

# Inclusive American Economic History: Containing Slaves, Freedmen, Jim Crow Laws, and the Great Migration

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### ABSTRACT

This paper records the path by which African Americans were transformed from enslaved persons in the American economy to partial participants in the progress of the economy. The path was not monotonic, and we organize our tale by periods in which inclusiveness rose and fell. The history we recount demonstrates the staying power of the myth of black inferiority held by a changing white majority as the economy expanded dramatically. Slavery was outlawed after the Civil War, and blacks began to participate in American politics *en masse* for the first time during Reconstruction. This process met with white resistance, and black inclusion in the growing economy fell as the Gilded Age followed and white political will for black political participation faded. The Second World War also was followed by prosperity in which blacks were included more fully into the white economy, but still not completely. The Civil Rights Movement proved no more durable than Reconstruction, and blacks lost ground as the 20<sup>th</sup> century ended in the growth of a New Gilded Age. Resources that could be used to improve the welfare of whites and blacks continue to be spent on the continued repressions of blacks.

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This paper records the path by which African Americans were transformed from enslaved persons in the American economy to partial participants in the progress of the economy. The path was not monotonic, and we organize our tale by periods in which inclusiveness rose and fell.

Blacks were not included as full persons in the foundation documents of the United States; they were slaves who helped white Americans expand before the Civil War. Indeed, the *Dred Scott* decision explicitly noted that the founders never considered blacks, free or enslaved, to be persons with any rights in the American republic. Slavery was outlawed during the Civil War, and blacks began to participate in American politics *en masse* for the first time during Reconstruction. This process met with white resistance, and black inclusion in the growing economy fell as the Gilded Age followed and white political will for black participation faded.

This period was ended by a paroxysm of world wars in the first half of the 20<sup>th</sup> century which had complex effects on both whites and blacks. As after the Civil War, the Second World War was followed by prosperity in which blacks were included more fully into the white economy. The Civil Rights Movement however proved no more durable than Reconstruction, and blacks lost ground as the 20<sup>th</sup> century ended in the growth of a New Gilded Age.

The history we recount in this paper demonstrates the staying power of the myth of black inferiority held by a changing white majority as the economy expanded dramatically. Equally important, the myth changes over time to accommodate new realities and policies. Resources that could be used to improve the welfare of both whites and blacks continue to be squandered on continued repressions of blacks.

Marx said, “History repeats itself, first as tragedy, then as farce (Marx, 1852).” The tragedy of Reconstruction after the Civil War was repeated by Lyndon Johnson’s Great Society which helped blacks by a lot of separate laws and programs. The measures in the second attempt to integrate blacks into the majority status of the United States induced a reaction that echoed the failure of Reconstruction a century earlier. The Supreme Court encouraged the growth of commerce and industry while it aborted efforts to include blacks into political and economic activities in both the 1880s and 2010s. The Court promoted white economic progress and impeded the integration of most blacks into this prosperity.

We show that each time there was a partial move toward integrating blacks into the white economy and polity, there also was a reaction that returned blacks to widespread subservience. This was true in the Gilded Age, and it is true again in the New Gilded Age of the last forty years. Blacks made gains toward integration in Reconstruction and in the Civil Rights Movement during postwar prosperity. Some of these gains have lasted, as we will show, but full integration remains far off because policies even in good times exclude blacks and benefit whites. Between these relatively unidirectional periods came the disturbances of world wars and depression in the early 20<sup>th</sup> century. Everyone suffered, but blacks tried in the Great Migration a more peaceful way to alleviate their fortunes. Whites struggled through the violence and created economic and political foundations for the following prosperity. But while some educated blacks have joined white society, the cost of keeping most blacks imprisoned and disenfranchised now reduces economic growth by reducing education spending.

The following sections provide a chronological survey of an inclusive American economic history in the 19<sup>th</sup> and 20<sup>th</sup> centuries. The sections start with Slavery and the Civil War, Reconstruction, and the Gilded Age of the late 19<sup>th</sup> century. They continue with sections

on the World Wars and Depression, Postwar Prosperity, and a New Gilded Age in our day. Each section integrates black economic history into the conventional white economic history of the United States.

### **Slavery and the Civil War**

The Constitutional compromise between slave and free states allowed slaves to be counted as 3/5 of people for representation in return for ending the slave trade in twenty years. It set the stage for rapid economic growth as cotton from Southern slave states provided raw material for the emerging cotton industry in the North and an export crop which became increasingly lucrative over the nineteenth century. The cooperation between states also set up tensions that intensified over time as the addition of new states reiterated the Constitutional compromise over and over again when admitting new states which allowed and forbade enslavement.

Edmund Morgan asserted that Southern planters adopted racism to justify their use of slavery: “Racism thus absorbed in Virginia the fear and contempt that men in England ... felt for the inarticulate lower classes. ... And by lumping Indians, mulattoes, and Negroes in a single pariah class, Virginians had paved the way for a similar lumping of small and large planters in a single master class.” Morgan closed his book with the assertion that this slavery mentality outlived the Civil War, asking, “Was the nation of equals flawed at the source by contempt for both the poor and the black? Is America still colonial Virginia writ large (Morgan, 1975, 386-87)?”

Bernard Bailyn noted that there were few blacks in colonial New England, but he asserted that slavery made the New England economy prosper. Profits from the Atlantic trade

came from the flow of New England's products to slave plantations and the sugar and tobacco industries slaves serviced. "Without the sugar and tobacco industries, based on slave labor, and without the slave trade, there would not have been markets anywhere nearly sufficient to create the returns that made possible the purchase of European goods, the extended credit, and the leisured life that New Englanders enjoyed. Slavery was the ultimate source of the commercial economy of eighteenth-century New England. Only a few of New England's merchants actually engaged in the slave trade, but all of them profited by it, lived off it (Bailyn, 2000, 254-55; Solow, 1991)."

Education reveals the nature of American slavery because American slave owners discouraged the education of slaves to prevent revolts. Roman slaves, who were similarly captives of war but often were freed, had owners who encouraged slaves to be educated and perform responsible economic roles. Education increased the value of Roman slave labor to the owner and the probability that a slave's children would be freed (Temin, 2013, Ch. 6). American slavery was outlawed by the 14<sup>th</sup> amendment, but the master class still impedes the education of the pariah class by direct and indirect means.

The symbiosis of the South and New England continued into the 19<sup>th</sup> century where states were more important than the federal government. Jefferson, who had supported state rights in the Constitution, bought the Louisiana Purchase in 1803 and supported the abolition of slave imports in 1808, the earliest time allowed in the Constitution, as President. The former action vastly increased the land area of the new United States, while the latter action ensured that the resulting increase in the demand for labor would only be partially filled by African slaves. The new United States was to be a nation of immigrants, but not by the sale of captured Africans.

Southern slave owners could live with and even gain from this expansion. The cotton textile industry in New England was beginning to follow the lead of the English cotton industry, and the demand for raw cotton was rising. Eli Whitney patented the cotton in 1793 that greatly improved the removal of seeds from cotton fibers and set off a cotton boom that lasted half a century. The demand for slaves in the South where cotton could be grown rose and stayed high. The New England cotton industry continued to be highly dependent on slavery to produce its raw material (Beckert, 2014).

The expansion of agriculture created a problem of new states. As settlement increased, residents applied to join the initial states in their union. The problem was how to maintain the North-South balance that had created the Constitutional compromise. A succession of new states were bound together by Henry Clay to allow an equal number of slave and free states to be added to the union in a single bill. The acrimony of these Congressional debates kept the regional tempers high and increased the tension between the regions (Wilentz, 2018).

Andrew Jackson was elected president in 1832 and brought a new generation to power in Washington. His fidelity to states' rights was shown in his veto of the recharter of the Second Bank of the United States in 1832. But he was soon engulfed in national economic affairs beyond his control. The New England traders had ventured by then into the Pacific Ocean, and they were involved with British traders in trading with China. This was financed by Mexican silver that was exported by American traders to China to trade for tea and fabrics. The British traders wanted to enlarge the Chinese market by introducing opium from British India into China. The Chinese government resisted, giving rise to a series of Opium Wars in the 1830s and 1840s.

One result of these wars was to divert Mexican silver from China to the United States. State banks bought silver and expanded the money supply; silver being the basis of the American dollar before 1850. Prices rose as more dollars chased the same amount of products, and the price of American goods rose in Britain. London bankers were wary of this price rise and refused to honor bills of exchange used to finance the Atlantic trade. Banks in the United States, starting in New Orleans, found themselves short of finance and refused to pay silver for their bills. The banking crisis spread from New Orleans to New York and caused the Panic of 1837 and several years of depressed economic conditions into the 1840s (Temin, 1969).

The price of cotton fell, the manufacture of cotton goods fell, and urban employment fell in American cities. States defaulted on their loans as plans for canals and railroads were put on hold. Blacks of course suffered as their owners lost income in these hard years. As is often the case, the pain was felt more by the workers than the owners. Frederick Douglass escaped from slavery in this period. His mistress had taught him to read, and he was aware of the wider world around him. As conditions worsened for him, he escaped to the North with the woman who would become his wife. Although Douglass emerged as a leading black author and speaker, his wife never learned to read and write, illustrating how hard it is to make up for no early education (Blight, 2018).

Blacks were not alone in suffering during the hard years of the 1840s. Poor Southern whites who did not possess more education or skills than slaves also were impoverished. They faced reduced demand for their labor in farming and related activities as the price of cotton fell, and those poor whites who owned land before the 1837 banking crisis lost this land to slave owners in the crisis. While we do not know how many poor whites were affected since they



were largely illiterate and not in any federal census, they may have been about as numerous as Southern slaves, doubling the presumed effects of 1837 in the South.

In addition to being landless, these poor whites competed in the labor market with enslaved labor, which led to dramatic declines in their standard of living as their wages fell. This led to large migratory movements of poor whites in search of better labor markets, but migration did not solve the problem as westward movement of the enslaved matched the movement of poor whites. Even more, political and social institutions were being formed in the South to deal with the problem of poor whites. They were frequently jailed for small offenses, coerced in their political participation, forced into unfair labor contracts, and socially ostracized from whites as Southern society became increasingly unequal and favorable to large landowners.

Why are poor whites important to the story of racial inequality? The template developed in the antebellum era to stigmatize and police poor whites was applied brutally to blacks after Emancipation. The political violence and coercion which was used against blacks had been practiced against poor whites before the Civil War. The restrictive labor policies which were attempts to depress wages and create a monopsony of planters had their roots in white bargaining in the antebellum era. Similarly, the role of the carceral state, where punishment for the smallest offenses was imprisonment, and where jury trials were largely shams, fueled the increases in black incarceration after the Civil War and again in our days (Merritt, 2017).

Recovery from the 1837 Panic was slow in coming, but conditions improved a bit as the 1850s opened with the discovery of gold in California. This set off a migration West as many of the people no longer needed in the East tried their hands on the frontier. One of them was Ulysses S. Grant, later to lead the North to victory in the Civil War.

The Civil War was the bloodiest and deadliest war in American history. There were many bloody battles with many casualties, and there also were prison camps with many prisoners. The war preceded the discovery of germs and sterility later in the 19<sup>th</sup> century, and death rates were high. The war dominated feelings and politics long after the war ended. It continued in various statues and memorials in the South erected long after the war to keep its memory alive. And the war remains a central painful event in American history, valued differently by diverse elements of the population.

## **Reconstruction**

The Civil War ended on April 9, 1865, when General Robert E. Lee surrendered to General Ulysses S. Grant at Appomattox. The two generals reminisced about their previous service in the US army before agreeing on terms as follows: “The officers [are] to give their individual paroles not to take up arms against the Government of the United States until properly exchanged, and each company or regimental commander [will] sign a like parole for the men of their commands. ... This will not embrace the side-arms of the officers nor their private horses or baggage.” This was an agreement between equals that left the class structure of each side intact, totally different from the unconditional surrender of World War Two. In other words, the political, social and economic organization of the South was not altered as Lee agreed to this surrender, continuing the Constitutional struggle between the forward-looking North and the backward-looking South (Grant, 1885, Chapter 67).

Even before the American Civil War ended in May of 1865, politicians and Union officials had given serious thought to how they would rebuild the nation and incorporate the

eleven states that had succeeded from the Union between December of 1860 to June of 1861 (Franklin 1961, DuBois 1992, Foner 2014, Dunning 1907). Lincoln had several different thoughts on Reconstruction, and it does not appear that he had a fully drawn strategy for the process. Lincoln's proposed policies would have allowed Congress to rule on the legality of Southern elections and choose whether or not to seat elected Southern Congressmen, giving some federal role and Congressional oversight to the process. It was not clear how much of a role Congress was to play beyond the decision to seat representatives.

Lincoln had implemented his so-called "10-Percent Plan" in late 1863, which allowed for recognition by the federal government any Southern state in which 10% of the white population swore allegiance to the United States. Specifically, if 10% of 1860 voters from each Southern state pledged allegiance to the Union, abolished slavery, and prohibited Confederate leaders and military officers from voting and holding office they would be readmitted to the Union. Lincoln's belief stemmed, in part, from a belief that succession was null and void. Since blacks (free or slave) could not vote the requirement of 10% of 1860 voters was a de facto continuation of the white votes policy of 1863. In his last public address, Lincoln stated that he would like to see the franchise extended to at least the educated class of blacks and black Union soldiers in Louisiana, which was relatively far progressed in its reconstruction in early 1865. Beyond that, Lincoln's exact goals for black political participation were unclear.

After Lincoln's assassination in April 1865, President Johnson continued with a relatively lenient Reconstruction policy and was prepared to admit former Confederate states to the union with little regard for civil rights or political participation by blacks. Similar to Lincoln, Johnson believed that states had not left the Union, and therefore that states quickly should resume normalized relations in the Union.

Republicans originally confused Johnson's antipathy for the southern planter aristocracy with a progressive outlook on Reconstruction. Charles Sumner, a noted radical Republican senator, considered he and the President to be on the same page in advocating for black suffrage, which had become the defining issue for Radicals in the spring 1865. This was based on private conversations with Johnson in the spring of 1865 along with an oft-quoted speech of Johnson's from October 1864 in which he promised to "be their Moses" to a group of African Americans in Nashville, TN.

When President Johnson assumed office, four Confederate states had functioning local civil governments (Louisiana, Arkansas, Virginia, and Tennessee) due to war-time reconstruction measures implemented by Lincoln. In May of 1865 Johnson extended Lincoln's amnesty provisions, with restrictions on high-ranking Confederate officers and those with wealth exceeding \$20,000. The next month, Johnson allowed for the calling conventions to amend state constitutions to meet his three conditions for acceptance back into the Union: the abolishing of slavery, the repudiation of Confederate debt, and the repealing of ordinances of secession. Beyond the restrictions on Confederate officers and wealthy southerners (who were able to apply for individual Presidential pardons), each state was left to decide for itself who was eligible to vote and hold office in elections.

Radical Republicans were surprised at Johnson's policy and were outraged at the lack of provisions for black voting rights, which were not a stipulation for readmission under Presidential Reconstruction. The President nominally argued that black voting rights could be given after southern states had been re-admitted rather than as a condition for re-admittance, but by October of the same year he was openly advocating against black suffrage and claiming it

would lead to extensive racial strife. Johnson's principal allies were in the Port of New York, who saved him from conviction after his impeachment (Ferguson, 1995, 69)

In February 1866, only nine months after Johnson had issued his amnesty provision, 14,000 leading Confederates had received pardons from the President, making them eligible to hold office. Before Congress had resumed session, Mississippi, Alabama, South Carolina, North Carolina, Georgia, and Florida had all held elections for delegates to constitutional conventions with few restrictions on either former Confederate voting or office holding and none with significant voting rights for blacks. The governments that these conventions produced, along with subsequent elections held by the newly constituted states, maintained a strong pro-Confederate character. For example, these states elected to the United States Congress the Vice-President of the Confederacy, four Confederate generals, five Confederate colonels, six Confederate cabinet members, and fifty-eight members of the Confederate congress. These results were mirrored and even amplified at the state and local levels in the South, and some elected officials continued to wear their Confederate uniforms while in office. Presidential Reconstruction offered little room for black political concerns to be addressed.

Black political equality quickly became a defining issue for Presidential Reconstruction. In April 1866, the Joint Committee of Fifteen proposed a set of resolutions that would become the 14th Amendment to the United States Constitution. The resolutions included a definition of citizenship and the disallowing of states to abridge or violate these civil rights, a clause for a reduction in the representation in Congress of any states proportional to the number of male residents it denied the franchise to and the exclusion from Congress, the Electoral College, and other federal offices of people who had left federal government, oath-sworn positions to aid the

rebellion. Southern states re-admission was to be contingent on the ratification of the 14th amendment.

The necessity of more stringent policy was reinforced by widespread southern violence in the summer of 1866. Most notable of these murderous instances was the bloody New Orleans Riot in June where 44 blacks and 4 whites were killed attempting to attend a constitutional convention and the massacre in Memphis of 45 blacks and 2 whites over two days in May. Johnson went on an ill-conceived press junket in the fall of 1866 to campaign for his Reconstruction policies while denouncing the Civil Rights Bill and the 14th Amendment. By the end of 1866 seven southern states had already rejected the 14th Amendment, all but assuring the implementation of a more radical program and more rigorous conditions for re-admission which would include black suffrage.

Furthermore, the results of the 1866 elections gave significant strength to Radical Republicans-- they now had the necessary two-thirds majority to override a presidential veto. A new, wholesale Reconstruction program was passed which placed a priority on black suffrage. It was vetoed by Johnson and quickly passed over the President's veto. By early 1867, Congressional Reconstruction had officially begun.

The Congressional Reconstruction Act passed in the spring of 1867 divided the eleven former Confederate states, except Tennessee, into five military districts: 1) Virginia, 2) North Carolina and South Carolina, 3) Georgia, Alabama, and Florida, 4) Mississippi and Arkansas, 5) Louisiana and Texas. The Act placed the former rebel states under martial law as the army commander in charge of each district was allowed to use military commissions rather than civilian courts to enforce laws. The program also specified the more stringent requirements for

readmission into the Union: (1) the ratification of the 14th Amendment, (2) new state constitutions which allowed for manhood suffrage irrespective of race, color, or religion, (3) approval of these new constitutions by a majority of a state's eligible voters, and (4) the establishment of governments under the new constitutions to replace the governments established under Presidential Reconstruction.

But nothing came of an effort to redistribute Southern land to give freedmen an economic path to inclusion. General Sherman had initiated giving freedmen 40 acres and a mule during the Civil War, but there was no enthusiasm in Congress to expand this to a national policy. Congress thought that transferring land from southern landowners to freedmen was a denial of property rights that the Constitution guaranteed. There was also fear that redistributing land would exacerbate violence since emancipation took place without any compensation. While this fear severely limited the extent of Reconstruction, Congress in 1867 did not know or care that this would have been an effective way to include freedmen in the national economy (Foner, 2014, 308-11; Banerjee, Duflo, et al., 2015)

Subsequent Reconstruction Acts were passed strengthening the original legislation. In March of 1867, voters were required to take a loyalty oath. In July, federal voting registrars were authorized to disenfranchise those thought to be taking the oath dishonestly. A fourth act passed in March 1868 which changed the requirement for passage of state constitutions from a majority of a state's registered voters to merely a majority of the voters who voted in the election, as many white Southerners had registered and then did not vote in hopes of preventing the ratification of the new constitutions.

The passage of the Reconstruction Act, effectively enfranchising more than one million southern black males, instantly stimulated black political activity in the South. Indeed, the potential of blacks to be active in politics was one the largest areas on conflict during Reconstruction. Black institutions and leaders, particularly churches and ministers, quickly became politicized channels of Republican organization in the South. The Union League, previously a Northern middle-class organization, became a conduit of black political activity in the South through political education initiatives and the building of churches and schools, aimed primarily at Freedmen (Hahn, 2005; Foner, 2014).

In many areas of the South, black turnout for constitutional ratification and subsequent elections exceeded 90%, even under the consistent threat of losing employment or physical violence in retaliation for voting (DuBois, 1992; Foner, 2014). Disenfranchisement of former Confederates varied, as some states disenfranchised only those barred from office by the 14th Amendment while others had more far-reaching proscriptive measures. The resulting constitutions drafted and passed by these southern state conventions are notable for their progressiveness. Public responsibilities were greatly increased as provisions were made for the establishing of public school systems, orphan asylums, and homes for the mentally ill. The constitutions also abolished the extremely high poll-taxes which existed in most southern states and also rewrote the antebellum tax codes so that tax revenues now came from assessed land values as opposed to high poll and licensing fees.

Along with the progressive nature of the newly adopted state constitutions, the Reconstruction-era southern governments also boast many noteworthy accomplishments. One of the major and first actions of these governments was the repealing of the black codes implemented under Presidential Reconstruction. With these discriminatory laws gone, freedmen



were finally able to move somewhat freely throughout the South and engage in labor contracts that were much more equitable than before. Many white planters responded by suggesting that landowners collude to set low wages, while others argued that such strategies were against free labor ideals (Foner 2014, Higgs 1977).

In addition, the institutional infrastructure to provide a higher level of public goods was established. With expanded civil rights, blacks began to assert themselves more fully by, for example, seeking legal redress for disputes. It is important to note the social shock whites experienced by having even the possibility of facing blacks in court, which was essentially not allowed in the antebellum era. The expanded social responsibilities of government as well as the accompanying costs are best demonstrated in South Carolina. In the six years between 1870 and 1876 the enrollment in the state's public schools increased from 30,000 to 123,000 while the state budget more than doubled between 1860 and the end of Reconstruction. The period of Congressional Reconstruction represents a dramatic change in the political and social organization of the American South.

Beginning in the early 1870s, Southern whites began a wide-spread campaign to undo the Congressional Reconstruction process. Southern Redemption was concentrated on reducing the level of black political involvement and reestablishing antebellum social relations (Rable 2007, Lemann 2007, Woodward 1971). The eventual establishment of Jim Crow and de facto disenfranchisement after Reconstruction were not automatic; they required southern states to overturn Congressional Reconstruction policies. As such, Southern Redemption was predicated on the political events of Reconstruction. Ager (2013) argues that Redemption was a return to antebellum political institutions, and finds that the post-Redemption constitutional conventions, which undid the Reconstruction-era policies, featured an inordinate number of representatives

from the Presidential Reconstruction constitutional conventions. Acharya et al. (2016) find even longer persistence of slaveholding on political preferences. One aspect of the racial nature of the Redemption is that white Southern populists were vocal in their opposition to any black political power or enfranchisement. Fitzgerald (2007), Rable (2007), and Lemann (2007) claim that political arguments over "excessive" taxation were related to increasing Klu Klux Klan activity and overt acts of racial intimidation, many of which were aimed at black voters and officeholders.

Despite the appeals to states' rights, Redemption featured strong federalism in public finance when it limited black political prerogatives. This is consistent with the political ideology which led to secession, which Dew (2002) argues which was less related to political concerns than opposed to hostility to blacks. Similarly, Jones (2012) show that informal forms of voter suppression were effective deterrents to black political participation after Reconstruction's end.

There is evidence that black policymakers acted consistently to defend public education, in contrast to other public expenditures such as infrastructure. In Mississippi, black officials in the state legislature united to defeat a measure advanced by white Democrats which would have reduced the tax base for public schools. As another example, in Louisiana blacks petitioned to have local taxes as a source to continue funding public schools after the tax that funded local education expenditures was suspended by state government DuBois (1992). W.F. Brown, State Superintendent of Education in Louisiana, further investigated the wholesale disappearance of funds intended for public schools after white Democrats returned to power. Williamson (1965), consistent with other histories, describes how black/white school funding ratios diverged considerably after Redemption. DuBois (1992) notes the decrease in school enrollment from 1874-1876 when Democrats seized control of the Arkansas legislature. Political

disenfranchisement was linked to education-- white legislators justified the disenfranchisement of black citizens by arguing that it was not "incumbent" upon them to educate blacks and that, as uneducated citizens, they should not vote.

The narrative history of events after Reconstruction give some important clues as to effects of the end of black political leadership. While narrative histories stress voting and racial intimidation, public finance played a significant role as well. The tax policies adopted during Redemption are further suggestive evidence of the stark policy preference differences between black and white officeholders in the South after the Civil War. At the end of Reconstruction, blacks were placed firmly in second class status with limited access to public goods and seriously curtailed access to the ballot box.

Southern voting participation included blacks in and beyond Reconstruction. Voting turn-out only began to fall in 1880 and reached a low point in the early 20<sup>th</sup> century as blacks increasingly were excluded from voting (Burnham, 2010, 80-90; Keyssar, 2009, 88-93).

## **The Gilded Age**

The fortunes of the South and West diverged at this point, as the cotton industry was replaced as a center of economic growth by growing wheat exports, manufacturing and mining. Southern violence that had grown during Reconstruction increased after its end. The Supreme Court invalidated the 14<sup>th</sup> Amendment as it applied to local violence in the 1880s, and blacks were trapped in a stagnant agricultural setting without education or votes to alleviate their lot. Their conditions deteriorated as the South stagnated economically, politically, and institutionally while the North leapt ahead with the settlement of the West.

Wheat exports to Europe increased as American farming expanded and transport costs fell. European countries adopted diverse policies to deal with American exports, setting the stage for armed conflicts to come. The steel industry expanded also to provide rails for the transcontinental train routes and ships for exports. Growth in the North continued, although farmers suffered from the deflation. These diverse trends came together again in the presidential campaign of 1896 at the trough of the deflation started in 1868. The Republican candidate won (as in 1876), new gold discoveries led to inflation, and the world economy careened toward international war.

White history sees the end of Reconstruction in 1876 as the return of democracy to the United States. This is expressed clearly in a recent political-science analysis of the future of American democracy in the 21<sup>st</sup> century: “The disenfranchisement of African Americans preserved white supremacy and Democratic Party dominance in the South, which helped maintain the Democrats’ national viability. With racial equality off the agenda, southern Democrats’ fears subsided. Only then did partisan hostility begin to soften. Paradoxically, then, the norms that would later serve as a foundation for American democracy emerged out of a profoundly undemocratic arrangement: racial exclusion and the consolidation of single-party rule in the South (Levitsky and Ziblatt, 2018, 124-25).”

This political alignment is important in several dimensions. First, the Republican party dominated national elections, which led to the appearance of a decline in the salience of race and the legacy of American slavery from the national discussion. This national story obscures the reality for the majority of African Americans, who remained in the South until the early 20<sup>th</sup> century. Second, the political hegemony in the South had serious implications for African American welfare at the time of the expansion of the federal government and the national

priority to leave Southern issues to themselves. In spite of the non-discrimination written into policy, the actual practice exacerbated racial disparities. Third, national racial violence was pronounced during this period, and much of it had political goals. All of this was situated in a period where nationalization merged with xenophobic policies towards Native Americans, southern and eastern European immigrants, and Asians (both native and immigrants).

The period from the end of the Civil War to the end of the nineteenth century featured a range of violence that was particularly racialized throughout the United States. The Indian Wars, violence against the Chinese in the West, and attacks along the Mexican-American border all featured dimensions of racial conflict. In the South, white conservatives sought to use terrorism to return to the racial social order that prevailed during chattel slavery. This campaign of fear and intimidation found political support not only as racialized policy, but also as a stand against black enfranchisement, black political leadership, expanded federal authority, and an altered public finance structure which followed the Civil War.

Resistance to black enfranchisement and Reconstruction was particularly violent at the local level. The backlash against these policy changes was nestled in an antebellum past which featured racial violence and a political regime where taxes were low and public goods relatively few. It would be simplistic to connect all racial crime to politics or racism during this time. At the same time, the politics of Reconstruction gave rise to a class of black leaders whose very presence violated the racist belief that blacks were inferior. Attacks on black voters, black officials, and Republican sympathizers were common.

Violence was so rampant early in the Reconstruction era that the Grant administration took action on violence and voter intimidation through the Enforcement Acts, which were passed

in 1870 and 1871. The acts made it a federal crime to prevent or obstruct voting and to bar those not constitutionally excluded from holding office to be allowed to serve, and gave the federal government authority to prosecute cases. In situations where violence was acute, such as race riots, the acts specifically suspended habeas corpus. Additional sections of the acts were direct responses to the strategies employed by the Ku Klux Klan, and gave federal authorities power to prosecute violent acts as well as conspiracies to intimidate voters or fix elections. The acts were effective in leading to prosecution of the Ku Klux Klan, the establishment of black voting, and the creation of a class of black officeholders in the early years of Reconstruction.

These gains were short lived. After the 1872 election cycle, the relationship between violence and politics was revived and extended. One third of all of the race riots in 1873 occurred the week before a local election. Rifle clubs and other civic-named organizations sprang up throughout the South to intimidate voters and threaten local officials over policy. While contemporary news reports concentrated on corruption, historians now conclude that one of the chief goals of violence was to oust Republican leaders and lower taxes, particularly those earmarked for education. Democrats routinely signaled education expenditures, which were controlled by local officials, as an area rife with corruption.

The strategy of violence for political aims throughout the Gilded Age in the South followed the 1874 "Alabama Plan." Democrats in Alabama abandoned any hope of securing black votes and instead labeled themselves a "white man's party" while publicly issuing a call to end violence as a means to attract moderate white support. Sympathetic white newspapers filled with stories of blacks being trained to take up arms, with little evidence that any of this occurred. In the Alabama black belt, for example, the tactics ranged from preventing Republicans from assembling (Eutaw county), murder of locally prominent politicians (Sumter county),

intimidation of black voters in the form of forcing them to vote for Democrats or lose their jobs (Barbour county), forcing blacks to leave polling stations without voting (Mobile county), having whites cross the border from neighboring states to cast ballots, and preventing Republicans who won their elections from raising their bonds and therefore allowing defeated Democrats into those offices by default. The general strategy was not to incite total violence, which would increase the prospects of Congressional or military intervention, but to intimidate black voters to alter election outcomes. Even with this, the Attorney General in Alabama publicly stated that anyone could murder a Republican for political intimidation without fear of punishment.

This activity was illegal by Congressional legislation, but by the mid-1870s Congressional will to root out voter intimidation and racial violence had largely ended. Congressional investigations into the 1874 elections in Alabama determined that "Democrats had used force to overturn the state's Republican majority" (Rable 2007, p. 118), but did not act on the issue. The state of Alabama itself did not move to investigate independently nor act on the results of the Congressional investigation. The political strategy of Redemption now had a successful template. This plan was adopted and used in Mississippi in 1875, when terroristic attacks by Redshirts, a paramilitary arm of the Democratic party, and widespread voter intimidation brought Democrats to a significant majority. In that election cycle, activists and were specifically targeted to decrease black voter turnout, and high-profile individuals were targeted to serve as a warning for others of the dangers of being politically active. By the time of the *United States v. Cruikshank* ruling in 1876 the use of violence and intimidation was a de facto policy throughout the South. The elections of 1876 featured rampant "fraud, intimidation, and terrorism in the South that returned the region to conservative control and restored blacks to a condition more resembling serfdom than freedom" (Rable 2007, p. 185).

Estimates of the exact range of violence vary. In Florida, the Secretary of State Jonathan Gibbs estimated that more than 150 blacks had been assassinated between 1868 and 1871, and that more than 50,000 blacks had been murdered in the South by 1887. While a complete accounting is impossible, Congressional testimony and local accounts in newspapers speak to the profound regularity of racial violence in the South during this time, and a significant portion was politically motivated. By the last decade of the nineteenth century black school funding was reduced substantially, taxes were decreased, and the range of public goods offered in the South again stood in stark contrast to the rest of the nation (Margo, 1990).

Another prominent rise in racial violence which extended through the Gilded Age was lynching. The best data we have on lynching begins in the Gilded Age and extends through the early 20<sup>th</sup> century. The Historical American Lynching (HAL) Project and cover the time period from 1882 to 1930. This dataset is the most extensively verified, publicly available set of lynchings in the literature (Cook 2012). Equally important, the existing empirical knowledge of lynching is closely tied to analysis of the HAL data. The lynchings in the database conform to the NAACP definition of lynchings which requires a murder to meet the following criteria to be counted as a lynching: (1) there must be evidence that someone was killed, (2) the killings must have occurred illegally, (3) three or more persons must have taken part in the killing, and (4) the killers must have claimed to be serving justice or tradition.

The HAL database contains detailed information on 2,805 lynchings including name, race and gender of the victim, the race of the mob, the stated reason for the lynching, the date of the lynching and the county in which the lynching took place. These constitute the vast majority of the recorded lynchings: 88 percent of victims were black while only 6 percent of the mobs were black. Furthermore, of the 155 black lynch mobs, only 4 targeted white victims. Therefore,



a large proportion of the lynching victims were black individuals who were the victims of interracial violence. The white lynching victims were almost entirely victims of intraracial violence.

The distribution of lynchings over time is given in Figure 1. Consistent with the existing literature on lynchings, the HAL data reveal that lynchings reached their peak in the 1890s, with over 100 lynchings per year in the middle of that decade when Populists were trying to link up poor whites and blacks. Despite peaking in the 1890s, there remain a sizable number of lynchings each year through 1930, the end of the time period covered by the data. The geographical distribution of lynchings across the southern states is also given in Figure 1. Two features of this map are worth noting. First, there is substantial variation in the number lynchings across counties within each state. This suggests that we can exploit meaningful variation in lynchings across counties even with the inclusion of state fixed effects. Second, lynchings are not concentrated in urban areas. Instead, they appear to be a rather rural phenomenon.

The geographic distribution of slavery and constraints on the mobility of free blacks in the antebellum period resulted in large concentrations of the black population in the cotton growing regions of the South at the time of emancipation, an area that corresponds quite closely to the areas in Figure 1 with high black population shares today. By 1880, 90 percent of the black population still lived in the South and 87 percent of the black population lived in a rural area. In contrast, only 24 percent of the white population lived in the South, and 72 percent of the white population lived in rural areas. This meant that black individuals were disproportionately affected by constraints on economic opportunity in the rural South. Over the second half of the nineteenth century, Southern and Northern incomes diverged significantly, with average income in the South only half of the national average by. The destruction of the Civil War and the

emergence of Northern manufacturing while the Southern economy remained predominantly agricultural contributed to these trends (Woodward, 1955; Kim and Margo, 2004).

The black population therefore found itself in a region with far less economic opportunity than the rest of the nation. More importantly, that economic opportunity was further restricted by individual and institutionalized racism and political disenfranchisement. Discrimination in hiring by employers and intimidation of black workers through violence placed black workers at a direct disadvantage in the labor market. This discrimination can be seen at its worst in the relationship between lynching and economic conditions. Mob violence against Southern blacks was higher when the price of cotton was declining and inflationary pressures were rising, making the economic conditions of white agricultural workers more precarious (Beck and Tolnay 1992). This violence also extended to attacks on economically successful black communities, most infamously with the destruction of the Greenwood community during the Tulsa race riot in 1921. Beyond labor markets, blacks also faced discrimination in credit markets, for example the discrimination in merchant credit documented by Olney (1998) (see Dymski 2006 for a general overview of the theory and empirical evidence for racial discrimination in credit and housing markets).

Compounding this discrimination by individuals was the state-sanctioned segregation brought about through Jim Crow laws. This segregation impacted every aspect of life. Most directly related to black economic opportunity is the impact of Jim Crow on education. Segregated schools led to inferior educational opportunities for black children relative to white children, with black schools routinely underfunded relative to white schools (Baker 2017; Carruthers and Wanamaker 2013; Margo 1982). With segregated schools, hospitals, and other

facilities, black individuals living in the same cities and towns as white individuals had access to far fewer resources.

Part of what enabled this discrimination in economic and social spheres of life were discriminatory restrictions on the right to vote. Despite large black populations in the South at the start of the 20th century, that population had no political power due to disenfranchisement and voter intimidation. Without the power of the ballot box, black Southerners remained subjected to overtly racist policies constraining their economic opportunities. Frederick Douglass, the conscience of the country since his escape from slavery, proclaimed the need for blacks to have the vote in order to end this discrimination throughout the Gilded Age. The poor quality of black schools at the turn of the 20<sup>th</sup> century was due to black disenfranchisement and growing white demand for better schools (Blight, 2018; Margo, 1990, 130).

Apparently, American democracy was only possible if African Americans were excluded from it. In this view, the 13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> Amendments destroyed democracy, and the end of Reconstruction could start the reconstruction of American democracy. The late 19<sup>th</sup> century witnessed rapid industrial and geographic growth of the white economy with the denial of the Civil War's victory and Reconstruction.

The exclusion can be seen in Supreme Court opinions in 1883, only seven years after federal troops were removed from the South, signaling the end of Reconstruction. The first case considered the actions of twenty white men in Tennessee who dragged four black men out of jail where they were awaiting trial and beat them so severely that one of them died. They white men were tried under the Enforcement Act of 1871, also known as the Ku Klux Klan Act, and the unanimous decision included also judgment on the 14<sup>th</sup> Amendment. The Court argued in *Ku*

*Klux Klan*, 106 U.S. 629 (1883), that the first section of the amendment “placed a restraint on the states, not individuals (Goldstone, 2011, 121).”

The Court went further in saying in a subsequent case, “The XIVth Amendment is prohibitory upon the States only (*The Civil Rights Cases*, 109 U.S. 3 (1883)).” This was an originalist interpretation of the Constitution which did not allow for federal actions on or by individuals, even though the first section of the 14<sup>th</sup> Amendment mentions persons several times. The Court clearly did not credit the Civil War and Reconstruction to have changed the meaning of the Constitution. Freedmen were not entitled to equal protection and were excluded from post-bellum progress. Neither side in this case seems to have noticed the second clause of the 14<sup>th</sup> Amendment, which says that a state should lose seats in Congress if it excludes citizens from voting (Goldstone, 2011, 123).

Freedmen became share croppers, as the Republican initiative to give each Freedman Forty Acres and a Mule was not adopted by Congress. Without land or education, freedmen had little choice. The landowners provided food and loans to the share croppers in a company store, increasing their power over the freedmen for the remainder of the 19<sup>th</sup> century. Economic growth slowed in the South, due both to a lower growth of demand for cotton and the withdrawal of many freedwomen from the labor force. (Ransom and Sutch, 2001; Wright, 1978)

Economic growth rose in the North due both to western expansion and industrialization. The West was opened up by the first transcontinental railroad in 1869. The railroad increased the demand for iron and steel, lowered costs for wheat exports, and added to economic instability. The attempt to construct a second intercontinental railroad, the Northern Pacific Railway, failed in 1873, setting off a deep depression for the rest of the decade. Industrialization

was promoted by the increased demand for iron and steel from the railroad construction. Earlier railroads had been constructed from imported iron, but the discovery of Bessemer steel allowed American steelmakers and other industrial firms to flourish. Inequality that had been high before industrialization remained high as industry expanded (Temin, 1964; Williamson and Lindert, 1980).

A turning point came in the election of 1896. Black and white farmers had joined in the Populist revolt against hard money and big business. They had both been hurt by the deflation that started after the Civil War and continued in the depression of the 1890s and beyond. The Colored Farmers Alliance had its impact through a third party, and even the Democrats as a whole were unsuccessful in 1896 for several reasons. White supremacy was more persuasive than issues of economic reform in the South. Southern politicians trumpeted their fears of Negro domination. And violence, as described here, was condoned by businessmen and editorialists. The Republican party had become the party of business and anti-foreign in general. Its abandonment of freedmen was expressed by a decreasing mention of the antislavery crusade during the Civil War and Reconstruction (Goodwyn, 1976).

## **World Wars and the Great Depression**

White Americans became industrial leaders and representatives of the dominant country through world wars and a world-wide depression in the first half of the 20<sup>th</sup> century. The peace treaty after the First World War led to the Second World War as the Constitutional compromise led to the Civil War. Black American families peacefully moved North and West through this

aggregate turbulence. Whites obscured the racial divergence by using a new technology to project their hostility and violence onto blacks in *The Birth of a Nation*.

The thirty years from 1914 to 1945 are thought of in conventional (white) history as full of conflict, killing, war and depression. There were two wars so large that they are spoken of as world wars, even though the first of these was largely limited to trenches in France. As a result of the First World War, the notable empires of the 19<sup>th</sup> century—Russian, Ottoman, Austro-Hungarian and German—were all transformed, typically by breaking up, with lots of political change.

The treaty that ended the war was based on a 19<sup>th</sup> century model and imposed a large charge on Germany. As the losing side, Germany was forced to pay massive reparations to the victors. These reparations led to a French military incursion into Germany, a hyperinflation in Germany and eventually to a world-wide depression.

The economic downturn was so large and long-lasting that it is known as the Great Depression. Economic problems led to the rise of Fascism in Europe and especially in Germany. These fascist countries came into conflict with the United States, and the Second World War was the result. US history is dominated by these dramatic and draconian events, but the American involvement in these European and ultimately Asian conflicts was gradual.

The First World War descended into a stalemate that went on for several years. The United States helped the Allies, but only a small share of production was involved. The United States did not join the Allies until 1917, and its entry led to a speedy end to the fighting. The United States was involved in writing the Treaty of Versailles that ended the war, and in the

effort to force Germany to pay its reparations. And by the time the economic conflict turned into another military one, the United States was fully engaged.

For our purposes it therefore makes sense to think of these thirty years as a single war with a temporary truce in the middle. While other countries were involved, the main protagonists were Germany and the United States. And since the “truce” that separates the two World Wars was filled with conflicts of various sorts, considering this as a single conflict clarifies the history of both Europe and the United States. Churchill called it the Second Thirty Years War, and Lionel Robbins said the Great Depression in 1934 was not the fourth year but rather the nineteenth year of the economic and conflictual crisis (Churchill, 1948; Robbins, 1934; Maier, 1988).

African Americans were not involved in the international relations and political decisions that drove the wars and war-like interlude. They instead were dealing with Jim Crow laws and segregation in the South. For blacks, the increasing international strife led to changes in immigration policy which increased nativist politics and led to dramatic changes in immigration policy. The internal conditions in the United States had changed, and the area of the country with ample industry now had unmet demand for labor. Blacks chose a peaceful way to respond to these white impositions on their lives. They would go North.

The North had abolished slavery and fought a civil war to make this a national decision. Surely the North would be a more hospitable place for blacks than the unrepentant South. Thus was born a migration that would continue into the postwar period. It would be a larger population movement than the gold rush of the 1850s or the abandonment of the Mid-West dust

bowl in the 1930s. About half the black population would eventually spread over the North and West as about six million people participated in the Great Migration (Whitaker, 2010, 10).

We will discuss how this turned out in subsequent sections, but here we want to note the contrasting reactions to adversity between American whites and blacks. The whites chose military action; the blacks chose individual migrations. The whites chose violence to resolve problems; blacks chose peaceful actions to escape their problems. This demographic upheaval may have been the most important event of mid-20<sup>th</sup> century America, but it is ignored or only briefly mentioned in most American histories.

Ira Berlin argues that this was only one of four Great Migrations that African Americans have made. The first one was in the Middle Passage where Africans were brought to the Southern US by force. The second was the move west as agriculture expanded in the first half of the 19<sup>th</sup> century and slaves were moved west to grow more cotton. Both of these migrations were made under orders from whites and in which the African Americans had no voice. The third and fourth migrations were initiated by the people migrating. The final migration, still in progress, was the increase of immigration from Africa and the Caribbean to the United States. Like the Middle Passage, all these dark-skinned immigrants were known as “Africans” only when they reached the United States and were grouped together with previous immigrants. In Berlin’s terms, the third migration was the Greatest Migration because it involved six million people—far more than in any of the other great migrations (Berlin, 2010).

We can understand the omission of the Great Migration in most American histories by looking at a 1915 movie, *Birth of a Nation*. This innovative silent film was the first movie ever seen at the White House. It portrayed blacks (played by whites in blackface) as unintelligent and



sexually aggressive toward white women, that is, as potential ruffians and rapists. President Wilson called it “history written with lightning.” It presented the white version of Reconstruction—which differs greatly from the more balanced view presented here—and saw the Ku Klux Klan as heroes (Stokes, 2007, 111). It also presented black political leaders as incompetent buffoons, implicitly supporting black disenfranchisement.

This would be an interesting footnote in an economic history if it were not for the opening speech of candidate Trump in 2016, a century after the initial screening of *Birth of a Nation*. As he announced his candidacy he said, “When Mexico sends its people, they’re not sending their best. ... They’re bringing drugs. They’re bringing crime. They’re rapists. And some, I assume, are good people.” The accusation that Latino immigrants bring crime is refuted by data showing that immigrants commit fewer crimes than Americans. And the accusation of rapists seems to come out of nowhere. Where are the rapists in the immigrant families and children?

Donald Trump undoubtedly was reaching back to his memory of *Birth of a Nation* and its portrayal of African Americans, the other, as aspiring rapists. He revealed two supports of his views that have been borne out in his presidential policies. The first step is to link blacks and “browns,” that is, African Americans and Latino Americans, together. As noted earlier, this aggregation of poor vagrants goes back to 18<sup>th</sup> century England. The second step is the projection of white violence onto these other populations. It is not unusual for people to project their faults onto others, it is dangerous to race relations now.

This shows why the Great Migration has been lost in conventional history. It was a peaceful response to Southern persecution of blacks and increasing labor market demand in the

North and Midwest. It contrasted sharply with the world wars going on for thirty years and went against the earlier portrait of blacks as the violent ones. We now need to recall not only the violence and depression of the Second Thirty Years War, but also the large-scale demographic movement that transformed racism from a regional to a national problem.

The First World War, or the start of the Second Thirty Years War, was a sad mistake. There was a terrorist assassination of an heir to the throne of the Austro-Hungarian Empire in June of 1914. This was followed by conversations between the rulers of this empire—the Russian Tsar, the German Kaiser and the English King—all first cousins. They have been characterized as sleepwalkers for their inability to see what might be at stake in their discussions until European leaders divided into two camps and the Germans invaded Belgium (Fischer, 1969; Clark, 2013).

The European war settled down into a trench stalemate in northern France and a German attack on shipping. The United States was initially neutral but was forced into the war as German U-boats sank the Lusitania and some merchant ships. Woodrow Wilson called for war against Germany in early 1915 and began a military buildup. The expansion of military production at the same time as increased recruiting of soldiers led to an expanded demand for labor in war industries.

Northern jobs were attractive to Southern blacks because their agricultural work was declining. The boll weevil was destroying crops and the weather caused flooding. And of course black Southerners were an underclass subject to violent attacks as we have seen. Northern industries sought workers in the South because they could not find European immigrants during and after the first phase of the Second Thirty Years War when immigration

was restricted and were happy to loan black workers money for the train trip north. They treated Southern blacks like the European indentured servants that provided labor for 18<sup>th</sup> century Southern farmlands. The Great Migration did not start earlier, despite the pressure on Southern blacks, because Northern factory owners preferred to hire educated white workers (Collins, 1997).

The Great Migration coincided with an increase in residential segregation in both the South and North. A recent paper presented new evidence of this phenomenon from 1880 to 1940, before and in the early stages of the Great Migration. The new evidence came from a detailed understanding of how the United States Census used to be conducted. Census enumerators went door-to-door collecting household data. (Since 1960 census forms are mailed or even emailed.) Using the census manuscript, the study was able to discern if adjacent entries were for households of the same race.

This measure has two advantages over more traditional measures for cities or wards. It can be used for rural as well as urban neighborhoods. Rural of course includes towns and small cities that are typically omitted in other studies. In addition, the emphasis on neighbors focuses our attention on personal interactions. For it is easy to be prejudiced against blacks if you do not have any contact with blacks. If you have black neighbors who you see and talk with regularly, it is harder to generalize and lump all blacks together into an undesirable group.

This new measure shows that Southern cities were and remained the most segregated in the nation. It shows that segregation increased in both South and North from 1880 to 1940. And this increased segregation was present in both rural and urban neighborhoods. This is a long-run change that overlaps the early years of the Great Migration, but which may have started a

generation earlier. This finding implies that black migratory patterns not only increased segregation in the North, but allowed increasing separation by race in the South as well. In essence, while some see the Great Migration as a factor which helped to close the black/white gap in income, it also appears to have exacerbated black/white geographic sorting. It raises many questions about the effects of the Great Migration that remain open (Logan and Parman, 2017).

The first phase of the Second Thirty Years War ended with the Treaty of Versailles in 1919. There had been no fighting in Germany, and the German population did not have any experience with the military fighting or defeat. This ignorance played an important role in the subsequent history of the treaty, which blamed Germany for the initial attack and took full advantage of the German defeat.

John Maynard Keynes was a member of the British delegation to Versailles, and he resigned in disgust and wrote a polemical book, *The Economic Consequences of the Peace*, denouncing what went on there. The book has become a classic and is still read today. Keynes summarized his argument as follows:

“The [Versailles] Treaty includes no provisions for the economic rehabilitation of Europe—nothing to make the defeated Central Empires into good neighbors, nothing to stabilize the new States of Europe, nothing to reclaim Russia; nor does it promote in any way a compact of economic solidarity amongst the Allies themselves; no arrangement was reached at Paris for restoring the disordered finances of France and Italy, or to adjust the systems of the Old World and the New (Keynes, 1919, chap. 6).”

This neglect made the prosperity of the 1920s in the United States and Europe into a temporary pause in hostilities rather than a durable peace. Keynes asserted, “A debtor nation does not love its creditor.” Germany, now the Weimar Republic, resented the reparations imposed on it by the treaty. France invaded Germany to enforce payments, and the United States repeatedly loaned funds to the German Republic to stabilize its currency and economy. But all was in vain.

The leadership of the German Army deflected criticism by popularizing the Stab-in-the-back accusation. The Army was not at fault, instead, following Wagner, Germany was stabbed in the back by Jews. This set up a conflict that tormented Germany until fascists replaced the republic in the depths of the Depression. These German changes led to the Second World War, which we can call the end of the Second Thirty Years War to stress the connection between the political choices of the white community that continued military violence.

White Americans enjoyed the boom of the 1920s, thinking it would continue for a long time, while Southern blacks continued to move north. The depression that started at the end of the decade came as a surprise, produced by bad economic policies in both the United States and Germany. In contrast to the policies recommended by Keynes, politicians did not try to expand the economy when economic activity declined. The German prime minister diverted attention from his policies by threatening to stop paying Germany’s reparations to the Allies; the resulting financial panic led to a banking crisis in 1931. The United States president tried to stabilize wages to keep demand up, but he continued his deflationary policies; the resulting uncertainty led to bank failures culminating in a “bank holiday” as he left office in 1933 (Ferguson and Temin, 2003).

These policies and the resulting banking crises turned a recession at the end of the 1920s into the Great Depression of the 1930s. The economic decline produced unemployment that only ended around 1940 with the advent of the last military conflict of the Second Thirty Years War (Temin, 1989).

The Depression led to a change in American leadership, and President Roosevelt tried to stimulate the economy through his New Deal. But the 1876 Compromise that ended Reconstruction had reinstated the politics of the slave-holding antebellum South. Federal troops had been withdrawn from the South, and the landholding white residents, no longer slave holders, rapidly moved to control the black population with Jim Crow laws and Ku Klux Klan violence. Southern Senators were nominated by the landholders without opponents, and they consequently had seniority and power in the Senate. They made sure that Roosevelt's New Deal did not disturb their Southern race relations.

Southern Senators did this by avoiding the applications of the New Deal to agriculture and personal service where most Southern blacks were employed. They insisted on local administration of the federal laws so their associates could resist aid to blacks, and they refused to allow any anti-prejudice clauses into Roosevelt's bills. The aid that was accepted by the South still applied Jim Crow doctrines, leaving many blacks out of policies designed to aid them in a depressed agricultural setting.

For example, the Tennessee Valley Authority (TVA) was created in 1933 as part of the New Deal to coordinate planning for a river basin that crossed state lines. Southern Congressmen welcome the support and assumed correctly that the TVA would not upset the existing racial order. A postwar assessment of the TVA found that "the typical position of the

TVA agriculturalist is one of white supremacy” marked by references to “good and bad niggers.” Blacks were relegated to the most menial positions and barred from vocational schools and training sessions for better jobs. And TVA communities were rigidly segregated with no blacks at all in a planned model community.

Similarly, the Wagner or National Labor Relations Act of 1935 contained no exclusions of workers as Senator Wagner introduced it. But the bill as reported out of the Senate committee excluded agricultural workers and affirmed that the bill did not relate to employment as a domestic servant or agricultural worker (Wright, 1996; Katznelson, 2013, 252-60).

This view can be seen in a book, *Let Us Now Praise Famous Men*, by James Agee and Walter Evans. They travelled the South in 1936 to provide a photographic and verbal description of “an average white family of tenant farmers.” They interviewed three families and wrote a book of fine photographs and readable prose that is justly famous. However, you cannot tell from either the pictures or the prose that there were any black tenant cotton farmers (Agee and Evans, 1941).

Once the conflicts of the 1930s turned into the warfare of the early 1940s, blacks joined the American armed forces as if they had not been excluded from many of its benefits. The armed forces were not integrated until after the Second Thirty Years War ended, so the blacks were shuttled into all-black units. They performed well, as blacks had done in the Civil War. And they hoped when they returned to civilian life that their contributions to the American victory would be appreciated.

This however was not to be. When black veterans returned to the South, they were treated as if they had never gone away. They were subject to harassment, violence and even

death on their return from the battlefields. In many ways, this was similar to the experience black Civil War veterans faced when they returned home. Like the Great Migration, these white refusals to accept black veterans as part of American society was largely omitted from white histories.

The Allies demanded an unconditional surrender to defeat the Nazis. Instead of waiting for internal political changes among the losers, the Allies demanded that they would supervise a new political structure. This was largely directed at the Nazis in Germany who were widely abhorred for their murder of six million Jews. It seems odd that white Americans could be disturbed by foreign discrimination against Jews while ignoring their own discrimination against blacks.

### **Postwar Prosperity**

The Second World War ended with an unconditional surrender, and the western world enjoyed thirty years of robust growth. Blacks moving North in the Great Migration were largely excluded from these gains by their exclusion from many of the GI bill's provisions, their inability to move to the new suburbs, and white flight from cities when blacks moved in.

The Civil Rights Movement started with the desegregation of the armed forces and of education in 1948 and 1954. It continued with President Johnson's Great Society. Educated blacks were included in the growth of the white economy, while working-class blacks found that doors were closed to them as growth slowed. This echo of Reconstruction ended badly as urban riots spread in newly black cities around the country in the late 1960s.



The Second World War ended better than its predecessor, suggesting that it is possible to learn from history. Instead of the rancor that ended the First World War, there was a feeling of cooperation that led to a generation of economic growth in Europe. While many contemporaries thought that a new era was beginning, we know that a lot of the European postwar growth was recovery from the damage and lost opportunities during the war. *Les Trente Glorieuses*, as this period was known in and out of France, was symbolized by international cooperation expressed in the nascent United Nations and the Bretton Woods system for international payments. The United States stayed out of the fighting area during the war, and its products were much in European demand during this period of reconstruction. A persistent dollar shortage was the result of this high demand (Temin, 2002; Neal, 2015).

Instead of an armistice, the United States insisted on unconditional surrender. The lack of communication between Hitler in his bunker and the Allies entering Berlin in 1945 contrasted sharply with the conversation between Grant and Lee at Appomattox in 1865. Instead of supporting a punitive treaty like the 1919 Treaty of Versailles, the United States stepped up to help rebuild Western Europe. And the United Nations, headquartered in New York, replaced the moribund League of Nations in Geneva.

But the New Deal did not extend much to blacks, as noted before, and Social Security did not extend to most blacks for the first quarter-century of its existence. The GI Bill provided educational benefits for veterans of the Second World War, but it did not guarantee admission to colleges. Few blacks were admitted to Northern colleges and universities due to bad Southern schooling. Blacks therefore applied to Southern black colleges—being excluded from Southern white colleges—which did not have capacity to take them. States refused to expand the facilities of black colleges, particularly dormitories, and much of the black demand for college education

went nowhere. Black veterans also were not helped to get good jobs by the GI Bill. Local employment agencies funded by the bill directed them to traditional black jobs, ignoring learning that had occurred in the army, and they often refused loans to black veterans who lacked capital or credit ratings and lived in undesirable neighborhoods.

The GI Bill offered eligible African Americans more benefits and opportunities than they could have imagined in 1940. But the administration of the bill discriminated sharply against them to the point of mocking them for believing the promise of equal treatment. It significantly curtailed the bill's egalitarian promise and widened the country's large racial gap (Katznelson, 2005, chap. 5). Yet again, policies designed to transfer and create wealth and economic opportunity were restricted to whites by design.

African Americans responded to the pressure on them in Southern states by moving north and west in the Great Migration. Black workers continued to move out of the oppressive South to better their lives and employment opportunities, but this move was not always successful, and blacks lost ground relative to whites after the Second World War. The national unemployment rate for blacks and whites was the same in 1930; the black rate was double that of whites in 1965. The unemployment rate for black teenage boys went from being slightly less than whites in 1948 to being almost twice as high in 1965. Employers did not consider the black migrants to the North to be full substitutes of their white employees, so the migrants competed largely with earlier black migrants. While the migrants greatly increased their incomes, this was partly at the expense of earlier migrants (Boustan, 2017).

The lower incomes and employment rate of blacks reduced their accumulation of wealth. Senator Elizabeth Warren recently gave an impassioned summary of black exclusions: "Entire legal structures were created to prevent African Americans from building economic security

through home ownership. Legally enforced segregation. Restrictive deeds. Redlining. Land contracts. Coming out of the Great Depression, America built a middle class, but systematic discrimination kept most African-American families from being part of it (quoted in Temin, 2017, 53).”

Thus began a generation of prosperity and economic growth for whites, where the United States dominated the world economy. It was One Big Wave of United States growth in the words of Robert Gordon. The innovations that produced this growth occurred earlier, but growth was diverted into the Second Thirty Years War in the first part of this long wave, and the results reached the population at large in the years following 1945.

Four groups of inventions generated this big wave. The first was electricity. Electric light extended the length of the day that could be used for all sorts of work and play. It was introduced in the 1890s and extended to many prosperous urban households, but electricity did not revolutionize production until after the wars. Factories needed to be drastically reorganized to benefit from electric motors, and only after war production ceased could new factories be built under the new plans.

The second innovation was the internal combustion engine, which made personal and public transport far more attainable. After Ford’s introduction of the Model T before the First World War and the Model A after the war, the initial use of the internal combustion was limited to tanks and other military vehicles. Trucks were introduced in farms during the Depression, but their spread was limited by low agricultural prices. As with electricity, the full impact of this innovation blossomed after 1945.

The third group of innovations was the use of petrochemicals to produce plastics and antibiotics. As petroleum replaced other sources of power for transport, that is, as gas-guzzling cars replaced trains, refiners discovered that petrochemicals could be used for other purposes. Plastics had become popular enough for the college graduate in *The Graduate*, a 1967 movie, to be told to remember only one word to be successful: plastics. Antibiotics, first discovered between the world wars, became generally available only in the 1950s, prolonging the life of children and adults. After new regulations in 1938, most of the new drugs were available by prescription only. The growth of large pharmaceutical companies and hospitals was not the result of technology alone, but of the interaction of new discoveries and government policies.

Finally, the fourth innovation was in communication and information. Radios were ubiquitous in the interwar years. TV appeared late in that period, but only diffused after the war ended. They filled a void in earlier life where nothing existed and had as great an impact on daily life as the spread of electricity itself (David, 1994; Gordon, 2000, 2016).

This cooperative spirit was expressed within the United States by the Supreme Court decision in *Brown v. Board of Education* (1954) that declared that the Southern segregation of schools was unconstitutional. The Supreme Court reversed the position it had taken before the World Wars in *Plessy v. Ferguson* (1896) that separate education for blacks and whites was fine as long as they were equal.

Like the 14<sup>th</sup> Amendment, this decision was honored in the breach as the white legislatures could not bring themselves to provide equal resources for black students whose parents did not vote. The issue in *Brown*, however, was not the inequality of schools, but the constitutionality of separation. In a pattern that would be repeated in the North as the Great

Migration continued, whites in the South moved their children's schools into suburban areas where blacks were not welcome. As we have seen so many times already, whites found ways to nullify the effects of national decisions by preserving the letter of the court's decision while ignoring the spirit and aspiration of the decision (Margo, 1990).

White flight was encouraged by the third innovation of the big wave, the advent of the automobile age. Cars, and particular farm trucks, had made their appearance before the war, but the Great Depression and then war had delayed their spread. President Eisenhower signed the Federal Aid Highway Act in 1956, and set in motion a construction project that is inconceivable today. A national plan of highways was constructed with state and federal cooperation, financed by government bonds. Suburbs and suburban living became the symbol of postwar prosperity.

Blacks were omitted from this great remodeling of American city living. As blacks continued to move north in the Great Migration, they did not have the resources to buy suburban houses. Banks would not lend to them, as they did to whites, to allow them to accumulate real-estate capital. Red-lining and job restrictions combined to confine blacks to the cities being vacated by whites as Senator Warren said. And, as noted earlier, rural segregation also rose. There was less and less personal contact between the races as time went on.

While this pattern rose from restrictions, they also were the results of the Great Migration. Like other migrations, many international ones, blacks from the South moved to join blacks in the North. Family members clearly joined relatives, but unrelated migrants felt more at home with people who were similar to those back home. Migrants were more educated than the group they left, but less educated than the group they joined. The former comparison suggests

that more educated blacks were motivated to seek better jobs in the North. The latter comparison is a result of the poor state of black education in the South (Tolnay, 2003; Margo, 1990).

Isabel Wilkerson described the diversity of migrants who left the South in the Great Migration through an intense examination of the varied lives of a few of them. We can note their variety here, but a full appreciation of their individuality requires reading the details in Wilkerson's fine book. Ida Mae Gladney, a sharecropper's wife from Mississippi, lived in Chicago for the next fifty years. Her life revolved around family, church and work as it would have in Mississippi, but the context was different. She lived a working-class life in the North and eventually had six grandchildren. George Starling moved North, but he had an unhappy wife and two children that ran into legal troubles as teenagers while Starling and his wife were working hard to raise them. Starling did not progress far up the labor ladder in the North, but he was not bitter and warned other migrants to avoid the mistakes that he identified in his career. Robert Foster moved to Los Angeles, became a prosperous doctor and treated many of the migrants who found their way to his office. He did well enough to host a reception for his far-flung family and local friends that was luxurious enough to be labelled the Party of 1970 by the *Los Angeles Sentinel* (Wilkerson, 2010, 413-30).

It is clear that the fortunes of members of the Great Migration varied greatly, but there were gains to many migrants from moving North. The problem in identifying these gains is that they showed up mostly in the second generation. Recent research has shown that movement to another neighborhood often helps in the long run even if not in the short run (Chetty and Hendron, 2018a, 2018b). Another large change was the expansion of the minimum wage to occupations which were disproportionately held by blacks. This move away from racist New Deal policies caused a significant closing of the black/white income gap.

For example, Jacob Lawrence's parents were in the first wave of The Great Migration and they met on the way north. Jacob went to school in Harlem as a teen-ager and was enrolled in an arts-and-crafts program after school to keep him busy while his mother worked. He became an artist and painted a sequence of 60 pictures depicting the Great Migration in 1940 when he was 22 years old. The pictures now are divided between the Museum of Modern Art in New York and the Phillips Collection in Washington, DC (Lawrence, 1993).

The transfer of Southern racial housing segregation to the North went largely unnoticed by the white press. White residents moving out to grass and trees did not seem to be conscious that the suburbs were all white. (They also did not seem to notice that women were left out of the growing economy.) Fifty years later, this period is looked back on as the peak of American prosperity and world leadership, forgetting the legacy of slavery that was being recreated in this new world and the subjection of women that was seen as family disruption in the new suburbs. For each black that moved into cities, almost three whites moved out to suburbs (Boustan, 2010). Even more, part of this movement was subsidized by the growth of the interstate, which increased suburbanization and led to construction employment among whites (Baum-Snow 2007).

This segregation was encouraged by the solid Democratic South before President Johnson's Great Society led them to switch parties. The Democratic South excluded blacks from the force of federal legislation by limiting the laws to manufacturing workers, excluding farm workers and domestic maids. They insisted that the administration of laws be placed in the hands of local officials who were antagonistic toward black progress. And they refused to allow Congress to insert anti-discriminatory language into any social welfare programs, including local hospitals and school lunches (Katznelson, 2005, 22-23).

The 1960s opened with the Beatles invading the white world and Freedom Riders trying to escape the traditional black world. The progress of TV increased the awareness of both new ventures among Americans of all sorts. President Kennedy seemed more interested in the former than the latter, but pressure from his brother and others forced him to pay attention to the latter. His attempts to help the Freedom Riders and other Southern protestors were cut short by his 1963 assassination. President Johnson then steered through Congress what he called the Kennedy bill to restore the voting rights of blacks. The Civil Rights Act of 1965 restored the voting rights of black citizens of the United States that had been guaranteed in the 15<sup>th</sup> Amendment. As we have seen, the Supreme Court nullified the 14<sup>th</sup> and 15<sup>th</sup> Amendments in the course of the 1880s as a sort of gravestone for Reconstruction that had died in 1876.

These domestic events were accompanied by foreign events that would come back to haunt civil rights at home. Indeed, the involvement of the US in WWII made them susceptible to attacks that their ideals about democracy and protection of rights was a myth. One view from the Kennedy Administration tied them together by linking support for the Civil Rights Act from conservative congressmen to Johnson's continued support for the Vietnam War.

There were about 75,000 American troops in Vietnam in mid-1965. There were few American casualties and the war seemed destined for resolution in Saigon. But then, after some military reversals, General Westmoreland in Vietnam requested an open-ended American commitment to the war, turning it into an American war. Robert McNamara later called the cable a "bombshell." Johnson adopted Westmoreland's program in substance if not detail in order to preserve his Congressional support for his Great Society programs, including the 1965 Voting Rights Act. He believed he was in a honeymoon with Congress after Kennedy's death, and he could not abandon Vietnam and preserve his domestic program (Bator, 2007).



Johnson's Great Society programs were an attempt to broaden President Roosevelt's New Deal during the Depression. Blacks were excluded from much of the New Deal and GI Bill by Southern Congressmen, and Johnson tried to broaden the scope of federal government assistance. Blacks were ruled out of Social Security by the exclusion of agriculture from its coverage, and black GIs were restricted to black colleges that were too poor to build dorms for them. Johnson took account of the Great Migration that was transforming the oppression of blacks from a regional to a national problem. He tried to provide health care for blacks by including them in Medicare and Medicaid.

The late 1960s were chaotic. There were race riots in many cities around the country: Harlem in 1964, Watts and Chicago in 1965 and Newark, Detroit and other cities in 1967. Martin Luther King and Robert F. Kennedy were assassinated in 1968. Crime suddenly had risen all over. People were scared, and President Johnson appointed a National Advisory Commission on Civil Disorders, known as the Kerner Commission, in 1967 to help understand what was going on. The Kerner Commission's Report concluded: "What white Americans have never fully understood—but which the Negro can never forget—is that white society is deeply implicated in the ghetto. White institutions created it, white institutions maintain it, and white society condones it (Kerner Commission, 1968, Chapter 16, Summary; Harris and Elkins, 1986, 19)."

The report concluded that policies should be adopted to move toward a single integrated society, but it was rushed into publication for political reasons and soon was overcome by concern over the Vietnam War. The Voting Rights Act of 1965 suffered the same fate as the 15<sup>th</sup> Amendment of 1870. Opposed by conservative whites, these laws were observed in the breach for a few decades and then nullified by the Supreme Court. More than a century after blacks

were freed from slavery and declared citizens of the United States, they still have only limited voting rights.

### **The New Gilded Age**

Wages ceased to grow around 1970 as conservative politicians came forward to erase gains blacks had made in the Civil Rights Movement. The Great Migration ceased as Northern jobs suffered, and mass incarceration began to separate blacks from whites. One in three black men was incarcerated by the end of the 20<sup>th</sup> century. Prisons separated blacks and whites the way Jim Crow laws did in the previous Gilded Age.

The middle class lost ground as unskilled and semi-skilled jobs became scarce. The distribution of income became wider, and rich people supported a roll back of social services introduced in the postwar prosperity. Their influence was increased by a Supreme Court opinion that gave money a free hand in politics in 2010. And the Supreme Court gutted the Voting Rights Act of 1965 in 2013. As in the 1880s, the Supreme Court withdrew the legal foundations of an inclusive American society only a few years after they were made.

The net result of this second attempt at racial integration was that educated blacks are now accepted in white society—one even was elected President—while the mass of black Americans are deprived of economic opportunities and votes.

Several changes in inter-related trends started around 1970 that put the United States on the path toward a reiteration of the Gilded Age of the late 19<sup>th</sup> century. The Great Migration of African Americans from South to North ceased, mass incarceration became a new Jim Crow

complex, wages stagnated, and economic inequality increased. Mass incarceration separated blacks from whites as the income distribution separated rich from poor.

Conservative rich people considered Johnson's Great Society to be harmful to the unregulated competition that they desired. Johnson aimed high in his 1964 act that created the Office of Economic Activity (OEO). The OEO gave grants to local entities and assaulted racial discrimination as well as poverty. Outside the South, sixty percent of OEO spending was allocated to areas with abundant poverty and large shares of nonwhite population. Unlike the New Deal that had been administered by state and local governments and which was regarded well for decades, the War on Poverty generated resentment and Republican votes in areas with more African Americans (Bailey and Duquette, 2014).

The Voting Rights Act of 1965 was part of Johnson's Great Society, and it set the federal government on a path that conservatives did not want to tread. The organizations formed by the Koch brothers with Buchanan's help were opposed to black inclusion in political decisions, in keeping with Nixon's Southern Strategy, and opposition to the Voting Rights Act grew as the organizations grew. The Heritage Foundation was started in 1973. The Federalist Society, the source of President Trump's judicial nominees, was started in the early 1980s.

The first change of trend was that the Great Migration ended in 1970 because the jobs that blacks hoped to find in the North were vanishing. Blacks lived in cities vacated by whites as suburbia grew, but urban property values fell as blacks moved in. Blacks running from Southern Jim Crow policies lacked the income and capital of white union workers. An important decision by the Supreme Court in 1974 condemned urban school systems to growing poverty. The case came from Detroit, which had absorbed many black families seeking work. They were excluded from white neighborhoods by restricted access to mortgages and the opposition of white

neighbors. The Detroit school district was two-thirds black by the 1970s, and the NAACP filed suit against Michigan Governor William Milliken and others, charging direct discrimination against blacks in the drawing of school districts. The Supreme Court held in *Milliken v. Bradley* (418 US 717) that school districts were not obligated to desegregate unless it could be proven that the lines were drawn with racist intent. Historical lines that produced segregated districts were not illegal.

Intent is a familiar concept in criminal law, where it has been used for many, many purposes. The application to public policy, however, is fraught with problems. Public decisions often are made by people interacting in complex political processes. The records of their discussions typically are brief and often bland. It is harder to find intent in a committee's actions than in an individual's actions. The Supreme Court used a traditional indicator in a way that accepted cities' policies without inquiring into their causes or effects.

The 1974 decision made it clear that white flight would successfully separate white suburbanites from their new dark-skinned neighbors. The decisions also ensured that black urban communities would lack an adequate fiscal base. The Supreme Court would not combine or otherwise alter existing school districts, and whites fleeing cities for suburbs would be able to separate their children from those of urban blacks. The decision also mandated poverty conditions for the urban school districts, which became poorer and more black over time. The tax base for urban schools decreased as urban factory jobs decreased, and fleeing whites avoided paying for urban schools. The Supreme Court limited school busing across city boundaries and encouraged rising racial segregation between inner cities and suburbs. The result was segregated schools with inadequate resources for urban schools attended by the children of the Great Migration. Separate and unequal, one might say.

*Milliken v. Bradley* was brought by the NAACP to further the implementation of *Brown v. Board of Education*. The decision instead meant that integrated education would be avoided by white flight from cities. *Brown v. Board of Education* was effectively dead after only twenty years. The 1974 Supreme Court repeated the actions of the 1880s Supreme Court in voiding the first section of the 14<sup>th</sup> Amendment roughly twenty years after the Amendment was adopted in 1868. Justices Powell and Rehnquist, two years after becoming Supreme Court Justices, made Nixon's Southern Strategy into a national policy.

President Reagan continued Nixon's Southern Strategy by initiating his presidential campaign in Philadelphia, MS. Why in such a small town? Because every Southerner and sympathizer knew that Chaney, Goodman and Schwerner, three civil rights workers, were murdered in Philadelphia during the 1964 Freedom Summer while attempting to register blacks to vote. Reagan did not need to say a word for this effective claim to sympathize with white supremacists to be effective. He supported states' rights and condemned the Federal Government as an enemy of the (white) people.

Nixon's New Federalism converted federal programs into block grants to states in order to give states more choice in how to spend the money. Reagan then reversed fifty years of American domestic policy by cutting back federal grants to local and state governments that the federal government used to help poor people. Public service jobs and job training were cut back sharply, and the share of federal funding for large cities fell from 22 percent to 6 percent of their budgets. The decline of both private and public sources of employment in inner cities greatly reduced employment opportunities for white and black urban residents alike (Temin, 2017).

The long-run effects of the New Federalism can be seen in the 2015 crisis of lead pollution in the public water supply to Flint, Michigan. Flint had been an auto manufacturing center, but employment in the auto industry declined soon after blacks came to Michigan for good jobs during the Great Migration. Blacks arrived to find reduced employment, and the city of Flint was unable to pay its bills as manufacturing continued to decline through the 1990s. Governor Rick Snyder was elected in 2011 and supported a controversial law that allowed him to appoint emergency managers of cities in financial trouble. He put Flint into receivership and appointed an emergency manager in 2012. There were four different managers in the next three years, not an arrangement that was likely to yield comprehensive plans.

An emergency manager took Flint off the Detroit water system to save money in April 2014. He decided to take Flint's water from a local river instead. The immediate result was brown water pouring out of the faucets in peoples' homes, and lots of complaints from residents about the new water supply. Detroit offered to reconnect Flint to its water system in January 2015, and to forego a substantial connection fee. A different emergency manager refused.

The complaints became sharper when high levels of lead were found in Flint's water in February and March of 2015. This was known in the governor's office, but no action was taken. In September of that same year, several doctors made a public statement that many Flint children had elevated levels of lead in their blood. Soon after the doctors' news conference and a year and a half after the switch to river water, the state began to take action. Flint was reconnected to the Detroit water system in October.

The residents of Flint who by then had high levels of lead in their blood and pipes into their homes that were damaged by the river water needed help. The state government brought fresh bottled water to Flint for emergency help, but that was all it did. State funds for

reconstruction were blocked by political objections, and federal emergency funds were blocked as well. The residents of Flint were unable to move, locked in by home ownership and other constraints, and the needed investment in Flint's water pipes is being made very slowly. (Bosman, 2017; Smith, Bosman and Davey, 2019; Davenport, 2019).

The second trend change around 1970 was that the rate of incarceration in the United States started to rise soon after the Great Migration ended. It had stayed near one hundred people per 100,000 residents from 1925 to around 1980. The incarceration rate then rose rapidly for the next thirty years, although more slowly after 2000 as shown in Figure 2. The incarceration rate in the European Union, Canada and Mexico stayed near the American rate before 1980, and the American incarceration rate now is the highest in the developed world, beating even Russia's incarceration rate (Raphael and Stoll, 2013, 5-10; Carson and Anderson, 2016).

American society was in turmoil in the late 1960s. There were many high-profile assassinations of prominent people, and there were race riots in many cities around the country. Crime suddenly had risen all over. People were scared, and President Johnson appointed the Kerner Commission, in 1967 to help understand what was going on.

Instead of reversing this divisive trend, public policies intensified incarceration by seeking additional imprisonment and longer sentences for African Americans. The riots passed into history, but the urge to incarcerate led to mass incarceration through a process described by John Ehrlichman, President Nixon's domestic-policy adviser, in 1994: "The Nixon campaign in 1968, and the Nixon White House after that, had two enemies: the antiwar left and black people. You understand what I'm saying? We knew we couldn't make it illegal to be either against the [Vietnam] war or black, but by getting the public to associate the hippies with marijuana and

blacks with heroin, and then criminalizing both heavily, we could disrupt those communities. We could arrest their leaders, raid their homes, break up their meetings, and vilify them night after night on the evening news. Did we know we were lying about the drugs? Of course we did (Baum, 2016).”

Federal laws were expanded in state laws that ranged from three-strike laws to harsh penalties for possession of small amounts of marijuana. The laws also shifted the judicial process from courtrooms to offices where prosecutors put pressure on accused people to plea-bargain. The threat of harsh minimum sentences gave prosecutors the option of reducing the charge to a lesser one if the accused was reluctant to languish in jail—if he or she was unable to make bail and face the possibility of long years in prison. The number of inmates grew primarily from the increase in convictions rather than the length of sentences. “Few people in the criminal justice system are as powerful, or as central to prison growth, as the prosecutor.” (Stuntz, 2011, 286; Pfaff, 2017, 127)

The Anti-Drug Abuse Act of 1986 mandated a minimum sentence of five years without parole for possession of five grams of *crack* cocaine, while it mandated the same only for possession of five *hundred* grams of *powder* cocaine. This 100:1 disparity clearly criminalized blacks who favored crack cocaine far more than whites. Nixon’s War on Drugs became firmly integrated into a New Jim Crow. The result was that one of three black men could expect to spend time in prison by the 1990s. The racial disparity between whites and blacks under the new rules can be seen in the contrast of between this estimate and the estimated one of seventeen white men who could expect incarceration. Despite the racial disparity of incarceration, poor whites outnumber them in prisons, echoing the violence against poor whites in the 1840s and the



first Gilded Age. As in the depressed 1840s, poor whites suffer along with blacks (Alexander, 2010; Bonczar, 2003; Lynch, 2016, 26; Temin, 2018).

The disparity in the minimum sentences for crack and powder cocaine lasted until 2010, when the illegal possession of crack cocaine was increased to 28 grams (1 ounce) by the Fair Sentencing Act of that year, decreasing the racial ratio from 100:1 to 28:1. The larger disparity had continued for a quarter century, supported by the backlash from the Civil Rights Movement in Nixon's Southern Strategy, and the belief that black prisoners were inherently criminal—not ordinary people who had done criminal things (Raphael and Stoll, 2013, 115-20).

Todd Clear, a prominent criminologist, argued that the growth of mass incarceration disrupted families, social networks and other forms of social support. After a certain point, the collateral effects of high rates of incarceration contributed to more—not less—crime. The resulting crime fueled a public call for ever-tougher responses to crime. The politics of race and justice sustained an ever-growing policy base that guaranteed new supplies of penal subjects in a self-sustaining manner (Clear, 2007, 175; Temin, 2018).

The resources needed to house all the prisoners shown in Figure 2 have put strain on state budgets. States have reduced their expenditure on education—from early education to state colleges—to keep taxes low. Mass incarceration therefore has two effects on economic growth: the increase in crime as noted by Clear and the reduction in human capital formation from the costs of incarceration. Racism supported slavery to provide labor for the agricultural economy, but it impedes the growth of labor for the new economy of today (Temin, 2017).

The two trend changes described so far—the end of the Great Migration and the start of mass incarceration—were roughly coincident in the 1970s. This suggests that they might have

been related. Recent research has suggested that in fact they were. It is hard to separate cause and effect in simultaneous changes, and economists use what they call identifying strategies to make the distinction. The strategy here is to assume that members of the Great Migration tended to join African American communities that were already established in the North. It is hard to be the first black or woman in a new place or activity. Examining local variations in the rate of black settlement in the North, we can identify the Great Migration as a cause of mass incarceration.

The story can be summarized as follows. Black migration led to white suburbanization. The Supreme Court determined in *Milliken*, 1974, that the black cities would be poor. President Reagan and Bush reduced federal funding for cities in addition. As urban manufacturing work disappeared, black and white urban working-class communities deteriorated. Drug use increased, and mass incarceration gathered steam. The disappearance of good urban jobs set this process off, and that is the third of the changes that occurred around 1970 and quite possibly the ultimate cause of these interrelated changes (Wilson, 1996; Boustan, 2010; Derenoncourt, 2019).

Starting around 1970, varied forces resulted in a change in the demand for specific jobs that created an hourglass job profile, splitting the American labor market into a low-wage part and a higher-wage part. Low-wage workers are laborers and service workers. Highly paid workers are professionals and managers. A college education is needed to get hired into the top group. Lower-paying jobs barely allow workers to maintain the life style they grew up expecting. They do not provide enough income for people to save for retirement, which seems farther away than many current needs.

The changing face of jobs often is seen as the result of technological change, but technology is only part of the story. Several causes can be distinguished, and they can be divided into domestic and international. All of them are results of governmental decisions. Advances in technology and electronics were promoted by government, primarily military, spending. The growing interest in finance shaped firms and industries. Globalization was accelerated by policies opening international capital markets, promoting American foreign investment and American economic influence.

The development of computers increasingly substituted for labor in routine tasks, that is, tasks that can be accomplished by following explicit rules. These factory jobs were the basis of unions in the twentieth century, and unions lost members and influence as these trends continued. The Great Migration ended in the economic confusion of the 1970s and left the new Northern urban residents scrambling for good jobs as the nature of work changed (Autor, 2019).

As jobs disappeared, wages stagnated for both whites and blacks as shown in Figure 3. This wage stagnation came from diverse causes and lasted for at least fifty years. It came from both technical and organizational changes in business and from both domestic and foreign developments. Unions disappeared as jobs vanished, and the loss of labor bargaining power broke the connection between increasing labor productivity and wages. This new pattern differed dramatically from the shared benefit of economic growth before 1970.

Some blacks who had been educated in the postwar prosperity were absorbed into this new and changing economic structure on almost the same terms as white workers with similar training. This new “black elite” is a durable result of the Civil Rights Movement. But less educated blacks did not do so well. They were the last to be hired in many factories and therefore the first to be fired as foreign competition grew. The upward mobility that they had

shared with their more educated white peers turned to downward mobility as the economy changed. While educated blacks and whites were able to educate their children for good jobs in the new economy, fired factory workers could not. They also could not buy houses or new cars or move into better neighborhoods. Working class blacks fell behind whites both in salaries earned and wealth accumulated (Freeman, 1976; Lazonick, et al., forthcoming).

Japan and then China increased their exports, imitating the export-led growth path of England and Germany a hundred years earlier, and American jobs were hurt. As computers took over repetitive tasks, more jobs were lost. And as finance expanded in the late 1970s, companies were encouraged to specialize in their core activities, that is, the activities that they were known and patronized for. This would increase their value on the stock market, and outside firms and services could be hired to do menial jobs. The same computers that reduced factory jobs also made it easier to create instructions for service jobs and to monitor them.

The company supervisor was replaced by a contract with a separate company that monitored workers. For example, most hotel employees used to work for the hotels they worked in. Today, over 80 percent of a hotel's employees are hired and supervised by a separate management company. They no longer have a path to advancement within the hotel company, they typically also lack vacations and pension plans, and their economic mobility has decreased greatly (Weil, 2014).

The shift from paying wages to hiring subcontractors was a momentous change in the place of workers in a business enterprise. When workers were wage earners, there was a social component to their work. Workers saw themselves as a group, and being a member of a stable group fostered morale. Most successful firms gain from the identification of workers with the firm and the extra care and effort that produces. When workers are hired instead by a competitive

service company, they have no identification with the parent firm. They have low morale and will not exert extra effort for the parent company's benefit. Intrusive monitoring replaces morale, and antagonism replaces cooperation. This change particularly affected blacks who had missed the opportunity to get an education in the prosperous years (Temin, 2017).

More important, blacks who attempted to upgrade their skills became victims of for-profit education. The increasing returns to skill created a market where firms created educational programs of high cost and little value, and where they preyed upon black workers looking to increase their skill in the market (Cottom). These schools left blacks with high amounts of debt and few marketable skills at a time when more modest investments in skills from lower cost options would have had a higher return. Even when trying to adapt to the new economy, blacks found themselves victimized again.

The financial crisis proved to be one more pin in the coffin of racial equality. While blacks had made significant gains in income and homeownership from the 1950s to the end of the twentieth century, the housing market collapse reversed the vast majority of that progress. In some American cities, blacks have average wealth of less than \$100. Even more, nationally, it is the case that a white household who did not finish high school has more wealth on average than a black household with a college education. The policies which historically excluded blacks from wealth building cannot be solved by education or labor market policies which concentrate on income. It is the product of a historical legacy.

Closing the circle with the final changing trend, the share of national income of the richest members of the economy increased as the share of income captured by workers with static wages fell. And inequality was increased further by tax cuts for the rich under Reagan and Trump. A recent book summarizes the results: "The wealthy have seen their taxes rolled back to

levels last seen in the 1910s, when the government was only a quarter of the size it is today. It is as if a century of fiscal history has been erased (Saez and Zucman, 2019, xi).”

As before in other areas, the Supreme Court stepped in to promote the progress of inequality in two landmark decisions. Early in 2010, the Supreme Court decided *Citizens United*, 558 U.S. 310, ruling that the government could not restrict independent political expenditures by nonprofit companies, greatly easing the flow of campaign contributions from rich individuals and large corporations. The opinion defined corruption as bribery only when it had an explicit *quid pro quo*, which means the explicit exchange of something of value for a specific and identifiable government action. This is a much narrower definition of bribes than the Supreme Court held in some prior cases where a variety of gifts were ruled illegal, although it was introduced earlier in *Buckley v. Valeo*, 424 U.S. 1 (1976). As the opinion in *Citizens United* expressed the new, narrow standard, “Independent expenditures, including those made by corporations, do not give rise to corruption or the appearance of corruption (Teachout, 2014, 7, 232).”

Koch and his secret organization were quick to seize the opportunity. Reasoning that their money would have more impact in smaller markets, they poured money into state races for governors and representatives in the 2010 mid-term elections. Democrats were slow to take advantage of this opportunity. They were neither disciplined nor under centralized control, and they had far fewer liquid resources at their disposal than the Kochtopus (Mayer, 2016; Page, Seawrite and Lacombe, 2019).

The role of money in politics has grown since then. Candidates are ranked by how much money they have raised, and scholars have found a linear relation between money and votes.

The new technology just described shows how money was transformed into votes through various electronic channels (Ferguson, et al. 2019).

The Voting Rights Act of 1965 incorporated provisions to deal with the legacy of Jim Crow laws in the South. The Supreme Court ruled that its most effective provision was unconstitutional in *Shelby County v. Holder* (570 US 529) in 2013, just as the Supreme Court had eviscerated the 14<sup>th</sup> Amendment in the 1880s. The Voting Rights Act required selected states, mostly in the South, to preclear proposed voting arrangements with the federal government. In other words, the federal government would decide whether voting arrangements would violate the Voting Rights Act before they went into effect. The Supreme Court ruled this provision was unconstitutional because the coverage formula was based on data over forty years old, making it no longer responsive to current needs and therefore an impermissible burden on the constitutional principles of federalism and equal sovereignty of the states (Overton, 2006).

Despite the Supreme Court's assertion that all states are alike, the states that had been listed in the original bill immediately rushed to impose voting restrictions that otherwise would not have passed preclearance. While it seems clear that these restrictions are racially motivated, they can no longer be phrased in that way. The difficulties of voting therefore affect low-wage whites and blacks. Between growing inequality and continuing race prejudice, democracy seems to be on a downward trajectory.

The Supreme Court more recently accelerated this decline in another case, *Rucho v. Common Cause* (588 U.S. \_\_\_ 2019), by ruling that states could not be sued in federal courts for partisan gerrymandering of congressional districts. The court said it still had jurisdiction over racial gerrymandering, but it failed to draw any connections between partisan and racial gerrymandering. Since modern Republican look increasingly like Southern Democratic in the

original Gilded Age, future partisan gerrymanders will shrink the effects of black votes. This is not as violent as Jim Crow laws a century ago, but it may be as effective in reducing black votes.

By delegating voting right to states, the Supreme Court replicated the practice of late 19<sup>th</sup> and early 20<sup>th</sup> century Southern senators. As noted earlier, the Southerners used this practice repeatedly to reduce the impact of federal programs on the Jim Crow practices of the South. The Great Migration has changed a Southern problem to a national one, and the Supreme Court has now signed into the opposition to Reconstruction.

A recent study of race and opportunity in the United States found that the black-white income gap is entirely driven by differences in men's, not women's, outcomes. The black-white gap is not immutable: black boys who move to better neighborhoods as children have significantly better outcomes. Mass incarceration of black boys and men clearly has an effect on the income distribution. The study found that black boys do better with fathers at home (Chetty and Hendren, 2018a, 2018b).

## **Conclusions**

The dominant American economic history focuses on growth and productivity. The country's area, population and income have all grown consistently for two and a half centuries since the United States was formed, interrupted occasionally by wars, financial crises and depressions. Black American economic history by contrast focuses on cycles of inclusion and exclusion from this progress that seem to come once a century. Inclusion attempts came after large wars, but there are too few attempts to establish a predictive relation.

Individual blacks have progressed from being slaves to being elected President, but most freed blacks have been excluded from the dominant progress by a succession of repressive



programs from Jim Crow laws to mass incarceration. But while slavery provided labor for early economic growth, mass incarceration reduces economic growth by using resources formerly used for education and by depriving many blacks of inclusion in the growing economy (Temin, 2017, Ch. 9).

Frederick Douglass spoke out for voting rights at the end of the 19<sup>th</sup> century. He had been talking and writing on this subject since the Civil War, and he kept it up as he grew older. Stacey Abrams was the first black woman to run in a major party for governor of a state in 2018. She received more votes than any other Democratic candidate in Georgia, but she was defeated by the Secretary of State who ran against her by refusing to let blacks vote. She now runs an organization named *Fair Fight* to invest in new voters and protect the black vote. It is sad that a century after Douglass, Abrams has to fight for black votes all over again. As noted earlier, black economic history repeats itself (Casey, 2019).

Figure 1

Lynchings by Year and Location

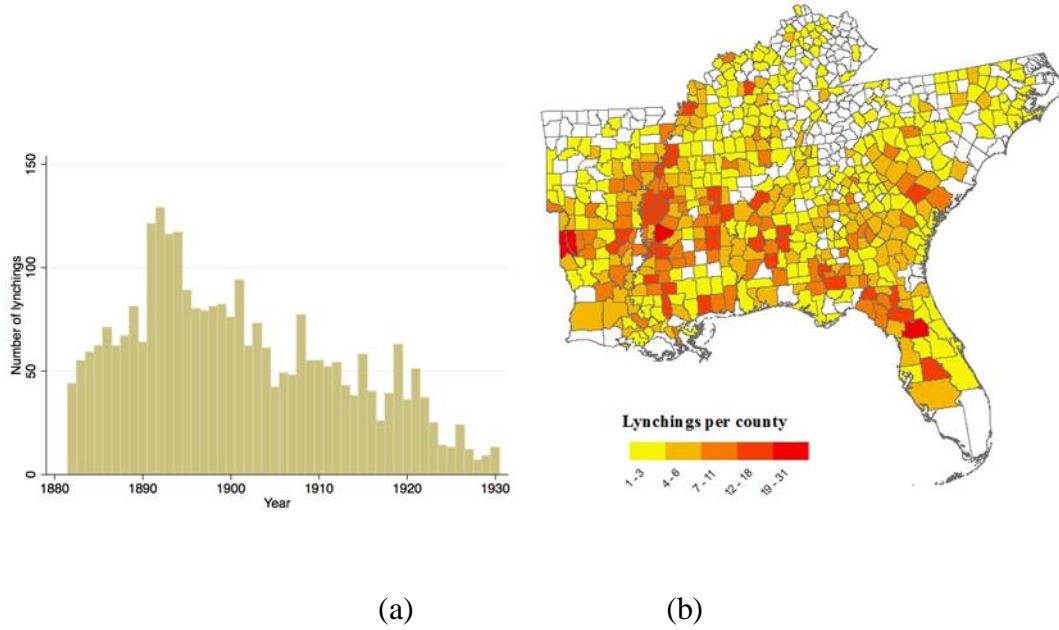
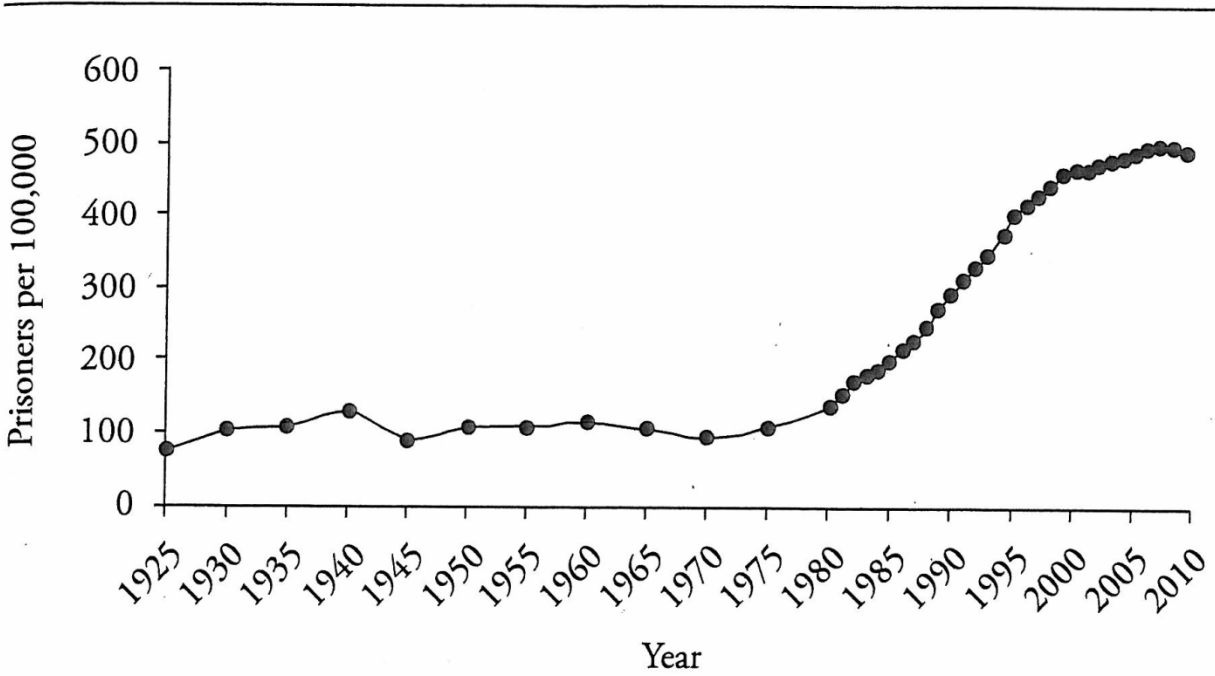


Figure 1: Segregation, Lynching, and Racial Population Shares. (a) Number of lynchings by year, 1882-1930; (b) Lynchings per county, 1882-1930; Source: Project HAL Data. Note that Virginia is not included in the lynchings data

Figure 2

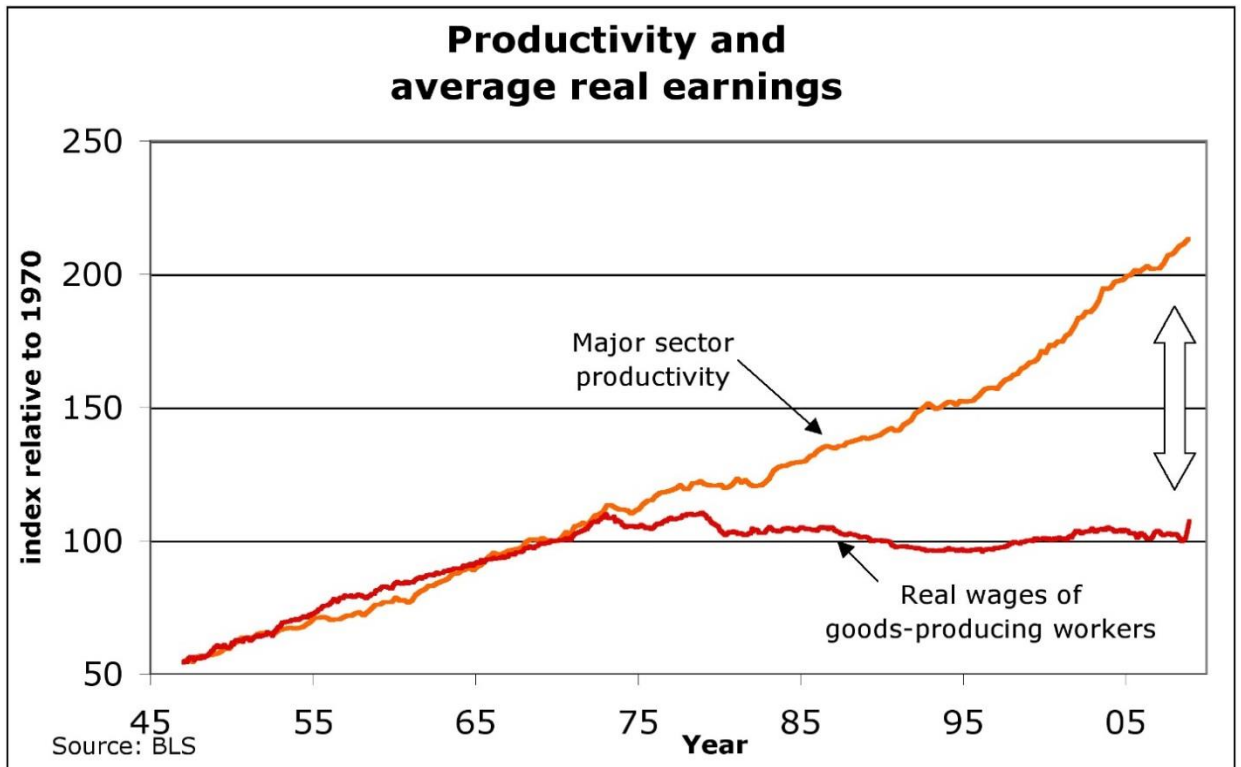
Incarceration rate increased after 1970



Source: Authors' compilation based on Bureau of Justice Statistics, *National Prisoner Statistics* (various years).

Source: Raphael and Stoll, 2013, p. 5.

Figure 3  
Wages stagnated after 1970



Source: Bickerman and Gourevich, 2011.

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