plagued by false and negative stereotypes that portrayed

³⁴ McGuire (1983) p.124

³⁵ Lee (1965) p.429

black units as lazy and incapable of mastering weaponry or military technique, such units were unwanted by overseas officers. Eventually, in response to a desperate need for overseas manpower, the military began to change the designation of combat troops to service troops, deploying them overseas to service white and allied combat troops.³⁶ This angered competent black soldiers who were anxious to prove their mettle in combat operations, but the War Department persisted, pushing on with the mass conversion.

Many black troops who saw overseas combat performed heroically and efficiently despite an incredible lack of institutional support; they were often outfitted with inferior equipment, poor military intelligence and insufficient leadership and training.³⁷ In the end, the overall lack of combat opportunity for blacks was another blow to black troop morale. When battalions were changed from combat to service battalions, soldiers knew that they wouldn't have a chance to prove themselves as soldiers, nor reap the rewards or commendations presented to soldiers in battle. The restriction on combat duty is another tool in a long list of structural mechanisms employed to affirm the inferiority of the black soldier. Likewise, whites who refused to recognize blacks as equal Americans used these restrictions as a psychological justification of a black soldier's inadequacy. These whites conveniently neglect the fact that black soldiers fought to protect their country overseas and earned the right to have the same civil rights in America as any other American soldier. If blacks did not see combat, it became easier to psychologically diminish their role and significance in the armed forces; thus making it easy to deny them benefits designated to veterans, including the GI Bill.

³⁶ <http://www.history.army.mil/books/integration/IAF-02.htm>

³⁷ US Army in WWII, Manpower and Segregation

World War II and the “Double V”

“From civilian life I was drafted and now I prepare to fight for – the discriminatory practices against me and my people.” A black soldier³⁸

In a 1941 speech to Congress, President Roosevelt implored Congress to increase war funding based on a desire to look forward to a world where people would be afforded what he called the four freedoms. These were: “The freedom of speech and expression, everywhere in the world, freedom of every person to worship God in his own way, everywhere in the world, freedom from want, which, translated into world terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants -- everywhere in the world, and freedom from fear, which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor -- anywhere in the world.” He concluded that this was “no vision of a distant millennium” but one that was immediate and attainable.³⁹

The irony of fighting a war for the four freedoms while such freedoms were routinely denied to American blacks was not lost on black soldiers. As a result, the dual idea of fighting fascism abroad and racism at home gained in popularity, eventually becoming popularized in what was called the “Double V” campaign. Coined by the black newspaper “The Pittsburg Courier,” the campaign sought to raise awareness of the significance of fighting for victory over enemies abroad “from without” and fighting for a

³⁸ Saxe (2007)

³⁹ <http://www.americanrhetoric.com/speeches/fdrthefourfreedoms.htm>

victory from the enemy of prejudice at home, “from within.”⁴⁰ This popular campaign included a double V slogan, hairstyle, and a campaign by the black press to galvanize civilians to support the idea that the black man fighting for freedom abroad was a harbinger for freedom at home. The collective hope was that after winning a war against oppression in Europe, white Americans would realize the extent of black oppression on American soil, inducing them to grant blacks civil rights, creating a true American democracy. By fighting in the war, many blacks hoped their show of patriotism and valor would prove their commitment to the country, proving their rights to access equal opportunity freedom on American soil.

Black Soldiers and their Return Home from the War

Black soldiers were largely optimistic about their futures as they prepared to return to civilian life after the war. “Blacks was coming home feeling proud of their contribution to the service, a lot of them wanted to return from whence they came.”⁴¹ By the end of the war, for some blacks, relationships with whites had greatly improved. Some had fought on the front lines of battle with white soldiers, forging bonds between the two groups, breaking down former barriers of suspicion and hostility. In fact, a 1945 survey of white officers and platoon sergeants found that, despite their reservations to the contrary, over 80% of those interviewed found that blacks had performed very well in combat, and the majority saw no reason why black infantry men should not perform as well as whites given the same training and experience. Most reported getting along very well with blacks, and nearly all officers admitted that the camaraderie between black and

⁴⁰ <http://www.newsreel.org/guides/blackpress/treason.htm>

⁴¹ Interview, Claude, March 2008

white troops was much better than expected. Perhaps most telling while three quarters of the officers admitted that they initially disliked having black troops in their midst, they changed their minds after serving with them in combat, their distrust turning into friendliness.⁴²

Through the military, black soldiers had a chance to travel and see the wider world, and in some countries they were treated with a dignity and respect rarely found on American soil. Soldiers felt empowered by their newfound skills and abilities acquired in the armed services. This led to cautious optimism in black soldiers that upon returning home, their circumstances would change for the better. According to a survey titled “The American Soldier” conducted by the War Department in 1945, the majority of blacks questioned felt “medium optimistic” to “very optimistic” about their post war futures.⁴³

If black soldiers thought they would come home to a chance at equal opportunity, whites, determined to maintain the status quo, were one step ahead of them. They were resolved to squelch any ideas held by blacks that an overseas victory would improve their status from second-class status back in the United States. Whites held a deep-seated fear that returning black soldiers would return home empowered and emboldened, educated and combat ready, determined to secure their long denied civil rights. This led to a frenzy of white racism as they fiercely fought to maintain segregation, dominance and power, leading to a virtual bloodbath for returning black soldiers; with brutal episodes of racial

⁴² <http://www.history.army.mil/books/integration/IAF-02.htm>

⁴³ Saxe (2007) p.164

violence becoming commonplace in the south, but in the remainder of the country as well.⁴⁴

After the war, black veterans were heavily concentrated in the southern states of Washington DC, Louisiana, Alabama, Florida, Georgia, Mississippi, and South Carolina. These were also the states with the highest concentration of lynchings of black veterans, the highest rates of black veteran unemployment, the location of the poorest educational facilities, and the most extreme enforcement of Jim Crow laws.⁴⁵

Returning soldiers were warned by friends and family not to wear their uniforms home, blacks in uniform were perceived as ‘uppity’ and were frequent targets of racist, white, law enforcement. The following tells the reception of Dabney Hammer, a black veteran who returned in uniform to his home state of Mississippi:

“Dabney Hammer, who came back to Mississippi wearing his war medals, encountered a white man in his home town of Clarksdale, Mississippi.

"Oweee, look at them spangles on your chest. Glad you back. Let me tell you one thing don't you forget ... you're still a nigger.”⁴⁶

White civilians, anxious to remind blacks of their place in America, actively sought out black veterans for confrontation. Fights were commonplace, as were lynchings and attacks by violent mobs. The story of the lynching of two black veterans and their wives sums it up pretty well; when asked of the reason for the murder, one of the killers replied,

⁴⁴ Ibid p.178

⁴⁵ Our Negro Veterans Charles Bolte, Louis Harris

⁴⁶ http://www.pbs.org/wnet/jimcrow/stories_events_ww2.html

“Up until George went into the army, he was a good nigger. But when he came out, they thought they were as good as any white people.”⁴⁷

Not only did blacks face extreme violence upon their return home, but they also faced a denigration of their military service. The celebrated face of a veteran was that of a white vet, he was the recipient of any formal glory or praise. Despite wide documentation of blacks’ heroic and invaluable contributions to the war effort, the black veterans’ role in the service was marginalized to that of a shiftless coward, a myth created to justify the denial of benefits and protections offered by the military to black veterans. Officials maintained that since blacks didn’t really contribute to the war effort, they shouldn’t be given consideration as veterans.⁴⁸ The words of a black soldier express this sentiment well: *They [the whites] will say we did not fight and were behind the lines, so they can keep us behind after it’s over*⁴⁹ The understanding of this attitude is critical as I move forward to the discussion of black access to the GI Bill benefits.

⁴⁷ Saxe (2007) p.176

⁴⁸ Ibid p.174

⁴⁹ Lee (1965), p.86

Chapter 4: The GI Bill and the Post War Era

The Servicemen's Adjustment Act of 1944, commonly known as the GI Bill, was signed into law by President Roosevelt in June of 1944. The legislation was created in anticipation of the needs of the over fifteen million veterans expected to hit American shores at the end of the war. Wary of the problems that plagued the return World War I Veterans, and mindful of the fragility of a post war economy, War Department planners were determined to craft a program that would give veterans the tools they needed in order to quickly and smoothly adjust to civilian life.

The resulting legislation was sweeping and generous, hailed by many as a transformative policy that significantly expanded the ranks of the American middle class. Federal spending on the GI Bill was significant; between 1944 and 1971 it came to over \$95 billion dollars.⁵⁰ The benefits were geared toward addressing potential needs of returning veterans on every level, from housing to unemployment, education to job training. The benefits were as follows:

- The right to educational or technical training with the government paying tuition of up to \$500.00 per year, plus the right to a monthly cost of living allowance while in school.
- A guarantee by the Federal government not to exceed 50 percent of loans made to veterans for the purchase or construction of a home, farm or business.
- An unemployment allowance of \$20.00 per week for a period of one year,

⁵⁰ Katznelson (2005) p.113

- Assistance with job training and placement.⁵¹

Race and the Creation of the GI Bill

When taken at face value, the GI Bill as written was ostensibly race neutral. Closer examination however reveals that the legislation was carefully crafted to safeguard a racist ideology that would subjugate blacks to the point where they could not threaten the economic security of whites, veterans or otherwise. The bill was drafted in part by the American Legion, an agency that served veterans and their interests, but barred blacks from membership.⁵² It was sponsored by Mississippi Senator John Rankin, a notorious racist who once introduced legislation to deport 12 million American blacks to Africa.⁵³ The bill was deliberately crafted in a federalist nature, thereby ensuring states the ability to determine their own protocol for the administration of GI Bill benefits. This was particularly comforting to southern legislators, for it assured them that in the south, administration of the bill would be subject to Jim Crow standards. The coalition of organizations responsible for crafting the bill were anxious to get it passed, and were more than willing to do so at the expense of black veterans. In response to Rankin's concerns that the bill might empower blacks to upset the status quo, they conceded that they would not challenge local customs on race to press for equal access for all veterans. In fact, the Director of the VA went so far as to pledge that the VA's system of unemployment for black veterans would not undercut southern labor markets.⁵⁴

⁵¹ http://www.gibill.va.gov/GI_Bill_Info/history.htm

⁵² Cohen (2003) p.168

⁵³ Mettler (2005) p. 267

⁵⁴ Katznelson (2005) p.124

Barriers to Access to the GI Bill

“I happen to be an Alabama Veteran myself. I was interested to learn of this thing called the GI Bill which provided me and other veterans with certain opportunities for the time we spent in the service were really so, or if it were just political talk and agency answer- agency answer that’s always “No” or “Sorry Mack, you’re just a little late.”⁵⁵ - Black World War II Veteran William Twitty in a newspaper article, 1946

Access to Reliable Information

Black veterans faced several barriers in their quest to access GI Bill benefits, the most basic of which was finding reliable and accurate information about the benefits. In a speech given on the status of black veterans in Arkansas, Southern Regional Council (SRC) field worker Harry Wright notes that blacks were “uninformed about their rights and their opportunities under the GI Bill. They have a vague idea about their rights, but lack the know how of making the right contacts.” He goes on to say that at one meeting of seventy five veterans and community leaders in Arkansas, he asked for everyone in the room who even knew where a veterans contact office was located to raise their hand. Only two hands in the entire room went up.⁵⁶ Black veterans lacked access to formal and informal networks that disseminated information about GI Bill benefits; barred from widely respected and well funded organizations like the American Legion, The Veterans of Foreign Wars and the Disabled American Veterans, they were left to form segregated, isolated wings of such organizations, or to create veterans service organizations of their own. Circulation of information was widely done by word of mouth, or through the

⁵⁵ GI Programs in the South- An Alabama Survey, William Twitty, New South April 1946

⁵⁶ Status of the Negro Veteran In Arkansas, A Factual Presentation, SEC Archives

efforts of civil rights groups such as the Southern Regional Council, which, through its field workers, made a concentrated effort to inform veterans in the deep south of their rights to benefits.

The Role of the Veterans Administration Office

Since GI Bill benefits were administered by individual states, veterans had to report to local VA offices in order to apply for benefits. Often, because of segregation and office locations, such offices were inaccessible to black veterans. For example, blacks in Birmingham were directed not to a legitimate VA office but to an information desk in the black USO, staffed with a poorly trained secretary who possessed little information for vets seeking benefits. In Cincinnati, a director and two women from the Red Cross staffed the Veterans Advisory Center, but it acted as a referral agency only, doing little to help veterans actually process benefit claims.⁵⁷

VA employees had the individual authority and discretion to grant, deny or interpret benefits, which, given the racial climate of the mid 1940's, had a deleterious effect on black GI's. It was not uncommon for black GI's to encounter resistance on the part of white VA employees to processing benefit claims. It was rare to find a service center that employed a black benefits counselor to liaise between black veterans and the VA. In fact, a review of a number of states shows that few black VA employees even existed. For instance:

⁵⁷ Survey of community Veterans Information Centers reel 188 series 7 p. 3

- 15,000 black veterans returned to Oklahoma after the war, but no blacks were appointed to the agencies that administered GI Bill benefits. The regional offices employed over 600 clerical workers, but only 9 blacks were employed by the VA in the entire state.⁵⁸
- In Louisiana, while 37% of the draft inductees were black, out of the 600 employees of the VA, four were black. Out of the 2,500 United States Employment Service (USES) workers in the state, not one was black.⁵⁹
- In Texas, no blacks were employed as contact representatives or interviewers⁶⁰
- In Atlanta, out of the 1710 people worked in the office of the VA, not one black person was professionally employed⁶¹

The Role of Discharge and Court Martial

In order to qualify for the GI Bill, a veteran needed to complete at least ninety days of active military duty, and to be free of a dishonorable discharge.⁶² For black veterans, these criteria posed a problem. Blacks faced disproportionate disciplinary action in the military; they were court-martialed for insubordination to white officers, a charge leveled at black soldiers who resisted racist epithets and humiliation from white Commanding Officers. They were jailed for race riots and fights that broke out between

⁵⁸ A Survey of Veterans Services for Negroes In Oklahoma, Harry L. Wright, Southern Regional Council p.1

⁵⁹ Manuscript, a Washington News Letter, 3/12/46 obtained at through the SRC archives, Atlanta, GA

⁶⁰ Veterans Training Program Conference, 11/20/46, Dallas Texas

⁶¹ Interview with John M. Slaton, Deputy Director of Veterans Affairs, Atlanta, GA, SRC archives, Atlanta GA

⁶² Onkst (1998) p.2

white and black soldiers or black soldiers and white townspeople. In short, they were often disciplined for defending themselves or for failing to bow to the degrading racist actions. Consequently, they found themselves with a record of disciplinary action or a dishonorable discharge. Between August and November 1946, 39% of black soldiers compared to 21% of whites were dishonorably discharged from military service.⁶³

Court Martial

Blacks faced court martial at disproportionately higher rates than white soldiers, facing lengthy prison sentences in the camp stockade. Such court martial often led to dishonorable discharge, thereby disqualifying veterans from GI Bill benefits. Blacks were often court martialed for minor infractions, or for defending themselves against racial attacks. A northern soldier stationed in Louisiana tells a story of being imprisoned for thirty days and made to pay a \$12.00 fine for asking that his Commanding Officer not use the word nigger. The soldier completed his sentence, but upon release was hauled back to court to be tried again for the same case.⁶⁴ Another tells a story of a group of black soldiers who, following pay-day, went into the black section of Biloxi, Mississippi on a six-hour pass. While socializing with other blacks, they found themselves seized upon by over twenty white military police, who proceeded to forcefully round up black soldiers for minor infractions such as loosened ties, tilted caps and unbuttoned uniforms. At the instruction of the lieutenant in charge, the black soldiers were marched in formation back to military police headquarters, and when one soldier asked what would become of them, he was bashed in the face with a club. While the soldiers were later released without

⁶³ Cohen (2003) p.167

⁶⁴ McGuire (1983) p.149

incident, this situation is typical of one where blacks faced disproportionate harassment by military police and authority.⁶⁵

Blue Discharge

A blue discharge, also known as a section 8 dismissal, was one where a veteran was not *dishonorably* discharged, but discharged without honor or benefits. Blacks received these discharges at an unusually high rate as well. Out of 48,603 blue discharges administered between 1941-1945, 10,806 went to blacks. On its face, this number might not seem high, but it's important to recall that at the time, blacks made up little more than 7% of the armed forces. Men who returned from overseas ill or injured were given blue discharge, as well as those who refused to complete orders that they were physically unable to complete.⁶⁶

The last way blacks were disqualified from benefits by discharge status was the “loss” of discharge papers. When trying to apply for benefits, some black veterans were told their discharge paperwork had been lost, rendering them unable to prove an honorable discharge and unable to collect benefits.⁶⁷ This practice would throw veterans into the bureaucratic nightmare of trying to obtain duplicate discharge papers, a process that was slow and oftentimes, unsuccessful.

This chapter describes a number of barriers that many black veterans faced to obtaining their GI Bill benefits. Some veterans had more success with the GI Bill than

⁶⁵ Ibid p.111

⁶⁶ Ibid p.145

⁶⁷ Interview, Claude, March, 2008

others, and some benefits were more readily available than others. For example, many blacks were able to access the unemployment benefit, but decidedly fewer were able to utilize the home loan benefit. Specific barriers to access of the housing benefit will be discussed in Chapter 5. The following chapter analyzes housing conditions faced by blacks in the post war era, illustrating their need and demand for housing.

Chapter 5: Housing Demand of Black Veterans

Housing Conditions for Black Vets

Immediately following the war, housing markets were tight; new housing construction had been relatively halted due to the wartime demand for resources, and new housing was largely reserved for war production workers.⁶⁸ The WWII era was one of great migration for blacks; 2.7 million moved between 1940-1947. This migration combined with a relative absence of a black housing market created conditions of incredible density in the units that housed black families. Doubling up was a way of life for many blacks, as the population of migration destinations, mostly urban centers, increased at a faster rate than the number of dwelling units it would occupy, with a population to dwelling unit ratio of 11.6% to 6.9%. For whites, the reverse was true; they had a population to dwelling unit ratio of 7.5% to 12.5%.

Dwelling units occupied by whites were on average one room larger than those occupied by blacks with the same number of inhabitants.⁶⁹ Housing conditions varied widely between the races; in the period immediately following the war, blacks were almost six times as likely to live in units that were in poor structural condition or lacked essential plumbing facilities than whites. This data reveals the urgency with which blacks sought decent housing in the post war era. The following analysis of select towns elaborates on the desires and expectations of black veterans as they returned home and considered entry into housing markets.

⁶⁸ Housing of the nonwhite population, 1940-1947, SEC archives

⁶⁹ Ibid

Demand for Housing by Black Vets: a Comparative Analysis of Constraints to Housing Markets

The following data was collected in the “*Survey of World War II Veterans and Dwelling Unit Vacancy and Occupancy*.” This information was published in December of 1946, and was done at the request of the National Housing Agency for the Veterans Emergency Housing Program to determine the future housing plans of Veterans. The data is compelling because it shows that black veterans had the desire to purchase homes at nearly the same rate as white veterans. It captures the trend toward homeownership for white veterans after the war, and also illustrates disparities in income and employment between black and white veterans in three American cities.

Birmingham Area, Alabama

About 9,000 of an estimated 30,000 World War II Veterans who lived in the Birmingham area in 1946 were black. When asked if they would buy or rent if housing would be available in the following year at present prices and quality, 7% of white veterans and 8% of black said they would buy or build. When the question was asked if they would buy if they could find a house at the price, size and quality they desired, 27% of whites and 24% of blacks said they would buy or build. White veterans reported that they could afford to pay \$5,100 for such a house, while the majority of blacks could afford to pay less than \$3,000. Married black and white veterans were employed at comparable levels in the Birmingham area, 84% and 87% respectively, but white veterans led blacks in weekly income by 52%, with the white veteran making \$47 to the black

veteran's \$31. Thirty-four percent of white veterans in the Birmingham area were doubling up with friends or relatives, and 41% of married blacks were. One quarter of white veterans were living in housing that was substandard, as compared to two thirds of black veterans. While in 1946 less than half of private homes in the Birmingham area were owner occupied, (46%) the trend was heading toward home ownership, since the 1940 census showed that 30.3% of the private housing was owner occupied, a 52% increase over six years. Finally, black veterans did own homes, just at a different rate than whites. Half of the married white veteran homeowners purchased their property after military discharge, compared to a third of black veteran homeowners. In other words, a vast majority, two thirds, of blacks veteran homeowners in the Birmingham area owned their property before entering the war.

Charlotte, North Carolina

About 1,800 of an estimated 10,000 World War II Veterans who lived in Charlotte in 1946 were black. Similar numbers of white and black veterans expressed interest in buying or building homes, 14% and 19% respectively. White veterans reported that they could afford to pay \$6,800 for such a house, a great deal more than what the majority of blacks reported they could afford pay: \$3,900. White married veterans exceeded blacks in employment by 5%, and led blacks in weekly income by 77%, with the white veteran making \$53 to the black veteran's \$30. In Charlotte, black veterans were far more likely to live in substandard housing, 40% of them lived in it compared to 10% of white veterans. Finally, while in 1940 only 28% of the private dwelling units were owner occupied, that number increased by 41% in six years, demonstrating a clear trend toward homeownership. Eight percent of married, black veterans in this study

purchased homes after military discharge, compared to 40% of married white veterans.

Baltimore, MD

Of the 90,000 WWII Veterans living in Baltimore in 1946, 20,000 were black. Black and white veterans expressed similar desire to buy or build in the right market conditions after the war, 24% and 28% respectively. White veterans reported that they could afford to pay \$5,700 for such a house, while the majority of blacks could afford to pay \$4,100. In Baltimore, there was a significant gap in employment between white and black veterans, 87% to 78% respectively. White veterans led blacks in weekly income by 55%, with the white veteran making \$51 to the black veteran's \$33. While in 1940 only 39.3% of the private dwelling units were owner occupied, by 1946 that number had jumped to 50.6%, a 28.7% increase over 6 six years. Finally, after the war, 18% of married white veterans and 3% of black veterans purchased their homes.

Housing, economic and social conditions for black veterans varied by geographic location; black veterans in the north didn't face the regular threat of lynching that blacks in the south did, nor did they face the dehumanizing tyranny of Jim Crow Laws. It would be a mistake however to assume that the northern black veteran didn't face extreme racism, segregation, and denial of opportunity in employment, education and housing with durable effects. Black veterans were as unwelcome in white northern suburbs of New Jersey and New York as they were in the small towns of Mississippi and Alabama. In the post-war era, residential suburban construction was booming in northern areas, but black veterans living up north were packed into neighborhoods that, hemmed in by the borders of segregation, were extremely overpopulated. In comparison, if the country's

entire population in the years immediately following the war were as concentrated as the black population in Harlem, then the nation's entire population would have fit into New York City.⁷⁰

Clearly, there was a demand for blacks to enter the post war housing market, but the supply was off limits to them. Alternatively, they purchased homes with other types of loans, found "bargains" as the men I interviewed did, or remained in rental housing.

⁷⁰ Our Negro Veterans p.4

Chapter 6: The Impact of the GI Bill on Homeownership

Owning a home “represents not only the desire to achieve housing peace but also an emotional experience; it bespeaks freedom and security, it is tied up with pride and confidence. The two-bedroom house on 800 square feet of land amid other 2 bedroom houses on 800 square feet of land has become the post-frontier symbol of what we call the American way of life” - Author Charles Abram in Forbidden Neighbors, 1955

In order to evaluate the impact of GI Bill home loan benefit on white and black veterans, it is important to understand that in the post-war era, homeownership was a fairly new phenomenon for America’s burgeoning middle class. Up until the years immediately prior to the war, homeownership was a privilege reserved for the affluent only. Purchasing a home required a sizeable down payment, in some cases amounting to half the price of the home. Mortgage terms were not favorable for a middle-class salary; loans generally had to be paid back within six to eleven years.⁷¹ While Federal Housing Administration loans made mortgage terms more favorable in the mid 1930’s, in the post war housing boom the Federal Housing Administration (FHA) assumed the risk for builders, enabling them to quickly and inexpensively mass produce properties at affordable prices. VA/ FHA mortgage guarantees changed mortgage terms for returning veterans, creating loans that required little or no down payment, extended repayment terms, and low, fixed interest rates.

⁷¹ Home Ownership and Social Inequality in the United States, George Masnick found in Homeownership and Social Inequality in Comparative Perspective.

Housing markets responded to these changes; in 1944, new housing starts in the United States were at 142,000, and just two years later they had hit one million. By 1950 they were at 2 million, before stabilizing at 1.3 million a year.⁷² Between 1944, when the GI Bill was passed, and 1952, veterans received VA backing and subsequent favorable terms on almost 2.5 million home mortgages. The GI Bill helped forty-two percent of WWII Veterans become homeowners by 1956, in contrast to 34% of non-vets of comparable age.⁷³

The single-family tract home dominated the suburban landscape after WWII. For many returning veterans, the suburbs held an appeal as the ideal place to raise a family; they offered access to expanding job opportunities, high quality schools, and a shot at upward social and residential mobility.⁷⁴ What was the experience of the black veteran as he attempted to use the GI Bill to acquire housing? He was shut out of white suburbs, and unable to secure a loan to purchase or repair housing in urban black neighborhoods. When he did secure a loan he faced higher down payment requirements, & higher interest rates, higher real estate agent commissions, higher homeowners insurance premiums, if he was able to secure insurance at all, and shorter terms of amortization.⁷⁵ In short, he struggled to gain a foothold in the residential housing market; constrained from investing money in a home and, unlike many of his white colleagues, commencing the ticking of home equity clock.

⁷² Cohen (2003) p.197

⁷³ Ibid p.141

⁷⁴ Downs, A. Opening up the Suburbs: an Urban Strategy for America p.26

⁷⁵ Cohen (2003) p.221

After WWII, despite the fact that their incomes or savings were far from parity with whites, many black veterans were in better financial shape to purchase a home than ever before. In 1944, the National Association of Home Builders (NAHB) reported that blacks held over 18 billion dollars in savings and wanted to buy homes. Veterans in Detroit reported being able to afford up to \$6,000 for a home, while in Cleveland it was \$7,000.⁷⁶ In 1950, 54% of blacks were making \$5,000 a year or more, and the Housing and Home Finance Agency admitted that there was a “very substantial wanting market for negro housing.” Likewise, blacks, because of their acute desire for homeownership, were seen by some as good credit risks; few were willing to risk their hard fought gains for homeownership by defaulting on their loans.⁷⁷

While white veterans used the home loan benefit of the GI Bill to move to the suburbs en masse, black veterans were shut out of this opportunity at every turn. The following section explores the many barriers blacks faced to purchasing a home, revealing a deliberate and meticulously crafted effort launched by builders, residents, municipalities and the federal government to ensure that blacks did not gain a foothold in white suburbia.

⁷⁶ Meyer (1962) p.82

⁷⁷ Abrams (1955) p.173

Resistance to the Integration of White Neighborhoods

“When I was carrying the same rifle, doing the same work, and eating the same chow as the negroes in my outfit, we were buddy-buddy. It’s different back in civilian life. Integration is like a superhighway. It’s a wonderful thing- just as long as it doesn’t run through my backyard.”

-A WWII Veteran from Boston, 1956⁷⁸

Mechanisms used to exclude blacks from white neighborhoods ranged from enforcement of federal and local laws to exclusion by builders and real estate agents, to the most vitriolic racist violence imaginable perpetrated by white homeowners. Whites didn’t want blacks as neighbors for numerous reasons, mostly stemming from the embrace of racial and cultural stereotypes that led to severe misunderstanding and distrust. Primarily, whites pressed for segregation under the mantra of property values; simply put, they feared that the presence of black families, regardless of socio-economic status, would drive neighborhood property values down. Fresh from the days of rationing in the war effort, with the depression in the memories of many, whites were ferociously determined to cling to the value of their newly acquired investments.

Violence

In February 1946, the black, Chicago based newspaper “The Defender” reported that whites had launched a “full scale attack on blacks.”⁷⁹ When blacks tried to take residence in white neighborhoods, their efforts were met with extraordinary violence. Their homes were firebombed and dynamited. Riotous mobs of angry neighborhood

⁷⁸ *Housing in North Sets Bias Picture* NY Times, April 25, 1956, NY Times Archives

⁷⁹ Meyer (1962) p.89

residents would hurl rocks and bricks through the windows of the homes of blacks who dared to integrate white neighborhoods and cross burnings and gunshots were de rigueur. Threats and innuendo were standard; blacks were often told they would “live longer and be happier” if they left the neighborhood for good.⁸⁰ Police did little to contain or control the violence, often showing up on the scene just to look the other way. More often than not, police would sympathize with the rioters, refusing to exercise crowd control measures, blaming the black victim for bringing the violence on himself. Fire bombings were a particularly powerful weapon against black homebuyers; not only were the explosions incredibly dangerous for the families living inside, but they were financially devastating as well, since insurance underwriters refused to insure blacks for fire damages.⁸¹ The violence was by no means limited to the south, it raged across the country from the west coast to the east. In 1946, in the Chicago area, by July no fewer than 27 bombings had occurred.⁸²

One particularly chilling example of such violence was the Cicero race riot of 1951. Harvey E. Clark, a black Veteran and graduate of Fisk University, was a bus driver and father of two. Having outgrown his small apartment located on Chicago’s South Side, he sought a home that would accommodate his need for more space, and place him close in proximity to the bus terminal from where he worked. The apartment he found, however, was located on the wrong side of the official color line in Cicero, a community with no black residents. When Clark tried to move his family in, he was met with a

⁸⁰ Abrams (1955) p.88

⁸¹ Ibid. p.110

⁸² Meyer (1962) p. 89

number of white protesters, and local police who, determined to hold the color line, told him to leave and not come back. The rental agent responsible for giving Clark the keys was escorted from the property at gunpoint, and the chief of police physically assaulted Clark, threatening to shoot him should he decide to return .

Determined to take possession of his new home, Clark, through the NAACP, sued the police department for discrimination and won. When Clark made a second attempt to take possession of the property, he was initially met by a group of hostile housewives; holding picket signs and hurling epithets. By evening the following day, the crowd had grown to an angry mob of over 4,000, some of whom eventually stormed the apartment, throwing Clark's furniture out the window. They destroyed all of Clark's belongings, burned his marriage license and destroyed the \$800 piano he had purchased for his daughter. The next day the mob grew even larger, ultimately firebombing the entire apartment building. The conflict lasted for three days, quelled only by the National Guard and 200 policemen. In the end, it was the rental agent who was indicted for inciting the riot, though that charge was later dropped. With the exception of the police chief, no rioters or officials were indicted by the county grand jury.⁸³

Institutional Discrimination

In their quest for a suburban home, black veterans faced stiff resistance from the trifecta of the Federal Housing Administration (FHA), Home Owners Lending Corporation (HOLC) and the National Association of Real Estate Boards (NAREB),

⁸³ Meyer, p.119, Abrams, p.105

three agencies that acted in tight concert to ensure that blacks could not cross the color line that held them in depressed rural or urban areas.

The Home Owners Lending Corporation (HOLC)

The Home Owners Lending Corporation was established in 1933 to grant individuals mortgage assistance during the Great Depression. The HOLC worked hard to standardize mortgage lending practices, setting up various mechanisms with which they, and later private lenders and the FHA, would use to evaluate the viability of home mortgages. The HOLC implemented a system of residential security maps that rated neighborhoods within geographic boundaries on the basis of whether or not they were safe or wise investments for lenders. The maps were shaded by color, and rated on a scale from A-D. The A-rated districts were shaded green; green light, representing areas considered to be good investments. The D-rated districts were shaded red; red light, declared completely unsuitable for investment. White neighborhoods were consistently rated A, while black or integrating neighborhoods were always rated D. The FHA and VA later adopted this mapping system, ensuring that blacks, in their red-lined and D-rated districts, would find little success in securing a FHA secured loan.⁸⁴

⁸⁴ Colins p.20

The FHA and the VA

“The financial backers of the GI Bill have so divided locations and placed restrictions on certain areas that as it is... NO NEGRO VETERAN is eligible for a loan”

-A black veteran in Texas⁸⁵

Blacks were faced with a one two punch from the VA and the FHA when trying to use their GI Bill benefits to purchase a home. The VA provided mortgage guarantees with low interest rates and no money down, but the actual loan had to originate with an institutionalized lender or bank.⁸⁶ For the black soldier, the lack of a solid employment or credit history, combined with racial discrimination by banks, made obtaining a loan nearly impossible, despite the loan collateral available to them from the VA.

The FHA provided mortgage insurance to lenders and builders which made it possible for developers to undertake large home building projects, but the projects had to meet strict FHA underwriting standards, based on the systems developed by the HOLC. These standards explicitly stated that insurance would not be granted to neighborhoods that were of mixed race, or of “inharmonious racial groups.” The FHA guidelines grouped the presence of people of the “wrong race” in a neighborhood under the same category as the presence of horse stables or pig-pens.⁸⁷ This admonition caused builders to go to great lengths to create segregated neighborhoods where color lines would be held by the whites who lived in them. Prospective black homebuyers found their hands tied by

⁸⁵ Katznelson (2005) p.140

⁸⁶ Cohen (2003) p.122

⁸⁷ Abrams (1955) p. 230

the FHA. Not only were they prohibited from buying in white developments underwritten by FHA insurance, but they could not build for themselves in black neighborhoods, as FHA deemed such neighborhoods too high risk for mortgage insurance.⁸⁸

National Association of Real Estate Boards

The National Association of Real Estate Boards (NAREB) was a consortium of builders, realtors and construction materials providers who worked to protect and promote the homebuilding and buying industry. They lobbied Washington and developed institutes for appraisers, managers and brokers, setting the standard for real estate transactions. They produced textbooks for would-be builders and real estate agents, inculcating those in the trade with the idea that a black presence in white neighborhoods caused an automatic drop in real estate values. The association's code of ethics stated that "A realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality, or any individual whose presence will clearly be detrimental to property values in the neighborhood." This statement was later amended to include language stating "such a buyer might be a madame with a string of callgirls, a bootlegger, a gangster, or a colored man of means who was giving his children a college education and thought they were entitled to live among whites."⁸⁹ NAREB saw the financial value in maintaining a strict color line in their new communities. Not only did they embrace the FHA guidelines prohibiting race

⁸⁸ Flamming (2005)

⁸⁹ Abrams (1955) p.156

mixing, they used it as a marketing tool.⁹⁰

Restrictive Covenants and Deed Restrictions

NAREB and the FHA encouraged builders to write restrictive covenants into the title of properties in suburban enclaves. Such covenants would be written into the deed explicitly prohibiting future ownership of the property by blacks. In 1948, the court decision for *Shelly vs. Kramer* deemed restrictive covenants not unlawful as an agreement between parties, but unenforceable by the courts. In the wake of this ruling, the FHA and NAREB scrambled to find other ways to enforce the covenants or otherwise hold the color line in suburban neighborhoods. The FHA decided that as an agency, it could hold the covenants administratively enforceable without ever going through the courts. NAREB encouraged communities to develop homeowners' associations or clubs that would use a variety of mechanisms to ensure that when a house in their neighborhood was sold, it would not fall into the hands of a black buyer. One such mechanism was a permit requirement to live in the subdivision, with only white families able to meet eligibility. Another gave the builder veto power over the sale, meaning the transaction could not be completed until the builder approved it. Right of first refusal would revert the property back to the builder if the homeowner wanted to sell, thus giving the builder control over who could buy the property next. Title reversion was yet another, where if a black bought the house, the title would revert back to the prior owner rendering the title unmarketable for the black buyer. Finally, co-ops could refuse entry to the area by blacks, and realtors formed broker agreements to collectively agree not to sell

⁹⁰ Ibid p.230

to blacks.⁹¹

Zoning

In some areas, blacks were explicitly barred from white neighborhoods by virtue of local zoning laws. Birmingham, Alabama was one such place, and with 24% of Alabama veterans being black, this is significant.⁹² In 1950, the Birmingham Zoning Ordinance stated that “In A-1 and B-1 residence districts, no building or part thereof shall be occupied or used by a person or persons of the negro race”⁹³ This code goes on to say that exclusions include black servants, blacks who lived in the property prior to the time of the ordinance taking effect (1926). It states that “A-2 and B-2 residence districts, no building or part thereof shall be occupied or used by a person of the white race” with the same exceptions as for blacks in A-1 and B-1 not withstanding.⁹⁴

In other localities, zoning restrictions were less explicit in mentioning race, but equally as effective at keeping blacks out of white neighborhoods. An example is a code filled with requirements for lot size and property setbacks that the average homebuilder could never meet. The builder, in turn, would have to appeal to the local city planning commission for a variance in order to proceed with the project. In the end, the variance would be granted only with a guarantee that the building would be sold to white homeowners.⁹⁵

⁹¹ Abrams (1955) p.224

⁹² Boute and Harris (1947)

⁹³ Birmingham Zoning Ordinance (1950), p.11, courtesy of T. Barnes, City of Birmingham, Planning, Engineering and Permits

⁹⁴ Ibid

⁹⁵ Abrams (1955) p.210

Income

Income and job security were other stumbling blocks for black veterans who hoped to use GI Bill benefits to buy a home. In order to afford a house or qualify for a loan, a veteran needed to prove his ability to remain steadily employed at a decent wage. Before the war, many black soldiers were employed in unskilled or service oriented jobs such as dishwashers or Pullman Porters. As soldiers, they acquired new skills, such as truck driving, qualifying them for stable and better paying job opportunities upon returning home. Returning veterans relied on the U.S. Employment Service Office (USES) for job placement according to skill level, but for black veterans, the USES was grossly negligent.

Often times black veterans would approach USES looking for a job that matched their new skill set, only to be funneled into the same low paying, unskilled jobs that they held before the war. Furthermore, if the veteran refused to take such a job, he faced the possibility of being stripped of his unemployment benefits, leaving him the unenviable choice between menial labor with a small income, or no income at all.⁹⁶ An example of such a situation comes from a 1946 *Survey Of Community Veterans Information Centers*, conducted by the American Council on Race Relations. It tells the story of Willie Mays, a black veteran who had spent the better part of three years in the Army Signal Corps stringing telephone lines and doing maintenance work. On the enthusiastic recommendation of his army counselor, he sought work in this field once he returned to

⁹⁶ Onkst (1998) p.4

the United States. When he went to the USES branch in Birmingham, Alabama for job placement, he was told there was no such work available. Simultaneously, the USES was placing white veterans discharged from the same unit with the Birmingham Power Company. In the end, Mays ended up working as a porter with the Pullman Company.⁹⁷

Of the 6,583 non-agricultural jobs filled by USES counselors in Mississippi in 1946, white veterans were placed in 86% of the professional, skilled, and semi-skilled positions. Black veterans, on the other hand, were placed in 92% of the unskilled and service-oriented jobs.⁹⁸ Some of the employment and subsequent wage constraints for black veterans were indeed a result of their still limited skill capacity, but clearly, blacks came home from the war equipped to enter the workforce at a wage higher than ever before. The fact that they were unable to reap the benefits of their increased labor market earning potential can be traced to discrimination in employment and post war job placement services. This barrier to higher wage employment put them at a distinct disadvantage in any attempt to enter the housing market.

Suburbs Built for Blacks, by Blacks

Shut out from homeownership opportunities in white subdivisions, black entrepreneurs attempted to provide a market for black buyers by building black subdivisions. Such builders were thwarted at every turn. If they managed to acquire land, suddenly the zoning restrictions on it would be changed, prohibiting the use of the land for housing. Another tactic was for the city to reclaim the land through eminent domain

⁹⁷ Survey of Community Veterans Information Center, 1946, located in the SEC Archives reel 188 series 7

⁹⁸ Onkst (1998) p.4

for public use such as a park or school though one would never be build. Black builders would be stymied by non-cooperation by department of public works refusal to lay sewer or utility lines. Black builders were harassed or threatened on the job site with their projects often vandalized or burned down after hours, a financially devastating occurrence since black builders could not get fire insurance. Sites abutting proposed black subdivisions would be targeted by the city as sites for incinerators and dumps, railroad lines and highways, creating a perimeter around the black area; rendering the area undesirable and future growth impossible.⁹⁹ Black homes that were built became targets of local law and code enforcement, cited with arbitrary building violations cleared only at the discretion of a local building inspector. Black owned property would be hit with large tax increases, rendering payment impossible. Finally, law enforcement would unduly harass black homeowners for minor infractions such as parking cars on the street in front of their homes.¹⁰⁰

Education

This paper is an attempt to make the case that the GI Bill, through its generous housing benefit, provided an opportunity for white veterans to enter the middle class and accumulate wealth through home equity in unprecedented numbers. While this paper is focused on the home loan benefit, it is important to acknowledge the significance of the education benefit, because unequal access to education perpetuated unequal earnings potential. A college education was the bridge from a blue collar to a white-collar job, and

⁹⁹ *ibid*

¹⁰⁰ *ibid* p.214

white-collar employment doubled as a percentage of all jobs between 1940-1982.¹⁰¹

In the post war era, white veterans enrolled rapidly in universities across the country. Between 1945 and 1946, enrollment in the nations colleges by veterans went from 5% to 48%, but in 1946-1947, blacks accounted for only 4% of GI's in college under the GI Bill.¹⁰²

Blacks did use the GI Bill to obtain an education in unprecedented numbers, but it's important to note the factors that affected the quality of the education they pursued. Rural, southern blacks had limited secondary school educations as it was; many blacks found literacy through military training, yet upon discharge did not possess a high school diploma. This was a significant barrier to a college education, so sometimes such veterans opted to instead attend vocational schools. The quality and availability of black vocational schools were inferior to the white schools; they were few and far between and trained blacks for only the most menial types of low wage, vocational jobs.¹⁰³ Another option for black veterans was to use the GI Bill benefit to complete their high school education, as Joe, one of the veterans I interviewed, did. Unfortunately, once Joe obtained his high school diploma, he was only able to complete one year of college before his GI Bill funding ran out.¹⁰⁴

In the south, segregation prohibited blacks from attending white colleges. They

¹⁰¹ Beauregard (2006) p.107

¹⁰² Onkst (1998) p.10

¹⁰³ Ibid p.8

¹⁰⁴ Interview, Joe Brown, May, 2008

were relegated to black colleges, many of which were small and under funded institutions severely lacking in resources. Racism and Jim Crow prevailed in the funding of black colleges; in Mississippi, in 1950 black schools received \$32.55 in education funding per student while white schools received \$122.93.¹⁰⁵ They were overcrowded; a survey of 21 Historically Black Colleges and Universities (HBCU's) in the south found that 55% of veteran applicants were turned away for lack of space.¹⁰⁶ In general, such schools only offered an education to the baccalaureate level. In fact, at the time there were no HBCU's that offered an accredited engineering or doctoral program. Black veterans could apply to universities in other parts of the country, but found themselves discouraged at the prospect of doing so. Many universities had quotas on black enrollment, and black faces on the large northern college campuses were few and far between. For example, in 1946, out of the 9,000 students enrolled at the University of Pennsylvania, 46 were black. Ultimately, 95% of black veterans opted to stay in the south to use their GI Bill college benefits.¹⁰⁷

Many, many black veterans received a college education through the GI Bill, and some did so at integrated institutions with great success. It is important to note however, that while these opportunities were beneficial for many blacks, they were still not *equal* to the educational opportunities presented to whites. In the final analysis, white men who used the GI Bill saw marked gains in education regardless of geographic location. Southern black men who used the GI Bill for educational purposes experienced little gain

¹⁰⁵ Herbold (1994) p.106

¹⁰⁶ Turner and Bound (2002) p.8

¹⁰⁷ Katznelson (2005) p.130

in education when compared to blacks in other states.¹⁰⁸

Who Benefited from the VA Loan Program

The VA did not collect VA/FHA loan data by race, but an analysis of a snapshot of suburban areas of New York and New Jersey tells a compelling story. We know that blacks lived in segregated, urban areas in large numbers, and we know that the FHA, through use of their rating system did not underwrite or guarantee loans in urbanized areas. The records of FHA/VA loans substantiate this story. In her book *A Consumers Republic*, author Lizbeth Cohen compares VA home loans guaranteed between 1945 and 1960 in the two suburban New Jersey counties of Bergen and Middlesex, to the two urbanized counties of Essex and Hudson. She found that Bergen county saw a population increase of 45% between 1950-1960, and received a VA home loan at the rate of one per 15 residents. In Middlesex county the population increased by 64%, and received one VA home loan per 12 residents, based on 1960 population totals. In the urbanized areas, Essex county saw a population increase of 2%, and received one VA loan per 36 residents, Hudson county had a population loss of 6%, and received one VA loan per 64 residents. Cohen notes that by 1960, residents in the urban areas had received \$12.00 of mortgage insurance per capita, in contrast to New York's Nassau County, home to the famed suburban complex of Levittown, where residents received \$601 per capita.¹⁰⁹ To say that the urban counties saw small population increases or even population losses is a bit of a misnomer; the fact is that these numbers have to be analyzed under the assumption that whites were moving out while blacks were moving in, for nationwide, in

¹⁰⁸ Turner and bound (2002) p.24

¹⁰⁹ Cohen (2003) p.205

urban areas, for every three whites that moved out two nonwhites moved in.¹¹⁰

How many of the veterans who used the GI Bill to secure a home mortgage were black? That's hard to say, and the subject should be one of future research. Scattered evidence shows that blacks accounted for an insignificant number of loan recipients. An Ebony magazine survey of thirteen cities in Mississippi in the summer of 1947 showed that while the VA had guaranteed 3,229 loans in the region, only two of them had gone to blacks.¹¹¹ Another analysis shows that by the mid 1970's, 11 million Americans had purchased homes through FHA/VA financing, but less than 2% of the housing that was financed or insured went to blacks.¹¹² Finally, in an analysis by Lisbeth Cohen in Consumers Republic, she shows that in the New York-Northeastern New Jersey Metropolitan Area in 1950, of the 449,458 mortgaged properties listing the owners' race, 15.5% of the total mortgaged properties were backed by VA mortgages, and of those, .1% were held by nonwhites.¹¹³

This chapter details the systemic barriers blacks faced to purchasing homes in the post-war era. While black soldiers returned home for the war ready to take advantage of educational and employment opportunities that would prime them for homeownership, many found limited success in translating those opportunities into securing an actual mortgage. The barriers put in their way were systemic and unrelenting; if black veterans managed to cross one hurdle, another lay in wait on the other side.

¹¹⁰ Ibid p.212

¹¹¹ Onkst (1998)

¹¹² Hatcher (2006)

¹¹³ Cohen (2003) p.171

Chapter 7: Interviews with African American World War II Veterans

In order to better understand the experience of the black WWII veteran, I interviewed four of them. I located one through a reunion website, and three through word of mouth. Of the four, only one lives in the Boston area; the others live in Connecticut, New York and Chicago. All four men were eager to tell their stories, and I was surprised at the vivid clarity of their memories of military service.

Their stories were compelling because they confirmed much of what I had read; that blacks were sent to southern training camps, that they faced limited opportunities for advancement, and that they were ill informed of their rights to GI Bill benefits upon discharge. The durable effects of these policies are particularly evident in Glenn's story, he laments the fact that, despite being eligible, he was never informed of promotion opportunities in the National Guard, resulting in diminished earnings and retirement benefits. Most compelling was how he blamed himself for these missed opportunities; it had never dawned on him that an institutional structure might have deliberately kept such information from him because of his skin color. Nonetheless, Glenn persevered, crediting his drive and ambition for moving him toward happiness and prosperity in spite of the many roadblocks he faced.

Jack was a Tuskegee Airman, although the war ended before he was able to take flight. He told me that he was too young to care about buying a house after the war, but was eager to tell the number of stories of discrimination that he faced in the housing

markets years later. A successful engineer and principal of his own firm, Jack laughed off the many stories of blatant housing discrimination faced by his family, but told me if I ever had time to sit and chat again, he had many more.

Joe is retired now, but he too spent many years running his own business owner. He had very clear memories of attempting to use the GI Bill; he applied home and business loans, and was turned down on both tries. Joe expressed that he never felt neglected by the military; he was able to gain literacy and an education through his service that was unavailable in his rural, childhood hometown in South Carolina, and for that he was quite grateful. While he was able to use GI Bill benefits to pay for him to obtain a high school diploma, by the time he finished his first year of college, his benefits had run out.

Claude was the most cognizant of how black veterans were denied benefits. In fact, he is in the process of trying to bring veterans back together to lobby for retroactive compensation. Claude's narrative was intense; he vividly remembered the racism and violence inflicted on black soldiers and veterans in the south and told me a number of stories about that. He was also very concerned that the memory of the heroism of blacks that fought in WWII be preserved and passed down. He notes that there was so much that happened in the war for blacks to be proud of, and these stories are not portrayed in military history to the extent they should.

All four men came from varied backgrounds and geographic locations, and all

four men built successful careers for themselves in the post-war era. These men succeeded in spite of the incredible barriers they faced as young black men in the late 1940's and 1950's. They saw the sky as the limit, and exercised their considerable potential. Reflecting on their stories, I can only wonder about the even greater goals they might have reached if given the opportunity to fully utilize the benefits of an extremely generous government program to the same extent that their white counterparts did. It might have been more, or maybe none at all, but the idea definitely begs the question.

Glenn's Story

Glenn was born in Tennessee in 1924, but grew up in Chicago. He was drafted into the army in June 1943, at the age of 19. Being from Chicago, Glen had heard horror stories of the "atrocities" that occurred to enlisted blacks in the south, so he refused deployment to a southern training camp. He was fortunate to connect with a Chicago based sergeant, who, sympathetic to his request, sent him to Camp Adair, south of Portland, Oregon.

Glenn trained in a completely segregated unit; he recalls that his unit's barrack was located at the very end of the Army base. Glenn notes that he received little by way of proper training; he recounts that all they really did was exercise. It didn't take long for Glenn to look for a way out of Camp Adair. He had already completed one year of college, so he requested a transfer to Tuskegee, Alabama to train with the Tuskegee Airmen. His request was denied however; he was told that there were quotas on how many blacks could train to fly, and that quota had been reached. Glenn was then directed to a training opportunity in Boise, Idaho where he could take classes in engineering.

Intrigued, and looking for a meaningful experience, he accepted the transfer.

Unfortunately, the “engineering” class turned out to be a course on how to construct drainage latrines, an experience that Glenn aptly describes as “not very inspiring.”

In January of 1944, Glenn’s unit headed by rail to Camp Kilmer, a transportation hub in New Jersey where soldiers would gather before deployment overseas. From there, he boarded a ship in a large convoy to Europe. Glenn recalls the long journey; the black soldiers were relegated to the lower deck of the ship, while the white soldiers were up on top. Glen muses that they would “let us up once or twice a day to get air” but for the most part, he and the other black soldiers on board stayed in the base of the ship.

Once stationed in England, Glenn had a job on the docks working as a ship to shore radio operator. He would relay information to on the ground medical services about incoming injured soldiers, so that they could be prepared with the proper number of ambulances and response team. Later, Glenn worked as a surgical assistant in a British hospital. Glenn never did see combat, and he jokes that having recently celebrated his 84th birthday, he doesn’t regret it. He recalls seeing a number of white combat troops, but no blacks.

Glenn returned to the United States in May of 1946. Feeling like he wanted to make up for lost time with his father, Glenn headed to Jackson, Tennessee to help his father in his business. His father implored him to go to school and get an education, so Glenn took a number of classes at the nearby HBCU Lane College, paid for by the GI

Bill. Glen recalls that some Tuskegee Airmen brought a few old planes nearby and started a school for aviation. Glenn took some classes there, again paid for with the GI Bill. Glenn did well in his studies, he was very interested in school, and as he puts it, was trying to make up for lost time, so he took advantage of as many educational opportunities as he could. Ultimately, Glenn was interested in Law School, but ran out of GI Bill benefits before he was able to pursue a law degree.

Glenn recalls that he never received official information about what GI Bill benefits were available to him. Lane College administered the paperwork for his tuition, and he knew little about loans or training opportunities. He heard rumors about such benefits, but never substantiated them and chalked them up as an opportunity missed because of his lack of pursuit. He admits that for all these years, he had chalked up his lack of access to benefits to his own inability to pursue such things. All of the education benefits he received were from his own initiative, where he approached schools and was accepted. He laments that he relied on himself alone to advance his life, and he didn't want to put the onus of his success or failure on anyone else. Glen seemed genuinely surprised to hear that organizations actually disseminated information to soldiers other soldiers about the benefits. For all these years it never occurred to him that information might have been intentionally kept from him; he didn't realize that military groups actually helped soldiers, through informational campaigns, learn about benefits.

This theme of lack of access is consistent in most aspects of Glenn's military career. He stayed on in the National Guard after the war, and he later learned that because

of his education he was qualified for promotion to Brigadier. However, military personnel never informed him that he was qualified, and for this he blamed himself. He adds that the promotion would have made a big difference in salary and retirement pay (which he still collects) so the effects of that promotion would have been durable. He laments that his drive got him as far as he did, despite the fact that he was largely kept in the dark about Army related opportunities; he concurs that despite the odds, he made great strides.

Glen purchased his first home in 1961, in the Chicago's Washington Heights neighborhood. He did not use an FHA mortgage, but recalls that his house was very inexpensive. He and his family stayed in that house for 22 years, at which point they bought another home.

Joe's Story

Joe, an African American male, was born in 1927 in rural South Carolina. Prior to joining the military, he worked re-capping tires for Firestone by day, and setting up pins in a bowling alley by night. Joe was doing pretty well financially; he was eighteen, and between the two jobs made \$100 a week. Joe was drafted in the spring of 1945. He went first to Fort Bragg, North Carolina, then to Fort Lewis, near Seattle, Washington. He did combat training for about six months, but the war ended before he was ever deployed. Because he had been in the service for such a short time at the war's end, he was ineligible for military discharge; he needed three full years of service to fulfill his draft requirement. He was given a choice of deployment to Burma, Japan, or Europe, so he chose Europe.

Joe wound up in Germany, where, while trained as a truck driver, he ran the post office and mailroom. He recalls performing the daily mail roll call, as well as writing letters to families to inform them of the death of a loved one. Joe cut hair on the side, a venture he describes as quite lucrative; no barbers in Germany knew how to cut black hair. Joe informed me that he didn't move through the ranks much, he came out as a Corporal but didn't recall many opportunities for advancement.

Joe completed his military assignment in 1948, returning to his home state of Connecticut. He had a hard time finding work; he recalls that he couldn't find a job "doing anything." He then read an article about Detroit and its abundance of automobile manufacturing jobs, so he packed up and headed to Michigan. Unfortunately, he could not find work there either, not even, as he states, washing dishes. At this point, he joined the 52/20 club, the moniker given by GI's to the government sponsored unemployment benefit of \$20 a week for 52 weeks.

He then moved to Springfield, MA where he lived as a boarder in a rooming house, sporadically helping the owner with his auto detailing business. Joe quickly learned the trade, and returned to Connecticut where he would eventually open a detailing business of his own.

I asked Joe if he used the GI Bill business loan to cover the start up costs of his business. He said he tried twice, but was denied both times due to the nature of his

business. He was told that if he wanted to open a retail store he would have qualified for the loan, but because auto detailing was a rather transient business with little collateral, he would not qualify. Joe persevered and opened his Manchester, CT shop regardless, where he stayed in business for 43 years.

Joe bought his first home in Springfield, MA. He applied for a GI Bill home loan but was denied, although at this date he can't remember exactly why. He was able to purchase the home nonetheless, the owner was anxious to move and Joe remembers that he got a really good deal. He bought his next house in Hartford, CT, where he was denied the GI Bill home loan once again. The reason for this again went back to his business, the government said that because his business was "floating" it could not be used as collateral.

Despite the fact that he never could secure a government backed loan, Joe maintains that he never felt neglected by the military in terms of his benefits. He told me that when he went into the military he had a seventh grade education, because he was from a rural South Carolina town with no school. He recalled that once a year, a teacher would come through town saying that if they could get 18 pupils, they would open a school. This finally happened when Joe was eight years old. He was able to improve his education while in the military, but upon release had to obtain his high school diploma before considering college. Joe used his GI Bill education benefit to complete his high school coursework, and went on to complete one year of college. Unfortunately, his allotment of education money ran out after that one year, as the bulk of it was spent on

finishing the high school diploma. Despite the fact that Joe wanted to complete his degree, he was unable to pay for it on his own.

Jack's Story

Jack is a tall and stately man who once told me that he never comes to work without a blazer on; dressing professionally sets the tone for what he expects out of his employees, and in his 50+ years of business, he has worn a jacket every day. Jack's experience in the military was short; although he trained as a Tuskegee Airman, he never flew in combat, as the war ended before he had a chance. When I told Jack about my project, he immediately informed me that blacks had such a hard time passing wealth down because of years and years of blocked opportunities to saving money. He told me the story of his father, who grew up in the depression, and was denied a Met Life Insurance policy that cost five cents a week. He informed me that in those days, blacks couldn't get any kind of insurance, life, homeowners, or fire. He told me that salaries were very low, and his father, who wanted to work at Wrigley Field, worked instead as a Pullman Porter on the railroad.

Jack had a fairly easy time using his GI Bill benefits; he recalls going to see a benefits administrator who helped him fill out papers needed to use the education benefit. As far as he can remember, he applied to school, was accepted, signed some papers and that was that. He doesn't remember being counseled about the home loan benefit, but he states that he was young and single, and really wasn't interested in buying a home. Jack recalls being quite impressed by the level of medical attention black veterans received. He felt like they were extensive and available to all returning soldiers, although he does

note that there was a far greater emphasis on service wounds and infections than on mental health.

Jack didn't attempt to purchase a home until decades after the war. It was the late sixties; he was married with children and living in a rented house in an ethnically mixed Boston neighborhood called Hyde Park. He decided to start his search in the Boston suburb of Winchester, MA. When the real estate agent brought Jack to see the house, the owner, upon seeing that Jack was a black man, refused to let them in to view the property. The owner later called the real estate agent and told him to never bring black people on to his property again. Jack had an engineer friend who had seen a lovely house in Milton, MA, so Jack called the sales representative and made an appointment to tour the property. When he arrived, the agent said she had no such listing, and that "he must be at the wrong agency." Jack persisted, made another appointment with the same agent, and returned a few days later with his family in tow to see the house. This time the agent obliged, but she brought along two other agents to the showing. When Jack asked the reason for the additional agents, he was told it was because the owner demanded extra agents come to watch his children to make sure they didn't steal.

Finally, in 1986, Jack found a home in the waterfront community of Cohasset, MA. The house was a rare bargain; it was part of a divorce settlement and needing immediate liquidation. Jack knew the house was a good investment; the home next door was valued at three times the price. Jack pounced on the opportunity and immediately made an offer that was accepted. It wasn't until later that he found out that before

submitting the offer, the real estate agent had gone around to all of the abutting neighbors and informed them that a black family would be moving in.

Jack chuckles at his early days in Cohasset. He remembers that the neighbors were one part friendly and one part curious; the first day one brave soul brought over some food, and the next day many more arrived, clearly informed by the first that Jack and his family were decent people. He recalls another neighbor, described as a real bigot, who approached him as he was raking the leaves on his front lawn one afternoon. He said he was “glad to see there aren’t any cars on blocks changing oil in the yard.” Jack said these subtle statements became a part of the everyday lives of his family. The stories diminish with time, but never disappear. He recalls a time within the last few years when he and his wife attended a neighbor’s graduation, to find his wife approached by a guest who thought she was the maid. He laments that while he broke a racial barrier in the town, the bigots and the racial overtones still remain. He said his honored veteran’s status did little to change people’s perception of him, but he doesn’t internalize it; there will always be uneducated people who shoot from the hip.

Claude’s Story

Claude, a native New Yorker by way of Harlem, was sixteen when he joined the military in 1942. He recounts that he wanted to get off the streets of NY, and the Army, at that time, presented the best opportunity to do just that. He feels that the Army appreciated people like him, since they needed to fill their military with bodies. He describes the situation as a “quid pro quo” on both of their parts.

Claude was originally sent to Ft. Knox, Kentucky for basic training, but there suffered a bullet wound from another trainee. He spent 5 months in an Army hospital where they rebuilt his foot, and was then reassigned to the 784th Battalion at Camp Claiborne in Alexandria, Louisiana. A number of black units were training at Camp Claiborne, and it wasn't long until a race riot erupted between the black soldiers and white townspeople of Alexandria. Claude could not recall the specific resolution to the violence, but remembers that the military sent their highest-ranking black official, a Brigadier-General Davis, down to the camp to investigate the causes and issues surrounding the riot. Ultimately, Claude's unit was moved to Ft. Hood, TX, as were many of the other black units from Camp Claiborne.

He recalls life at Ft. Hood as extremely segregated. "For us from the north and the east, it was a very trying experience for us. (Back home) We understood we were segregated, but not to the extent that it was practiced in the south. It was a very, very unique experience, so even though in the north and the east, New York, where I'm from, we recognized that we lived in our own community so to speak but we didn't have what they call overt, uh, racial attitudes. We still worked on jobs with whites, etc. but of course we all lived in separate, uh, communes."

Because of his foot injury, Claude never was deployed to a European theatre. In 1944 he was given a section 72 discharge, an honorable medical discharge. He stayed in close contact with his army friends while they were overseas, and he remains actively involved with the remaining battalion members.

Claude went on to talk about how he felt black veterans were subtly deprived of GI Bill benefits. “Most of us didn’t know what it was all about! I was never counseled. I didn’t take advantage of the GI Bill until I was up in my 40’s, almost my 50’s before I realized what benefits I’d lost. And where the government earmarked millions, in today’s dollars billions, to create areas like Levittown where blacks weren’t even allowed. So you found in Suffolk County and Nassau, blacks did not get very much, did not gain very much benefit from WWII and the money. And then again you understand the nature of Congress, at that time, was totally dominated by the Dixiecrats; just a cabal of southern representatives who were able to block most of the legislation that would have benefited most of the (black) veterans.”

Claude then talked about how blacks were received when they came home from the war. “The lynchings that proliferated at the end of WWII against blacks. They (the press) just touched the surface of what really took place between the years of 1945-1960, before the advent of the civil rights movement. Blacks was coming home feeling proud of their contribution to the service, a lot of them wanted to return from whence they came, and were treated with such, terrible treatment, physical violence, let alone the ostracisms, of (not) being able to upgrade themselves because most blacks that went into the service, in my view, were undereducated.”

Claude worries that as the voices of black WWII Veterans get “dimmed with age” that their stories will go untold. He feels that as the last “officially segregated” cohort of the armed forces, that their story had a particular place in history. He laments that there

are still a lot of untruths floating around out there regarding the bravery of black battalions in the war, and that these misunderstandings should be cleared up so that future generations can feel great and deserved pride in what these men, against all odds, accomplished. An example Claude gave was on of the alleged cowardice of the 92nd battalion, who in reality moved so quickly across enemy lines in Europe that they outran their supply. This rendered them defenseless when faced with enemy fire, and their actions went down in history as cowardly, when in fact they were quite brave. Claude went on to point out that blacks that acted heroically during the war were never awarded Medals of Honor, an assertion that I found with through further research to be absolutely true. Medals of honor weren't awarded to black veterans until 1997, more than forty years after the war, and in that first round of distribution, only one of the seven soldiers honored was still alive to receive it.¹¹⁴

¹¹⁴ <http://www.defenselink.mil/news/newsarticle.aspx?id=41466>

Chapter 8: The Significance of Homeownership in the Post-War Era

Plotting the path to homeownership for blacks from the end of WWII on is critical because in this era, the country as a whole saw robust economic gains; and for white veterans, they were particularly significant. White veterans were far more likely than blacks to utilize a VA loan to purchase a first home; the literature shows that by the mid 1970's, 11 million Americans had purchased homes through FHA/VA financing, but less than 2% of the housing that was financed or insured went to blacks.¹¹⁵

In the post-war era, homeownership allowed even low and middle-income families an opportunity to acquire wealth, with equity in a single family home accounting for almost half of the total wealth held by the lowest income group.¹¹⁶ The GI Bill, touching eight out of ten men born in the 1920's,¹¹⁷ was a watershed piece of legislation that offered an entire generation of men who fought in WWII the opportunity to make a critical shift in their spatial, social and economic orientation, changing the class and wealth trajectory of themselves and their families for generations to come. In contrast, black veterans and their families faced great difficulty in attempting to participate in a government-sponsored program designed to increase homeownership, self-sufficiency and wealth. The effects of this missed opportunity are durable and intergenerational. Hemmed into overcrowded, segregated neighborhoods and largely unable to obtain government backed loans to purchase, improve or repair homes, black veterans watched from the sidelines their chance to using the benefit to enter the post war housing market

¹¹⁵ Hatcher (2006)

¹¹⁶ Kain and Quigley (1972) p.273

¹¹⁷ Levitan and Cleary (1973)

acquire wealth through homeownership withered away.

Available data quantifies to some extent the financial benefit of purchasing a single family, FHA financed home in the years closely following the war. The paper *Housing Market Discrimination, Home Ownership and Savings Behavior* by John F. Kain and John M. Quigley (1972) presents the following example:

The average house purchased with an FHA 203 mortgage in 1949 had a value of \$8,286 and a mortgage of \$7,101. Assuming that this house was purchased with a twenty-year mortgage by a thirty-year old household head, the owner of this unit would have saved more than \$7,000 and would own his home free and clear by his fiftieth birthday. Thus, if his home neither appreciated nor depreciated he would own assets worth at least \$8,000.

The authors go on to explain that single family homes, in the twenty years following 1950, appreciated at a rate exceeding the 100% increase in the Boeck composite cost index for small residential structures. They maintain that in using a conservative 100% increase in value, the FHA financed homeowner in the above example would have accumulated assets worth at least \$16,000, all a result of the purchase of the home in 1950.¹¹⁸ This flip side of this story is the experience for the black family. Kain and Quigley's research here shows that a black family prevented from purchasing a home in 1950 would have, in 1970 seen out of pocket housing costs more than twice as high as the cost would have been had they been able to make the purchase twenty years earlier.¹¹⁹ Other research states that by 1984, when many GI Bill guaranteed mortgages had matured, the median white household had a net worth of \$39,135 while the comparable

¹¹⁸ Kain and Quigley (1972) p.273

¹¹⁹ Ibid

figure for blacks was \$3,397. Almost seven in ten homes owned by whites were valued at an average of \$52,000, where only four in ten blacks were even homeowners, with a median home value of less than \$30,000.¹²⁰ The following section will outline the importance of homeownership on wealth, social status and mobility, and the intergenerational transfer of assets and class standing.

Homeownership: Accumulator, Cultivator and Protector of Wealth

Homeownership has long been considered an essential component of the American dream, an indicator of middle class status¹²¹. Homeownership has positive spillover effects on neighborhood life; homeowners are more likely to keep up their property, participate in local politics and neighborhood organizations, and are less mobile than renters, creating stable and predictable neighborhoods. Homeowners are less likely to be targets of crime, and it has been shown that homeownership has numerous positive effects of children.¹²² Homeownership acts as a forced system of savings, and is a vehicle for a number of tax deductions, thereby increasing income to spend on other things.

Home wealth accounts for 60% of total wealth in American's middle class.¹²³ In his paper "The Role of Housing as a Component of Household Wealth," author Zhu Xiao Di notes that most homeowners have more wealth in home equity than in stocks. Di aptly describes homeownership as an accumulator, cultivator, and protector of wealth. By looking at home values over time, he determines that while house prices are cyclical, in the end, the trend is upward, ultimately making homeownership a wealth accumulator.

¹²⁰ Katznelson p.164

¹²¹ Rohe, Van Zandt, McCarthy (2002)

¹²² Dietz and Haurin (2003)

¹²³ Hidden cost AA p.107

He describes it as a cultivator in the sense that homeowners can borrow against their equity at favorable interest rates in order to make investment opportunities that require substantial amounts of money, such as home improvements, education, business ventures, or additional properties, all investments that might provide considerable future returns. Finally, he describes homeownership as a protector of wealth. He describes that the fixed rate mortgage as insurance against rising housing costs; when a homeowner is locked into a monthly payment over a substantial number of years, he is better able to budget and save or invest his income.¹²⁴

The Role of Wealth in Home-buying & the Significance of Intergenerational Wealth Transfer

Homeownership is a key component to building wealth, but one needs considerable capital in order to purchase an initial home. The process of wealth accumulation depends on a number of factors; life cycle savings which include past income size and stream, ability to save out of this income stream, the length of time accumulation takes place over, the rate at which wealth is compounded, and the influence of inheritance.¹²⁵ The process of life cycle wealth accumulation is lengthy and concentrated, it requires a great deal of diligence and planning, and is not easily accomplished. It is also largely determined by parental net worth, which has been shown to be the most important predictor of wealth in young adults, even over income, savings or investments.¹²⁶

This is why the GI Bill played a critical role in the post war homeownership

¹²⁴ Di, (2005) p.26

¹²⁵ Terrell (1971)

¹²⁶ Conley, (1999) p.50

boom. The VA guaranteed a loan that, in many cases required no down-payment, leaving those who used the loan able to largely circumvent the lengthy process of saving for homeownership. Between 1944 when the GI Bill was passed, and 1952, veterans received VA backing and subsequent favorable terms on almost 2.5 million home mortgages. The GI bill helped to make 42% of WWII Veterans homeowners by 1956, in contrast to 34% of non-vets of comparable age.¹²⁷

This leap into homeownership is a factor in an accumulation of wealth that benefited not only veterans, but also their children, their baby boom generation. Born between 1946 and 1964, this cohort of Americans grew up largely middle class and is now reaping the benefits of the investments made by their collective parents. Since 1990, this generation has inherited nine trillion collective dollars, providing them with an opportunity to purchase homes and achieve a standard of living for their families that might have been out of reach if not for the jump-start of an inheritance.¹²⁸ For black baby boomers, the picture is quite different. It is estimated that they will inherit just thirteen cents for every dollar inherited by white boomers, with the mean life time inheritance for white boomers valued at \$125,000 at age 55, compared to \$16,000 for black boomers (in 2000 dollars) of the same age.¹²⁹

The Role of Inheritance in Wealth Accumulation

Inherited assets come in many forms; including a cash transfer from a living parent, inter vivos, or from a will, bequest. An inheritance asset could be a home passed

¹²⁷ Cohen (2003) p.141

¹²⁸ Shapiro (2004)

¹²⁹ Ibid p.67

down that held considerable equity, or it could come in the form of what Thomas Shapiro calls transformative assets and head start assets. Transformative assets are those gifts provided by parents to adult children that allow them to maintain a class status that might otherwise be out of reach. These include the payment of private school and college tuition, tutoring and extracurricular lessons for grandchildren, gifts of big-ticket items like appliances and furniture.¹³⁰ Transformative assets are closely linked to investments in cultural capital, a fluency of norms and customs necessary to move in networks of people in similar class strata. Head start assets include a down payment for a home or automobile, money for home repairs or assistance in paying consumer debt. These assets come in the form of a gift or a loan with favorable terms.¹³¹ Such asset transfers are vital to making the transition from renter to homeowner; those who receive a direct housing inheritance, a loan or a gift of a down payment often become homeowners sooner than those who lack the capacity to receive such a transfer.¹³²

Disparities in inheritance between blacks and whites are significant. A 2001 study showed that while one in four white families received an average inheritance of \$144,652 upon the death of a parent, about one in twenty blacks received such an inheritance, with an average value of \$41,985.¹³³ These numbers speak directly to the stratification economics theory mentioned in chapter one, where the long-term effects of property dispossession are visited across generations. I make no claim for causality here, but it is indeed possible that the long- term effects of exclusion from the post war housing

¹³⁰ Ibid p.10

¹³¹ Ibid p.62

¹³² Di and Liu (2005) p.5

¹³³ Shapiro (2004) p.67

market affected the ability for some black families to bequest a sizeable inheritance to their children. This possibility should be the subject of future quantitative research.

The Role of Inheritance in Home Ownership

In today's housing markets, minorities need more wealth or a larger down-payment in order to buy a home than whites do, which makes the need for an intergenerational wealth transfer that much more acute.¹³⁴ Do most black parents of adult children have the capacity to transfer wealth or assets to their children to assist them in buying their first home? The prevailing answer is no. While a parental wealth transfer increases the homeownership of minorities by 32.8 percentage points, minorities are far less likely to receive such a transfer than whites.¹³⁵ While half of all whites come from families who are able to provide some type of assistance or wealth transfer to aid in the purchase of a home, only 1/5th of blacks do.¹³⁶

Home Values in Black and White

A tipping point is the point in time when the racial and ethnic makeup of a neighborhood rapidly shifts from one racial or ethnic group to another.¹³⁷ White neighborhoods that resisted integration after the war did so to prevent the neighborhood from tipping, the point where they believed property values would plummet and their investment would sour. The exact ratio of white to nonwhite presence in a neighborhood that precedes a tipping point is unclear, but some research indicates that home values in

¹³⁴ Di and Liu (2005) p.ii

¹³⁵ Ibid p.30

¹³⁶ Shapiro (2004) p.64

¹³⁷ Wilson and Taub (2006) p.7

neighborhoods where more than 20% of the residents are non-white are shown to be lower than those in all white neighborhoods.¹³⁸ Another study shows that homes lose 16% of their value when neighborhoods are more than 10% black.¹³⁹

Traditionally, housing in black neighborhoods has been valued less than whites because blacks were more likely to own in older, run down urban areas. However, it has been shown that homes of comparable size and structure are consistently valued lower and appreciate more slowly in black neighborhoods than in white neighborhoods. The median value of homes owned by whites and blacks are significantly different, and while black owned homes are indeed rising in value, the difference in value with white owned homes is actually increasing over time. In 2000, the median value of homes owned by whites was \$123,400 while for blacks it was \$80,600, a difference of \$42,800. By 2004, the median value of homes owned by whites was \$153,693, and for blacks it was \$103,532, a difference of \$50,161. Finally, by 2006, the median value for a white owned home had increased to \$185,500 while for blacks it was \$129,700. This disparity between the median value of white and black owned homes by 2006 had risen to \$55,800, an 11% change over two years.¹⁴⁰

Effects of Unequal Property Values

Disparate values in homes owned by blacks and whites have a negative effect on black families and neighborhoods. Lower property values for blacks mean a lower property tax base with which to fund schools and municipal services, and research has

¹³⁸ Shapiro (2004) p.122

¹³⁹ Ibid. p121

¹⁴⁰ Huff and Leigh (2007)

shown that when compared to white suburban schools, black suburban schools are underperforming.¹⁴¹ It is more difficult to take out a substantial home equity loan when the property value of the home is depressed. Home equity loans are an important resource for homeowners since they offer access to large amounts of cash at favorable and tax deductible interest rates.¹⁴² These disparities tie back to the theory of cumulative discrimination mentioned in chapter one; it is possible that the cumulative effects of racial bias have impacted the black/white gap in home values; in 2008 the active force of discrimination might be diminished, but the cumulative effects of it linger on.

¹⁴¹ Turner, McDaniel and Kuehn (2007) p.11

¹⁴² Oliver and Shapiro (2006) p.152

Chapter 9: Racial Disparities in Homeownership and Wealth

The previous chapter established that the purchase of a home is a popular and significant way to accumulate wealth. Such wealth could be then leveraged for additional investments and intergenerational wealth transfers, tools used to extend middle class status to future generations. In the absence of access to homeownership, in the post-war years many blacks were left to rent, unable to amass wealth through home equity that could be passed on to children and grandchildren.

This focus of this chapter is on prevailing gaps in wealth and homeownership between black and white Americans. I do not offer direct evidence that access to the GI Bill is causally related to gaps today, but this paper presents a framework for the idea that full access to the benefits and opportunities provided by the bill might have positively impacted the wealth and homeownership status of the descendants of black veterans. This paper is motivated by the question of why such significant gaps in homeownership persist between blacks and whites, and points to the post war era as a time when homeownership became widely accessible to whites. Homeownership and wealth are inexorably connected. This paper has shown that homeownership generates wealth, and parental wealth is a significant indicator of the socio-economic status of adult children. Parental assets are vital in the perpetuation of class status for adult children, and the parents of the baby boom generation played a major role in producing wealth and assets that were handed down over the last sixty years.

Homeownership Disparities between Blacks and Whites

Before 1940, the black homeownership rate was half of the rate for whites. Since then, homeownership rates for blacks have increased substantially, but they have continued to lag behind whites by over twenty percentage points every year. To put it in perspective, the homeownership rate of African Americans in 2003 was 46.3 percent, less than one percentage point higher than the white rate in 1940¹⁴³. By 2006, 48.4% of African Americans owned a home compared to 75.8% of whites.¹⁴⁴

The persistent gap in homeownership rates between blacks and white is troubling. Homeownership is the primary source of wealth for most Americans, and a majority of homeowners have more wealth in home equity than in stocks or other investments.¹⁴⁵ Likewise, homeowners are more likely than renters to amass wealth. For blacks, in 2004 the disparity in household net worth between home owners and renters was \$79,771, with black homeowners possessing a median net worth of \$81,581 and renters possessing a median net worth of \$1,810. This is not to say that home ownership is the cure all for poverty, but for blacks, it has shown to be an important generator of wealth. In 1998, for half of black homeowners, home equity accounted for 57% of their net wealth. For half of white homeowners, home equity contributed to under 40% percent of their net wealth; whites are more likely to diversify their wealth in other investments, blacks more likely to invest in their home.¹⁴⁶

¹⁴³ Leigh and Huff (2007)

¹⁴⁴ State of the Nation's Housing (2007) Joint Center for Housing Studies, Harvard University, Table A-5

¹⁴⁵ Di (2001)

¹⁴⁶ Ibid p.15

The Black White Wealth Gap

Between 1995 and 2004, the median net worth of white households grew by 45%, leaping from \$94,352 in 1995 to \$136,750 in 2005. For minorities, the median household net wealth rose by less than half of that; a 22% increase from \$19,021 in 1995 to \$23,200 in 2004.¹⁴⁷ In their book *Black Wealth White Wealth: A New Perspective on Racial Inequality*, authors Melvin Oliver and Tom Shapiro state that “wealth is a particularly important indicator of individual and family access to life chances. It is used to create opportunities, and is more encompassing than income or education.”¹⁴⁸ They point to wealth as “an indicator of material disparity that captures the historical legacy of low wages, personal and organizational discrimination, and institutionalized racism. The low levels of wealth accumulation evidenced by current generations of black Americans best represent the economic status of blacks in the American social structure.”¹⁴⁹

The fact that wealth is elusive to so many African Americans is significant. The effects of poverty are durable and intergenerational; the residential and social mobility of poor blacks is severely constrained. In fact, in his paper “The Intergenerational Transmission of Context” author Patrick Sharkey notes that more than 70% of black children who grew up in the poorest quarter of American neighborhoods remain there.¹⁵⁰

¹⁴⁷ Di (2007) p.14

¹⁴⁸ Oliver and Shapiro (2006)

¹⁴⁹ Ibid p.5

¹⁵⁰ Sharkey (2008)

Chapter 10: Conclusion

Social scientists and city planners alike have spent years puzzling over how to break the cycle of persistent poverty that plagues so many African Americans today. Housing policy has been crafted in an attempt to curtail the discriminatory practices in home lending, only to be eclipsed by unchecked predatory lending which, under the guise of providing the poor with mortgages, has bankrupted and exploited millions, leaving them forced out of their homes and saddled with incredible debt.

Clearly, homeownership is not the answer to long-term savings and wealth for everybody, and I am by no means implying that. In this paper, I analyzed a snapshot in time where, in the midst of a strong economy, the federal government extended a set of benefits to veterans that gave them a boost on the path to self-sufficiency. I conclude that black veterans did not get the same boost; inequitable administration and barriers to utilization rendered black veterans unable to fully realize potential gains in socioeconomic status made possible by the Bill.

This paper is not an econometric study, and in it I do not claim to have found a direct causal link between black homeownership rates and the GI Bill. This paper tells the story of the extraordinary barriers that African American men born between 1924-1927 faced in the struggle for economic parity with white men of the same age. It recognizes WWII, a war that strengthened the American economy and turned the country into an international superpower, as a catalyst to a litany of opportunities for white men to gain a strong foothold in the middle class. There was potential for military service to provide the same catalyst for African Americans, but instead the incredible grip of racism and

segregation strangled the opportunities available to black soldiers, denying them in one way or another, access to government sponsored advantages that were extended to white soldiers in their quest for social and economic advancement.

Social scientists often advance the idea that redistributive policies and programs would go a long way to move poor blacks out of poverty; the GI Bill was one such program, but it's unlikely such a generous social policy program will gain traction in America again. It is unfortunate that it was a missed opportunity for black veterans; while they were able to make some economic gains through the program, they should have been far greater.

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Appendix A: Interview Instrument

My interviews were semi-structured and open ended. After collecting basic demographic information questions became very open-ended allowing the subject to emphasize the most significant parts of his experience with either the military or the GI Bill.

1. Please state your name, birth date, and place of birth
2. What year did you enter the military? Was it by draft or volunteer? How old were you?
3. In what city or town did you file your induction papers?
4. Where did you receive your basic training?
5. How long were you in your training camp?
6. What was your training experience like?
7. After training, did you travel overseas?
8. If so, were you in combat?
9. What were your duties overseas?
10. When did you return to the United States?
11. When were you discharged from the military?
12. Did you know about GI Bill benefits when you left the military?
13. If so, how, and which benefits did you know about?
14. Did you use GI Bill benefits?
15. If so, which benefits did you use, and when?
16. When and where did you purchase your first home?
17. Did you use the GI Bill to purchase that home?

18. How long did you own your first home for?
19. What would you like to reflect on the most about your military experience, and your experience as a WWII Veteran in the years immediately following the war?