How the New Deal Affected African Americans and Segregation

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Preface

In 1929 the Great Depression in the United States began primarily due to two massive stock market crashes. Over the next four years, the economy went on to completely crash; banks failed, and unemployment skyrocketed. It was not until 1939 and the start of World War II that America pulled itself out of the Great Depression. In 1932 Franklin D. Roosevelt ran his presidential campaign on the promise of a New Deal, a set of programs and policies that would pull America out of the depression. His New Deal was considered radical because the consensus then was that the government should stay out of the economy, but things were so bad that people were ready for change. After being elected, Roosevelt had what is now considered the most prolific first one hundred days of any president. As he pushed out new programs and laws, it is hard to answer how effective the New Deal was for curing the Great Depression. However, it is possible to answer how the New Deal affected African Americans. How did the New Deal affect African Americans and segregation?

Roosevelt's New Deal mainly targeted a few different areas: housing, employment, and unions. On the surface, most of his programs seem to have been generally good and helpful for those who believe the government should have an active role in the economy. However, when looking closer at the finer details, obviously racist and harmful patterns emerge. Through unions, employment, and housing, the New Deal systematically left African Americans behind in the push to fix the economy and consequently increased institutionalized segregation.

To demonstrate my thesis, the context of the Great Depression must be given first. Secondly, I will show how African Americans were discriminated against by unions even when employed through the National Labor Relation Act. Next, I will cover how African Americans were held back in employment opportunities by the Civilian Conservation Corps and the National Recovery Administration. Lastly, I will discuss the effect of the Public Works Administration, the United States Housing Authority, the Home Owners Loan Corporation, and the Federal Housing Administrations had on African American housing and segregation.

How the New Deal Affected African Americans and Segregation

In 1929 the Great Depression began, and the American economy collapsed. After four years of unprecedented recession, it ended, but the economy was still very weak. Industrial production had fallen 47%, GDP went down 30%, and unemployment was the worst it had ever been at around 20%.[[1]](#footnote-0) This rapid drop in the economy meant people were less likely to invest and generally spend money. Without consumer spending and investment the economy became stagnant. This cycle created a situation in America that made people ready for radical change.

The common thought before the Great Depression was that the government should stay out of the economy, but the Great Depression was so harsh that people realized something had to change. Providing change was the idea Franklin D. Roosevelt ran on in 1932. He said he had a radical New Deal for America that would pull it out of the Great Depression. Despite leaving the details of his New Deal vague, he was still elected. He proceeded to very quickly stick to his promise and push out new programs and policies, all to create new jobs, finance mortgages and get people housed, and improve working conditions. However, in his fight to get these changes out, he had to make many compromises.

One major compromise was with the Southern Democrats. To get his bills through the Senate, he needed the support of the Southern Democrats who strongly believed in white supremacy. This meant that when bills had to be amended to pass, it was usually because the Southern Democrats wanted as little if not no benefits going to African Americans.[[2]](#footnote-1) Due to Southern Democrats and the racism that already existed in America, many of Roosevelt's New Deal programs excluded if not actively hurt African Americans.

For example, Roosevelt’s labor programs did not help African Americans. In 1935 Roosevelt signed the National Labor Relations Act, which gave unions with the support of enough workers the right to bargain with management at construction and factory sites. This change allowed workers and their unions to negotiate contracts that would cover all employees. This was a significant step in the right direction for giving more power to the working class; however, it was nowhere near perfect. When the bill was first written, it included a clause that stated that only unions that allowed African Americans would be granted this collective bargaining power. The American Federation of Labor did not support this clause and lobbied the senator who originally proposed the bill to remove it, and it worked. The clause was removed, and the bill passed.

The National Labor Relations Act also prevented the agriculture and domestic industries, both predominantly African American, from forming unions. This exclusion made it difficult for black workers to unionize.[[3]](#footnote-2) At this point, less than 1% of all union workers were African American, so these majority white, if not all white, unions suddenly had a lot more leverage and were not always using it for good.[[4]](#footnote-3) In some cases, the segregated unions would force companies to fire African Americans employed before unionization. The National Labor Relations Board (NLRB), which was assigned to oversee the act, allowed this to happen. In fact, in New York, an NLRB certified Building Service Employees Union exercised its collective bargaining. It forced Manhattan hotels, restaurants, and offices to fire their African American restaurant workers and elevator operators. These jobs were to be filled by whites.[[5]](#footnote-4) Even when African Americans could find work, they were systematically deprived from the benefits unions granted their white counterparts and sometimes even fired merely because all-white union members wanted their jobs.

African Americans were also excluded from New Deal employment programs designed to put America back to work. The Civilian Conservation Corps (CCC) was founded in 1933 to employ people and teach them the skills to find better jobs. This was a great idea. If the unemployed could get employed and learn new skills to find better-paying jobs, they could start spending more money right away, and eventually even more later, which would stimulate the economy. However, this was not the story for African Americans. Across the country, the residential camps that corps members lived in were completely segregated. Some official policies prevented African Americans from enrolling at all or getting anything better than lower-paying menial jobs. These menial jobs did not help people develop better skills or meaningfully increase their spending power, defeating the whole point of the CCC. This was of course, if African Americans could even get into the CCC.[[6]](#footnote-5) Many states had long waiting lists of eligible African American workers, but localities refused to let the CCC build camps to house them, so they could never get in.[[7]](#footnote-6) Robert Fechner, the national director for the CCC, implemented a policy "never to force colored companies on localities that have openly declared their opposition to them."[[8]](#footnote-7)

There was often rejection of African Americans on a state level. Florida and Texas came out and stated that they would not allow African Americans in their CCC programs, with Texan officials saying, "this work is for whites only."[[9]](#footnote-8) Eventually, the military had to step in and provide segregated camps for all the African Americans looking for work with the CCC. However, only whites were allowed to lead these units and African Americans were restricted from leadership positions.[[10]](#footnote-9) African Americans were rarely promoted to higher-paying jobs, like machine operators or clerks even for those who had experience in that work as a civilian. African Americans faced harsh racism from other white corps members, often being called racial slurs, forced to the back of lines, and receiving the worst equipment.[[11]](#footnote-10) Even if they could get into a New Deal program designed to create jobs and encourage skill development, African Americans were systemically restricted from reaping the benefits their white counterparts could.

African Americans were deprived of other New Deal employment benefits and programs. In 1933 the National Recovery Administration was formed to create fair regulations on industries by implementing minimum wages, maximum hours, and product prices. Much like the CCC, this was an important and good idea; it meant that when people could finally find work in the failing economy, it would pay a living wage and have fair working hours. However, this was once again only the case for white workers. The regulations made by the NRA excluded agriculture and domestic service, both of which were predominantly African American. The NRA even went as far as to exclude sub-industries that were predominantly African American by excluding cotton ginning, canning, and citrus packing, from the new worker protection regulations.[[12]](#footnote-11)

When African Americans were in industries to which the NRA regulations applied, distinctions were made to reduce their minimum wage. Industries were considered either north or south, and due to differences in living costs of the two areas the south had a lower minimum wage. This was weaponized. In Delaware, fertilizer manufacturing was 90% African American and was considered a southern industry, giving those workers a lower wage. In contrast, the rest of Delaware's predominantly white industry was considered northern and granted a higher minimum wage.[[13]](#footnote-12) The effects of this are seen in one of the first codes created by the NRA: it increased the minimum wage of the cotton textile industry but bypassed African Americans by excluding cleaners, outside crew, and yardmen. Of the fourteen thousand African Americans in the cotton textile industry, ten thousand held one of those jobs. The NRA achieved its goal by increasing prices throughout the production chain, including the final product, the clothing. However, as the NAACP complained, "For these workers the NRA meant increases of from 10 to 40 percent in the cost of everything they had to buy, without a single penny in increased wages."[[14]](#footnote-13) While an excellent achievement for supporting the white working class against unfair working conditions, the NRA failed to help and in fact actively hurt African Americans.

New Deal housing programs also discriminated against African Americans. Roosevelt understood that creating affordable housing was vital for his New Deal, so the Public Works Administration (PWA) was founded in 1933 to achieve this. The PWA planned to build affordable housing while also creating jobs in construction. When the PWA was created, Harold Ickes, one of the few racially liberal members in the administration and an NAACP member, was put in charge. Although most officials wanted the housing to go to the white middle and working-class families, Ickes was able to get one-third of the units to be designated for African Americans; this was an unprecedented amount of housing support for African Americans.[[15]](#footnote-14) However, he could not get the housing integrated despite this significant success.

Of the forty-seven housing projects this New Deal program made, seventeen went to African Americans, six were segregated, and the remaining 24 were completely white. Ickes implemented the neighborhood composite rule, which required that housing projects had to reflect their neighborhood's racial composition, in an attempt to reduce housing segregation. This rule was often not followed and, in fact, was used to create the opposite effect. City planners would put segregated PWA housing for African Americans in areas they had already designated as exclusively African American. This meant that when poor African Americans needed affordable housing, they could only find it in areas that had been pre-segregated by city planners, furthering segregation in already segregated cities.[[16]](#footnote-15) A civic leader in Miami told federal administrators that "sites were chosen to remove the entire coloured population".[[17]](#footnote-16)

In many cases before the New Deal, areas had become integrated due to working-class African Americans and white people needing to live close to the factories they worked in. The PWA, however, segregated these areas by putting all-white housing in integrated areas; they wanted to be all white, and the opposite was done for African Americans. In this way the PWA was actively segregating areas that had previously managed to break through racial divides.

These PWA projects also had other unjust consequences. For example, the first PWA project in Techwood, Atlanta was built by destroying the Flats, a low-income integrated neighborhood with 1600 families, a third of which were African American. Six hundred and four units replaced it for whites only, segregating a previously integrated community and displacing many African American families. These evicted families had to find new places to live, which often meant crowding into neighborhoods that were already segregated. In theory, they could go to the new public housing made for African Americans, but they did not qualify because those were made for the middle class. Many people had to crowd in with their families in areas with high population density. This contributed to the creation of African American neighborhood slums.[[18]](#footnote-17)

In 1937 the PWA was shut down, and in its place, the United States Housing Authority (USHA) was founded. Instead of the PWA on the federal level creating the housing projects, it was now up to states to create their own public housing, and USHA would provide subsidies to pay for them. Icke's rule of preserving the racial composition of neighborhoods remained, but it was ignored once again. The USHA manual stated that creating projects in predominantly African American areas was undesirable. In Texas, the first USHA projects were made by Lyndon Johnson, who put the African American projects in east Austin's black neighborhood and the white projects on the west side. The projects were used to solidify and make the segregation that was already there even more rigid. This was especially harmful considering that before the New Deal cities were slowly becoming more integrated, but through the government's use of USHA and segregated projects, progress was set back.[[19]](#footnote-18)

Government-created projects were not the only option for people struggling during the Great Depression to find housing. In theory, people could get loans to buy their own houses; however, homeownership was very expensive and often out of reach for middle-class families. Banks required large 50% down payments, interest-only payments, and loans had to be fully paid in five to seven years. Because few could afford to buy houses due to these lending practices, the construction industry was crippled.

Roosevelt realized something had to change, and he created the Home Owners Loan Corporation (HOLC). HOLC would buy mortgages that were about to be foreclosed on and create new mortgages with longer repayment periods. This allowed families to keep their homes while still paying off their loans.[[20]](#footnote-19) HOLC's loans were relatively low interest, but they still required regular payments, and so they would only give loans to people and areas they thought they could trust. The process of deciding was based on local real estate agents appraising the home and surrounding homes. However, real estate agents had to uphold segregation due to article 34 of the Realtor Code of Ethics, which forbade realtors from introducing other races into white neighborhoods.[[21]](#footnote-20) This meant that every piece of advice HOLC received was already tainted by racism.

Eventually, maps would be made outlining what areas were safe for loans; green areas meant safe, and red meant risky. If an area was predominantly African American, it would automatically be marked red even if it was largely middle class. This established geographic lines of segregation in the housing market, which prevented asset building for African American communities, since a home was a family's largest asset.[[22]](#footnote-21) For example, in St. Louis, Ladue was colored green because, according to an appraiser, it had "not a single foreigner or negro." Conversely Lincoln Terrace, a similarly middle-class suburb, was colored red and was considered to have "little or no value today... due to the colored element now controlling the district."[[23]](#footnote-22) Although people buying in red areas could still get loans, they were much less likely to qualify, and these redlined neighborhoods still were massively disadvantaged. The effects of this redlining are still seen today in housing values and demographic patterns.[[24]](#footnote-23) This also was an instance of the government blatantly saying that African Americans were risky due to their race alone.

In 1934 Roosevelt implemented the Federal Housing Administration (FHA), which had similar goals to HOLC, but instead, it insured loans and did its own appraisals. FHA insured bank mortgages that covered eighty percent of the purchased price, had twenty-year terms and were fully amortized.[[25]](#footnote-24) Banks now had the ability to make riskier loans because those loans were now insured by the FHA. Appraisers were given an FHA guidebook that outlined how to rate an area and determine if someone there could qualify for FHA loan insurance. The guidebook enforced rigid segregation. During the appraisals, the FHA only insured loans to white people and even considered white neighborhoods close to African Americans neighborhoods risky due to possible future integration.[[26]](#footnote-25) The guidebook stated, "If a neighborhood is to retain stability, it is necessary that properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally contributes to instability and a decline in values."[[27]](#footnote-26) The FHA also actively discouraged banks from giving loans to anyone in an urban neighborhood, which were predominantly African American; instead, they wanted those loans going to newly built suburbs.[[28]](#footnote-27)

Loans were also more likely to go to buyers in white areas that had highways or boulevards separating those neighborhoods from the African Americans ones, with the guidebook saying:

[n]atural or artificially established barriers will prove effective in protecting a neighborhood and the locations within it from adverse influences, . . . includ[ing] prevention of the infiltration of . . . lower class occupancy, and inharmonious racial groups.[[29]](#footnote-28)

This served only to create more segregation as it encouraged barriers between white and black communities. For example, one private builder wanted to construct a housing development near a primarily African American neighborhood in Detroit. However, he could not get the FHA to insure the loans for the homes he planned on building because there was no barrier separating the African American neighborhood. In response, he built a half-mile, six-foot-tall concrete wall between his desired building area and the neighborhood. Once he finished the wall, and the FHA was assured it would prevent integration, they agreed to insure the home loans.[[30]](#footnote-29)

Along with housing, the FHA had an interest in keeping schools segregated. If schools became more integrated, it would encourage African Americans to move into those areas because, according to the FHA:

...if the children of people living in such an area are compelled to attend school where the majority or a considerable number of the pupils represent a far lower level of society or an incompatible racial element, the neighborhood under consideration will prove far less stable and desirable than if this condition did not exist…[[31]](#footnote-30)

The FHA would also often prohibit banks from giving loans to African Americans. In New Jersey, a development was being made in the suburban part of Fanwood. A real estate agent tried to sell 12 properties to middle-class African Americans who had good credit and banks willing to make loans as long as the FHA approved. FHA said they did not approve of those loans and that "no loans will be given to colored developments." Today Fanwood has only a five percent black population in a country that is twenty-five percent African American.[[32]](#footnote-31)

It is hard to say how effective Roosevelt's New Deal was in bringing America out of the Great Depression because, in 1939, World War II broke out. The war stimulated the economy in many ways. It revived existing industries like textiles and steel and brought new industries like petroleum, chemicals, aviation, and electronics. The new hyperactive war industry created many jobs and was a huge economic stimulus to almost every American industry. This effectively ended the Great Depression.[[33]](#footnote-32) Although the war revived the economy, it did not change the effects of the discriminatory New Deal programs that were still hurting African Americans. Many of Roosevelt's racially unjust programs lasted past his presidency and continued to harm.

These negative effects on African Americans in the Great Depression are so significant to identify because they did not happen in a vacuum. The segregation and oppression caused by all of these New Deal programs persist. Fanwood, New Jersey, is just one example of how the effects of segregation are still seen even almost ninety years later. Even if many of the mentioned New Deal programs have either disappeared or been changed they still have a lasting effect. The systematic exclusion of African Americans from employment and housing programs left them behind as the white middle class was allowed to build wealth, while African Americans could not.

Annotated Bibliography

Allison, Robert J. *American Social and Political Movements, 1900-1945: Pursuit of Progress*. Detroit: St. James Press, 2000.

This source was mainly used for background information on the Great Depression for me. It provided different viewpoints on the causes and effects of the New Deal was. I only used it once in my paper, but it was still valuable for understanding my topic.

*Britannica Academic*, s.v. "Great Depression," accessed January 9, 2022, https://academic.eb.com/levels/collegiate/article/Great-Depression/37849.

This source was another mainly background information source. It provided useful statistics and insight into the causes and history of the Great Depression. I used this source a couple of times in my papers, mainly for statistics.

Federal Housing Administration. "Underwriting Manual." February 1938. Accessed February 8, 2022. https://www.huduser.gov/portal/sites/default/files/pdf/Federal-Housing-Administration-Underwriting-Manual.pdf.

This was my primary source. I found this FHA guidebook from 1938 after reading about it in one of my other sources. It was useful to see the racism built into the FHA, and it was also interesting to learn the language the government used to try and disguise their racism. I got three quotes from this source.

Flynn, Andrea, and Susan R. Holmberg. "The Green New Deal's Supporters Should Take a Crucial Lesson from FDR's Original New Deal." *Times*, February 26, 2019. Accessed January 17, 2022. https://time.com/5538022/green-new-deal-warning/.

This source came from the Times and was about how proponents of the Green New Deal should learn from how the New Deal affected African Americans. I primarily used it to validate information about HOLC from other sources and provide a couple of new details.

Little, Becky. "How a New Deal Housing Program Enforced Segregation." *History* (blog). Entry posted October 20, 2020. Accessed February 19, 2022. https://www.history.com/news/housing-segregation-new-deal-program.

This source came from History.com and is about how the FHA affected segregation. It gave extra detail on the FHA and confirmed information from other sources.

McNeil, Ashley. "Moving Forward Initiative: The African American Experience in the Civilian Conservation Corps." *The Corps Network* (blog). Entry posted August 17, 2017. Accessed February 19, 2022. https://corpsnetwork.org/blogs/moving-forward-initiative-the-african-american-experience-in-the-civilian-conservation-corps/.

This source is from The Corps Network which is an organization that supports Corps. It provided further insight into the treatment of African Americans in the CCC. It also served to verify information from other sources.

Rothstein, Richard. *The Color of Law*. Place of publication not identified: Liveright, 2017.

This book was my main source for this paper. It is about how racism was built into America's laws and government throughout history and how it still affects us. It was beneficial for understanding New Deal programs and their purpose, and how they affected African Americans. It also provided most of my quotes. While this is my most used source, I attempted to verify much of its information with other sources.

Spievack, Natalie. "Can Labor Unions Help Close the Black-white Wage Gap?" *Urban Wire* (blog). Entry posted February 1, 2019. Accessed February 19, 2022. https://www.urban.org/urban-wire/can-labor-unions-help-close-black-white-wage-gap.

This source is from Urban.org, and it discusses how unions can be used to close the wage gap between black and white people. It was helpful for me because it briefly discusses how the NLRA was influential in the segregation of unions.

1. *Britannica Academic*, s.v. "Great Depression," accessed January 9, 2022,

   https://academic.eb.com/levels/collegiate/article/Great-Depression/37849. [↑](#footnote-ref-0)
2. Andrea Flynn and Susan R. Holmberg, "The Green New Deal's Supporters Should Take a Crucial Lesson from FDR's Original New Deal," *Times* (New York City, NY), February 26, 2019, accessed January 17, 2022, https://time.com/5538022/green-new-deal-warning/. [↑](#footnote-ref-1)
3. Natalie Spievack, "Can Labor Unions Help Close the Black-white Wage Gap?," *Urban Wire* (blog), entry posted February 1, 2019, accessed February 19, 2022, https://www.urban.org/urban-wire/can-labor-unions-help-close-black-white-wage-gap. [↑](#footnote-ref-2)
4. ibid [↑](#footnote-ref-3)
5. Richard Rothstein, *The Color of Law* (Place of publication not identified: Liveright, 2017), 273]. [↑](#footnote-ref-4)
6. Ashley McNeil, "Moving Forward Initiative: The African American Experience in the Civilian Conservation Corps," *The Corps Network*(blog), entry posted August 17, 2017, accessed February 19, 2022, https://corpsnetwork.org/blogs/moving-forward-initiative-the-african-american-experience-in-the-civilian-conservation-corps/. [↑](#footnote-ref-5)
7. Rothstein, *The Color*, 271. [↑](#footnote-ref-6)
8. Rothstein, *The Color*, 271. [↑](#footnote-ref-7)
9. Rothstein, *The Color*, 271. [↑](#footnote-ref-8)
10. McNeil, "Moving Forward," *The Corps Network* (blog). [↑](#footnote-ref-9)
11. ibid [↑](#footnote-ref-10)
12. Rothstein, *The Color*, 270. [↑](#footnote-ref-11)
13. Rothstein, *The Color*, 270. [↑](#footnote-ref-12)
14. Rothstein, *The Color*, 271. [↑](#footnote-ref-13)
15. Rothstein, *The Color*, 53. [↑](#footnote-ref-14)
16. Rothstein, *The Color*, 53. [↑](#footnote-ref-15)
17. Rothstein, *The Color*, 54. [↑](#footnote-ref-16)
18. Rothstein, *The Color*, 55. [↑](#footnote-ref-17)
19. Rothstein, *The Color*, 57-58. [↑](#footnote-ref-18)
20. Flynn and Holmber, “The Green,” [↑](#footnote-ref-19)
21. Rothstein, *The Color*, 124-125. [↑](#footnote-ref-20)
22. Flynn and Holmber, “The Green,” [↑](#footnote-ref-21)
23. Rothstein, *The Color*, 125. [↑](#footnote-ref-22)
24. Becky Little, "How a New Deal Housing Program Enforced Segregation," *History* (blog), entry posted October 20, 2020, accessed February 19, 2022, https://www.history.com/news/housing-segregation-new-deal-program. [↑](#footnote-ref-23)
25. Rothstein, *The Color*, 107. [↑](#footnote-ref-24)
26. Little, "How a New Deal," *History* (blog). [↑](#footnote-ref-25)
27. Federal Housing Administration, "Underwriting Manual," February 1938, accessed February 8, 2022, https://www.huduser.gov/portal/sites/default/files/pdf/Federal-Housing-Administration-Underwriting-Manual.pdf. [↑](#footnote-ref-26)
28. Rothstein, *The Color*, 127. [↑](#footnote-ref-27)
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30. Little, "How a New Deal," *History* (blog). [↑](#footnote-ref-29)
31. Federal Housing Administration, "Underwriting Manual." [↑](#footnote-ref-30)
32. Rothstein, *The Color*, 128-129. [↑](#footnote-ref-31)
33. Robert J. Allison, *American Social and Political Movements, 1900-1945: Pursuit of Progress* (Detroit: St. James Press, 2000), 63. [↑](#footnote-ref-32)