

The following talk was given by Joshua Freeman, Professor of History at Queens College and the Graduate Center of the City University of New York, to teachers participating in "New York City & the Nation," a professional development program operated by the New York City Department of Education, the Gotham Center for New York City History, and other cultural partners, with funding from the U.S. Department of Education.

This talk, like others in the series, was an informal opportunity for teaching and learning about American history through the lens of the New York City experience.

"The Social Democratic City: 1945-1975"

Professor Joshua Freeman, Brooklyn Historical Society, May, 2005

It's really a pleasure to be here and wonderful to work with the Gotham Center and the Brooklyn Historical Society. What I want to try to do today is think about the post World-War II period and the issue of the relationship of the United States as a whole to New York. I want to argue that there were two different paths of development that we found in the United States in this period, particularly from the end of the war through the 1970's. One was a path taken in New York and some of the other big cities. And the other was the more common path taken by most of the country. I'll start by talking about what we did here in New York, taking what seems to me a slightly exceptional path of development towards what I call the social democratic city. After that I'll look at what you might say was the alternative, which was suburbanization. And then finally

I'll talk about two developments that affected both of these paths: migration and the economy.

One way of visualizing these diverging approaches is by imagining yourself on an airplane, looking down on America in 1955 and seeing the difference between the Bronx and Levittown. It's very clear that something different is going on in these two places.

The ideological development is a little bit more subtle. Let me get at that by talking about a well known statement made by Franklin Delano Roosevelt often called, though not by FDR, the Second Bill of Rights Speech. Quickly read your copy, and then we will talk about it for a minute. It's actually worth spending some time on. This is an excerpt from Roosevelt's State of the Union address in 1944. Just to give it a touch of context: 1944 is well into World War II. Roosevelt is finishing up his third term. He's planning to run for a fourth term and this is a statement that he gives to Congress as part of the State of the Union address. This is not the whole speech, but it's the part that gets called the Economic Bill of Rights. Among other things, he's setting himself up a campaign platform for when he runs for reelection later in 1944. And it's a fascinating speech because he is making what seems to me a very radical proposal. When he starts out he's saying we have to make

plans for what happens after the war, and so forth. We're a nation founded on rights, he says, and we have political rights. But then he goes to the third paragraph, a very short one. He says, "As our nation has grown in size and stature, as our industrial economy has expanded, these political rights proved inadequate to assure us equality in the pursuit of happiness." And of course, he's playing off of the idea that the United States is dedicated to life, liberty, and the pursuit of happiness. That's in our founding document. He's saying political rights aren't enough. We need other kinds of rights, economic rights. That would make it possible for the individuals of the United States to achieve happiness. So he talks about the need for a second bill of rights which would be economic rights; parallel to the political rights that are in the Constitution and in the Bill of Rights. And then he actually lists what some of these would be. After, by the way, stating that "security and prosperity can be established for all regardless of station, race, or creed." Remember, in 1944, the United States is a segregated nation. We're in the middle of a war and even the army is segregated. So he's alluding to discrimination without really going into it. And then he lists these economic rights: the right to be useful and decently paid in your job; the right to earn enough to provide adequate food, and clothing and

recreation; the right of farmers to get enough money for their crops to make a decent living; the right to a decent home; the right to adequate medical care; the right to protection in old age, and in times of sickness, accidents, and unemployment; the right to a good education. And then he says this war is going to end. This is what we have to do to secure our future. He ends by saying America's own rightful place in the world depends in large part on how fully these and similar rights will have been carried out for us.

With students you might want to discuss what these ideas actually mean, for example, to say that every family has the right to have a home. Let's say you don't have a home. What's supposed to then happen if you have a right to a home? The implication, at least, is that the government is obliged, maybe even legally obligated, to provide you with a home. The same would be true for a job, or medical care, right? So this seemingly commits the nation to a pretty expansive notion about what government should be. By this time, the New Deal has done a little bit of this by providing some forms of protection, like unemployment insurance, but Roosevelt's new statements are going farther, and adding many additional and potentially very expensive functions for the government. It seems to me a pretty bold initiative that Roosevelt is proposing here in 1944. A new

definition of what freedom means, of what rights mean, and what the function of government is.

So, what happens after President Roosevelt gives this speech. Are his ideas implemented? Teachers: Group suggests that the GI Bill of Rights and public housing are two examples of new benefits. Prof. Freeman: OK, the GI Bill and public housing are good examples. The GI Bill was passed just around this same time, and in a sense, the GI Bill does a lot of this. After all, the GI Bill gives money to go to college. It gives very, very cheap financing if you want to buy a home. It provides loans if you want to start a business and it guarantees veteran's healthcare through the VA clinic and hospital system. So in a certain sense, you could argue that the GI Bill represents a fulfillment of this notion of an economic bill of rights. By the way, it's interesting that the original name of the GI Bill was the Bill of Rights for GI Joe and Jane. Something important to note about the GI Bill is very obvious -- it only applies to vets, right? So it's not a universal commitment of the government to this new set of rights or responsibilities.

Teacher: Yes, but in that day most people were vets. Prof. Freeman: Well, even though the US had something like 12 million people under arms during World War II, the population was about 151 million. You're probably talking about something like 10% of

the population. Now, of course, it's a higher percentage of the adult population, but it's certainly not everybody. It's certainly not even all adult men. And even though GI Jane could get veteran's rights there weren't that many GI Janes because women were not drafted. Not only weren't women drafted, but there actually was a cap on the number of women that were allowed to enlist. Essentially the GI Bill was the Economic Bill of Rights for men. That's the first thing to realize.

I am not trying to say that the GI Bill was a poor idea; in my view it's one of the most successful pieces of legislation in American history. But it's a very limited implementation of the economic bill of rights. It's certainly a step in that direction, but it's one that says you get these rights not simply because you're an American, but in return for having done a specific act that potentially required great sacrifice. I think that was an easier sell in the country in 1944, and would be in 2005 also.

One of you used an interesting word -- security. It became a very popular word during the Great Depression because so many people faced job loss, economic crisis, the loss of their home, and so forth. The New Deal projected itself as something that would provide security. To use a later phrase, they meant a kind of safety net; an assurance that you would be able to meet

certain basic needs in your life. That's why the legislation was named the Social Security Act. When people say Social Security they mean old age pensions, which was one of the main parts of that bill. It had a couple other things in it, too. It funded the unemployment insurance system, and what later gets called welfare. But the umbrella word used is Social Security. I think Roosevelt was using this idea not to replace national security, military security, diplomatic security, but to complement them. He was suggesting you can only have a safe, good life, one in which you can achieve happiness, if you have *all* these kinds of security.

Although people were eager for security, the attempt to put a social kind of security on par with other kinds was certainly controversial. The GI Bill is an interesting example of this. For example, how does the GI Bill provide benefits? It actually does it differently than most New Deal programs. It doesn't, for example, set up colleges for veterans; it doesn't build houses for veterans. What it does is give veterans money to spend. It says, here's the money, go buy yourself a college education. So it's already bridging from the collectivity to the individual. The GI Bill of Rights was written by the American Legion -- a highly conservative organization as well as a strong advocate for veterans. Its members were not comfortable with the idea of

big government. This gets to the main point I wanted to make about Roosevelt's idea of an economic bill of rights. By and large, it is not adopted by the country as a whole. The contest that emerges takes the form of very specific fights over specific bills. For example, in 1945, a bill is introduced called the Full Employment Bill which says that the government has to guarantee every American a job. The bill goes to Congress, takes two years, and by the time it gets out the other end it's been shaved of everything -- it's mostly just empty phrases. The bill sets up a Council of Economic Advisors, it says it should be the goal of America to provide everyone with a job, but the bill includes no obligation or mechanism for doing this. In health care, there's a bill introduced which would have added health care into the social security package. There was a fierce debate about it in Congress and it was defeated by one of the biggest lobbyists, the American Medical Association. The doctors at the time were very opposed to it. They called it socialized medicine. Another effort that goes down to defeat is federal aid to education. Does anyone know why? It's not until nearly the 1960s that the federal government starts funding K-12 education. Teacher: Because education is state funded? Prof. Freeman: Actually, the obstacle is a controversy about religion. Do you fund Catholic schools? You need to remember that in 1945

you could pray in school, and most American schools did have prayer -- Protestant prayer. It wasn't Catholic prayer or Jewish prayer or Islamic prayer.

So, in the end, much of the reform that was considered didn't happen. Certainly one reason was the return of prosperity after the war. The New Deal, and the notion that the government has to guarantee security reaches its height of popularity when things are really terrible. The notion loses some of its political power after the war when the Depression doesn't return, people are doing pretty well, and it looks like the market economy is going to take care of things by itself. Also, a more conservative trend in American politics begins to make itself felt during these years. So, on the national level, not much comes of the Economic Bill of Rights.

So let me get to New York. What's interesting is that, in New York, there is an effort to do more with the notion of a social security. It's not as if the city government simply says, oh, yes, you can have all these rights; we can do all these things. There is, however, a patchwork of efforts to create systems, or institutions, or programs that in one way or another would provide some people -- not necessarily all people -- with some of the things that Roosevelt was talking about. And that's why New York is a social democratic city. It's not a phrase that

we use much in American politics -- social democratic. What does that phrase mean? The Europeans use it all the time -- Social Democratic parties. Teacher: Isn't it a government that provides basic services, like a national public care system, a national education system? It's not by state or city; it's the federal government overseeing it. Prof. Freeman: Yes, absolutely. Teacher: Sort of along the lines of a redistribution of wealth. Prof. Freeman: Not necessarily... Social Democrats were not necessarily Socialists or Communists. But what it does mean is that a meaningful democracy can't be simply embodied in a Bill of Rights. Social democracy is very similar to what Roosevelt is talking about -- that in a democracy, where everyone is a participant in the society, there has to be some base level of equality, of shared situation. And to make that possible, one approach is the welfare state -- which is the strategy for a social democratic society.

What's interesting is that New York embraced a lot of this thinking in the years after World War II. City government was involved, but so were labor unions, reform organizations of various kinds, and advocacy groups -- all of whom had a shared vision of an expanded welfare state, racial equality, and popular access to culture. And this vision was very much in line

with the kinds of things Roosevelt was talking about, which by and large did not happen nationally.

New York City developed or expanded socially useful institutions which, today, we take for granted because most of them are still around. Public hospitals, for one. New York City had something like 22 public hospitals, including by the way, well-child clinics in almost every single neighborhood. A massive public transportation system with a very low fare. It was a nickel fare in 1945. Even then, that was cheap. We had public arts in a way that most places didn't. There were public radio stations, later on public television stations. One example I like to use is City Center. I don't know if anyone here is an opera fan, or a ballet fan. City Center was actually started as a way of bringing the high arts to everyday people who couldn't afford to go to the Metropolitan. The opera, particularly, was a very popular thing among working class people in New York. They loved the opera, but who could afford to go to the Met? The original City Center building still exists. It had been a Shriners Temple, but during the Depression the Shriners couldn't pay their taxes so the city took over the building. Mayor LaGuardia said, Well, why don't we start an art center that everyday people can go to. The labor unions were among the big backers of the idea. By the end of World War II, City Center was

providing world class ballet, opera, original comedies, and music, designed so that working people could get access to the arts.

There are other examples from the years after the war that reveal New York City's social vision. One of the big questions at the end of World War II was whether the United States would embrace the idea of equal access. During the war, the federal government temporarily set up a commission designed to fight discrimination in employment. And when the war ended, lots of people, including President Roosevelt and then President Truman, said let's make this permanent. It took another 20 years until 1964 before it became illegal under federal law to discriminate in hiring. You know, students are always amazed when they see in newspapers, in say, 1962, that there's nothing illegal about running an ad in a newspaper that says, "looking for white Christian men." Ads like this were run all the time. In fact, the *New York Times* had separate female and male want-ad sections. There were Christian jobs, there were white jobs, and so forth. But what's interesting is in New York State, a law was passed in 1945 that set up a Fair Employment Practices Commission, making it illegal for unions and employers to discriminate on the basis of race or national origin. It does not make sex discrimination illegal, but it does make

discrimination by race illegal, and that, by the way, is a little piece of the story about Jackie Robinson that almost never gets told. One of the reasons that the Dodgers were a little nervous about not promoting Jackie Robinson is that it was actually illegal not to do so in New York State, unlike in the rest of the country. So New York was taking a different path.

I'd like to touch on two other areas which I think illustrate this in fascinating ways. There was a tremendous housing shortage in the United States and particularly New York City, at the end of the World War II. No housing was built during the Depression; none was built during the war. Soldiers came back from World War II and there was literally no place to live. People are being put up in huts and shacks. Everybody was saying, what are we going to do about this? The federal government did not do anything at all until 1949, and even then what it provided was pretty meager for most people. So there was a real problem. Eventually private builders did step in, and they began to build houses, and eventually, that did begin to meet a lot of the needs. But that takes a long time, and much of the housing they built was simply too expensive for the typical New Yorker to afford. So this was a real crisis. What's interesting is that there was a social democratic approach that

New York took to this problem. And it had a number of different dimensions. One was something that we live with if we're lucky, that most people in America have never heard of -- rent control. Rent control emerged from a general federal program during World War II to control all prices, including food, tires, clothing, and housing. During the war there was a great fear of inflation, so the federal government controlled prices. Once the war ended, the federal government said, OK, the war's over, so let's get back to normal. But people in New York and a number of other cities went, 'whoa.' There's no housing here; there's a tremendous crush. Our rents are going to go through the roof if you drop rent control. No one's going to be able to afford the rent and it's going to be a disaster. There was a big political campaign by the political parties, by the unions, by tenants groups. Tens of thousands of people got involved in this effort. What the federal government eventually said was, "OK, in this one special case of housing, we'll let the individual states, if they want to, take over the price control program." New York State along with a couple of other states responded to public pressure to maintain their controls. New York State took over rent control from the federal government. In almost every other place in the country, even if the state took it over, it lasted for only a short period of time. Rent control only affects

buildings that were built before 1947. These days, once a tenant leaves a rent control apartment it loses its status but gains protection via 'rent stabilization' which is a New York State program meant to follow upon the original rent control program. I bring this up because many New Yorkers take for granted that an apartment owner should be limited in the amount he or she can charge for rent. The rest of the country didn't follow this path. New York is different in this way.

A second way New York distinguished itself is through public housing. Does anyone know when and where the original public housing got started? Teacher: In the 1930s, First Houses on East Third Street. Prof. Freeman: That's right. The first housing project began on the Lower East Side. The federal government began experimenting to help local cities build public housing. But very quickly, under pressure from the real estate industry, the federal government said, OK, we're not going to build housing, we're just going to give you money to build it, but it's only for the poorest of the poor. It's only for the people who no one profits by building for. So we're not going to compete with the real estate industry. So there are always income caps on eligibility, and they're very, very low.

Well, at the end of World War II, in New York, there were lines and lines of people waiting for housing. So veterans

groups, labor unions, and housing advocates said, Well, wait a second, there are not enough houses. Why don't we build houses for working class and middle class people too? What wrong with that idea? The market has failed. The proof is the fact there aren't enough houses. Let's just build a development. There were demonstrations, sit downs in the state legislature. And what's interesting is that the city and the state said, OK, we'll build it. And they launched a program to build -- in the phrase of its time -- 'no-subsidy' housing. This is housing which won't require ongoing subsidies because people will have sufficient income to pay for it, unlike the housing for the extremely poor. And New York City sets out to build 50,000 units. They didn't build quite that many, but they did build tens of thousands of these so called no-subsidy houses. They didn't use federal money, but rather state and city money. And these were built to higher standards than the housing for the poor. Housing for the poor is punitive; it's always supposed to remind you that you're poor, probably through your own fault. Some of the federal housing guidelines are very mean-spirited. For example, there were no covers on toilet seats; no doors on closets. But the housing that the city and the state built with its own money was built to higher standards. Teacher: Is this the Mitchell Lama housing? Prof. Freeman: No, this is before Mitchell Lama. This

is publicly-subsidized housing that eventually would combine with public housing for the poor under the administration of the Housing Authority. But there is a huge difference. The story I like to tell takes place in upper Manhattan -- in Inwood -- with one of our most famous sports heros, Kareem Abdul Jabar, who grew up in one of these city-and-state-built housing projects in my neighborhood. And how'd he end up there? Well, his family was living in Harlem prior to the war in terribly overcrowded circumstances. They got offered a slot in the Lower East Side in the federally funded public housing. His parents said no, we're not going to move there. They wanted to live in this better housing, for which they were eligible. And they waited two years living in an extremely cramped apartment until the houses in my neighborhood were constructed, and then they moved in. They instantly saw the difference in quality between these two kinds of projects. And by the way, when my kids were younger, I was looking for daycare centers and I discovered a fascinating fact. Daycare centers in New York City all started either in the 1940's or the 1960's. And when they started in the 1940s, they often originated in these newly built housing projects which constructed facilities for daycare centers so women could get out to work or do whatever they had to do.

To this date public housing in New York is better than in the rest of the country. This is not to say it's good, but it's better. One reason is because you have working and middle class people as well as poorer people who are living in these houses. And they're a political advocacy group for public housing, and they fight to make sure it's decently maintained. I don't want to exaggerate the success, but in other cities in the United States public housing has been so bad that it literally has been blown up. You've probably seen the TV images. No one's blowing up public housing in New York. People are on waiting lists to get in. Now, in part, that could be a measure of how hard it is to get an apartment here, but it's also a measure of the quality of what we have, made possible because there was a different political vision behind it -- one that grew from the idea of economic rights.

Let me just mention one other piece of the housing story and then I'll get to health. There's another thing that New York did which is in some ways even more interesting and which involved a self help approach. It required government help but it was not direct government action. It was to build non-profit co-op houses. This began with an experiment in the 1920's up in the Bronx. The idea here was that people -- and these are people of very modest means -- could band together and build a housing

project. It would be just like any other co-op. The tenants would own the building, but unlike a normal commercial co-op, you couldn't sell your apartment on the open market. You'd buy from the corporation that owned the building and become a cooperator. When you sold it, you'd have to sell it back to the building at pretty much the price you bought it for. So you couldn't make any profit. It would then be available for resale once again at very, very low cost. And there were about four of these projects built in the Bronx. They're all still there but only one is still a co-op. Four were built by radical Jewish groups at various times, and one was built by the Amalgamated Clothing Workers and is still a well-functioning, very nice project up near Van Cortland Park. New York State helped in the creation of these non-profit co-ops by providing tax breaks on real estate taxes. After the war, the labor movement in New York picked up on this model, and started building a lot of these co-ops. Some of their projects were very, very big, including Penn South Houses in Manhattan, Rochdale Village and Electchester in Queens, and several developments along Grand Street on the Lower East Side. All of these were built by the labor unions. And the very biggest of all, the last one to be built, was Co-op City. Together, these provided 40,000 units of housing. At one point, about 120,000 New Yorkers were living in

these labor-sponsored, non-profit co-op houses. That's equivalent to the entire population of Albany, New York.

Now, what also was interesting is that these places were built to be whole communities. Some had auditoriums, libraries, banks, bowling alleys, bars. Many sponsored social activities. These developments were meant to foster somewhat self-contained communities in which people got relatively inexpensive housing and engaged in a way of life which was very, very collective. Very, very community oriented. So it's a remarkable experiment. And these labor-sponsored developments provided a huge amount of housing that made it possible for New York to develop in a different way than most of the country. It made it possible for New Yorkers to live in the City under relatively decent circumstances during a period of tremendous competition for available housing. New Yorkers didn't have to, if they didn't want to, take the alternative that most Americans had to take -- suburbanization. Most people don't realize how much suburbanization resulted from the fact there simply were no alternatives for most people. More on this in a bit.

First I'll talk about health care. I can only sketch the story, it gets pretty complicated, but here again, New York stepped in when the national government failed to act. The national government said, No, we're not going to set up a

national health care system. New York didn't respond by setting up a comprehensive system on its own, but it did set up some alternatives to meet the problems. This is how HIP started -- another thing we take for granted but don't know where it comes from. HIP was started by New York City because New York City officials, led by Mayor LaGuardia, realized that national health care was going to fail. They said the best solution to health care would be national compulsory health care for everybody. But you know something, it's not going to happen. So let's do what we can. So they decided they would set up a local version of a public health care system. And again, it wasn't directly run by the government, but it was set up as a non-profit business, with labor, and health, and government officials sitting on the board as supervisors. It was a very experimental, very controversial program; one of the first to pioneer methods later adopted by the HMOs. Until then -- and, often, still today -- you paid for doctors bills by the service. You break your leg you pay for whatever it costs to fix a broken leg. And if you have insurance, they'll pay you back some of it, right? HIP worked differently. You pay a fixed amount, or your employer pays a fixed amount per year. Whether you went to the doctor once, or never, it was the same charge. So, again, it's about security. You and your employer know in advance what this thing is going

to cost. Within a few years after the war, about half a million New Yorkers were getting HIP coverage.

Another alternative to providing health care, which the labor movement sponsored, was simply to start their own health services. Many unions in New York set up their own health clinics, and a few still have them. You would get your health care by going to your union health clinic. This was financed by union dues or sometimes, through negotiation, by employer contributions. Some of these were extremely large operations. About a half a million other New Yorkers got their health care this way. So not too long after the war, at least a million New Yorkers were getting medical care through HIP and through union clinics.

There were also non-profits like GHI which were set up. So, although again, not everyone is covered, efforts were made to put into practice Roosevelt's notion that every American should have the right to adequate medical care, and the opportunity to achieve and enjoy good health. This is another example of New York taking a different direction than the nation. Remember, until 1965, we didn't have Medicare, or Medicaid.

So, to wrap up before our break, New York develops an expansive notion about what society owes every individual

-- what the minimal set of rights, or protections, should be. It's a vision that builds on a notion of political rights and adds economic rights. It builds on a notion of a welfare state and expands it. But it's also a vision that has to be constructed on a more modest scale because it's operating only with the resources of one region, without the resources of the national government behind it. And some people sense, even from the beginning, but certainly more and more as time goes on, that New York is swimming against the tide. It's swimming against the general drift of national policy.

[GROUP HAS A BREAK]

One of the changes that defines our history after World War II is that the United States went from being an urban nation to a suburban nation. If you look at the whole population of the country between 1930 and 1970 -- the middle part of the 20th century -- the percentage of people living in cities stayed just about stable. From 1930 to 1970, about one third of our population lived in cities. It's true that after World War II, some of our very largest cities lost population, such as Cleveland, Detroit, and Chicago, but if you look at the whole country, including midsize and small cities, a third of the country was living in cities. What had started to change despite this apparent stability were the rings around the cities, the

suburban rings. These were growing rapidly during this same period of time. By 1960, there were as many people living in the suburbs around the cities as living in the cities themselves. So in effect, in 1960, the country is divided three ways. A third living in cities, a third living in suburbs -- which had grown greatly -- and a third living in the countryside. Obviously what's shrinking here is the countryside, right? Cities are staying the same, suburbs are growing, and the countryside is shrinking. By 1970, there were more people living in suburbs than living in cities -- 38% in suburbs compared to about 30% in cities. By the 1980's, almost half -- 48% -- of the country is living in suburbs. For the last quarter century, or close to it, we have lived in a majority suburban country. Most Americans chose not to move to Rochdale Village, or Electchester, or some of the other places we talked about before the break. They chose to move to something that looked more like Levittown, which was built in Nassau County right after World War II, or suburban Los Angeles, or suburban Chicago, or someplace like Cobb County in suburban Atlanta. The question is why? I don't think there's any simple answer. Does anybody want to venture a response? There's no one right answer to this actually. Teacher: My family left the city in 1955.

Prof. Freeman: Yes. Why? Teacher: We went because we couldn't get housing. Prof. Freeman: Right. Some of it was an issue of availability. Teacher: Also, my parents wanted a large family, and they couldn't afford to send us to the Catholic schools. So we went out to Massapequa where we went to public schools and they could afford their house. Prof. Freeman: Right. Suburbs, in many cases, particularly for growing families, made sense. It was cheaper to get an equivalent amount of space in the suburbs than in the city. Housing was more available. In retrospect we often say, oh, everyone wanted to live in the suburbs. It may not be that people didn't want to live in the suburbs, but often people felt there was no alternative. Teacher: Also, as the complexion of certain neighborhoods changed, then people chose to leave.

Prof. Freeman: I don't want to give a misimpression that only white people suburbanized. There are, for example, just in this area, older black suburbs, like Roosevelt on Long Island, and parts of Mount Vernon, so there certainly was African American suburbanization, also. But primarily we're talking about a white phenomenon. And I certainly agree that along with availability and cost, race is an issue here. But why are the suburbs more affordable, and more racially defined than the city? Why is it that you can get cheap white housing, if you

want to put it crudely, in the suburbs when you can't get it in the city? This has to do with public policy. It's not simply a matter of taste. I don't want to completely discount the idea that some people want to have a backyard, and they want to have a barbecue, and they think that's a better way of life. A lot of people do have this preference. But there was public policy that was encouraging the move to the suburbs. And as New York was going in one direction, the bulk of federal policy was going in a different direction. Federal policy is pushing people toward suburbanization. We mentioned one federal housing program, the 1949 Housing Act, which authorized funding for building public housing. But it was dwarfed by a number of other federal housing programs. What are the bigger federal housing programs? Teacher: Fannie Mae. Prof. Freeman: Fannie Mae, right. Fannie Mae is an outgrowth of the federal housing authority, which was set up in the 1930's, and is the the biggest of the New Deal's efforts in housing. Its primary motive actually had nothing to do with housing. It was really to create jobs for construction workers, which is probably why construction unions, many of which are very conservative, are big supporters of public housing. Someone's got to build it, right? Until the 1930's, if you wanted to buy your own home, generally you had to put down about a third, or a half of all the money in cash. A huge number of

Americans couldn't afford that. And then you would get a type of mortgage that is called a balloon loan, where for five to ten years you only pay back the interest. Let's say you borrowed \$100,000. You paid the interest, and at the end of the five to ten years, you had to give the \$100,000 back. Well, how do you come up with \$100,000 in those five or ten years, since the reason you needed the mortgage to begin with was that you didn't have the money. Most people of modest means couldn't use those kinds of loans. The FHA revolutionized mortgages by guaranteeing to the banks that if someone borrows money from that bank, and they don't pay it back, the federal government will cover the loss. So it makes the banks very eager to lend money, and makes different kinds of terms possible. Down payments are only about 10% of the price, and instead of five or ten years, money is repaid over 25 or 30 years. And when you repay, you repay both the interest and the principal, so at the end of 25 or 30 years, you don't owe anything at all. So it may take you your whole lifetime to pay it back, or maybe you'll never pay it back, but it does make it possible for people of much, much more modest means to buy a home.

Teacher: Plus, the veterans had a subsidy. Prof. Freeman: Yes, the Veteran's Administration, under the GI Bill, offered even

more favorable terms. These loans often had no down payments at all, and very low interest rates.

But there's one other program, which actually, in some ways is even bigger. What's the other massive federal housing program that exists today? We all know about it, but never put it into the same category. Teachers suggest programs.

Prof. Freeman: It's the ability to deduct your mortgage interest from your taxes. You're getting a break on your interest.

Teacher: But not on your rent. Prof. Freeman: Right, renters don't get this. If you think about it for a second, the higher your income and therefore the higher your tax rate, and the more money you owe the bank, the bigger break you get. If you think of this as one of the welfare programs, it is one of the most expensive of the federal programs. In cost, it is in the same range as Social Security and Medicare and Welfare -- all huge federal programs. This is not an accident; this is something the federal government believes in. In other words, government has decided that the best way to organize our country is for people to own their homes. So to make this possible, we've built into the tax code a tremendous subsidy for people who own their homes. They can borrow money without paying taxes on the interest. This is a deliberate policy, and if you put that together with the FHA and the VA, which directly guarantee

loans, you have a huge federal apparatus which is funding housing in the post war period.

It's not that these methods are never used in New York City. My parents live in Queens, they own their own home, my dad got a VA loan, and they deducted their interest on their taxes. There are lots and lots of people in New York who take advantage of this. But the thrust of this policy leads toward suburban growth, as do other government actions, such as building the interstate highway system, which is 90% funded by the federal government. Long Island wouldn't have been developed without the Long Island Expressway. A lot of people, as they sit in a traffic jam, may think this was not such a great idea after all. But, for better or worse, without making a judgment about it, it couldn't have happened without the federal government.

This is a complicated story, and I think it's a hard one to get across to students, but I think it's important. Because when we think of government policy, we can't just include, say, government prescription drug plans, or the war in Iraq. If you are thinking about what's really shaping everyday life in America -- what people see out of their windows when they wake up in the morning -- it's things like the tax code, or the banking system, or the mortgage system, the relative subsidies

for building an apartment house in the city versus building a private home, that are really influential.

I'd like to tick off a few things that you could talk about in your classrooms regarding the difference between life in the suburbs and in the cities. One aspect of suburban life is that it's more private. It's set up spatially, in fact, to protect privacy. That's the very notion of it. You put the house not on the edge of the lot but in the middle of the lot, so there's land all around it, and maybe you put up a little fence because you want to be separated from your neighbors. People living in apartment buildings also may like the idea of being separated from their neighbors, but they don't have any choice. You send the kids out to the hall to play, or downstairs. And it's a much more communal life. And you really see the contrast when we talk about the co-ops, which had the opposite vision. The co-ops are created to have common public space, not private public space. The courtyard is for everybody. I think that suburbanization, in the early years, did undercut public life and interaction -- the experience of being involved with others. There's a very famous and funny quote from William Levitt, the guy who built Levittown in the late 1940's. Remember, that was the height of the Cold War. And Levitt says, seriously, that the person that owns their own home can't be a Communist because there's too much to do.

You've got to go out in the yard, rake the leaves, fix the boiler. No time to be a Communist.

There's a certain truth to this. Of course people do meet neighbors, go to Boy Scouts, and so on, but the suburbs do create a setting for very individuating experiences; they make the family unit key.

Another subject that can be discussed is consumption. There's an orientation toward consumption that develops in the 1940s and 1950s that the suburbs tend to encourage: furniture, barbeques and barbeque sauce, little league bats. This is one of the great economic stimuli for the United States in the '40s and 50's. We were pumping out goods and services for new communities at a great rate. Some of the orientation toward a way of life characterized by consumption comes from this. Of course people in the city buy things, and in many ways, our contemporary urban culture is driven by consumption. But suburbanization was one of the factors that pushed us toward a consumption society.

A third topic worth discussing is that suburbanization is a way of life that needs cars. To this day, no place in America has fewer cars per person than New York City. In New York City you meet adults who don't have a driver's license. And they're not lost. In the rest of the country, you drive a car because you have to drive a car. This issue is so obvious, but it has

enormous implications. Just one of the implications for young people is that, in the suburbs, kids don't have much independence until they can drive. In the cities, subways bring a surprising measure of freedom. You can mix with different people, explore different neighborhoods. There's a great movie, I believe made in the 1950s, called *Cool World*, about growing up in Harlem. It's about teenagers who have pretty narrowly circumscribed lives, but there's a great scene when they get on the subway. They go to Coney Island and spend the day there. One of the kids says I always wanted to see the ocean. It's like an island in another world. It's actually kind of sad, too, because then they have to go back to their neighborhood and they realize how society is penning them in.

Suburbanization locks America into a high energy-use type of society. We have tremendous petroleum needs as a society, and a lot of it is for driving around in our cars. And that of course, impacts foreign policy because we need to get oil from some place; there's not enough domestically. It sounds odd, but New York City is the most environmentally efficient place in the country. We use the least energy per person. Some of this efficiency comes from driving less, but some of it comes from home heating. Apartments are much more efficient to heat than many single-family houses. I'm sure no one, when deciding to let

people deduct interest on their income tax for their mortgages, was thinking, Let's do this so we end up depending on Saudi Arabians. They weren't making that connection. But there are implications and outcomes to policies that may be unanticipated but affect our lives just the same.

Another thing I want to briefly mention is that suburbanization has an impact on people's attitude towards government and taxation. People in the city pay taxes. But what we don't do, if we live in a co-op, or as a renter, is write the check for property taxes. And that makes New Yorkers, for better or for worse, less aware of the tax burden of the government. Think about the person who saves all their money; scrimps, and borrows, and moves into a suburban home, such as the outskirts of LA, or the outskirts of Phoenix. Then they get a bill for their school or property taxes, perhaps seven or eight or nine thousand dollars a year. They can barely pay and they say to themselves, What's wrong with our government anyway? How can I get billed for this much, what's going on? Schools stink, the roads are no good. They're all a bunch of bums, let's cut the taxes. What do we need a library for anyway? Some people might say that kind of questioning is a good thing. People really have to stop and think about what they want government to do and not to do when they understand who's footing the bill. You see this

all the time in upstate communities in New York where the school budget is put to a vote every year. We don't do that in New York City. Those fights are horrible. You see the football team by the side of the road with signs saying, Please vote for the budget so that we get the bus to go our away games. And every year, people will vote.

Teacher: As a New Yorker, I'm giving a huge part of my salary, even though my kid isn't in public school, and it does have an impact. Prof. Freeman: Absolutely. We live in a very high tax area of the country. And in fact, one of the things that begins to stop the New York path of development is precisely this. By the 1960s and the 1970s, the cumulative cost of maintaining things that no one else was doing -- subway systems, free colleges for everybody, subsidized concerts -- grows very large. When there is a big recession in the 1970s, and the city goes into a budget crisis -- people are leaving the city, and businesses are leaving the city in part because of high taxes -- there's a reevaluation about whether we can pursue these kinds of policies anymore. And New York City actually stops many of them. No one builds public housing in New York City anymore. CUNY now charges tuition; we're not expanding the public hospital system, we're shrinking it. Taxes are a big part of this. So it's not as if these concerns don't play out in New

York City, or other cities. But I think it plays out a little more directly in some suburban areas, or single family home areas. The clearest example is California, which in the 1970s passed Proposition 13 which capped government spending in direct revolt against high property taxes. It's why the schools in California are terrible. We have problems here, but compared to schools in Los Angeles, we look fabulous. It's not magic, it's money. The tax cutting trend in the United States grew out of home-owning areas, sometimes organized by homeowners associations, or tax paying associations. I say this not unsympathetically. A lot of these people were hard pressed. They had trouble paying their living costs, and they couldn't do anything about their mortgage, and there were other kinds of fixed costs, like energy costs, or repairing their roof. Taxes seemed to be the one thing in life you could cut.

I want to mention two other things quickly. I've talked about migration from one type of community to another. The post World War II years are a period of tremendous migration from the countryside to urban areas, and more particularly from the South to urban areas in the North and in the West. This involves both black people and white people. But southern whites didn't move to the Northeast. They tended to move either to the Midwest, or to the West Coast. Actually, more white southerners leave the

South than black southerners. But large numbers of both groups leave. And in the case of African Americans who are leaving the South, they're primarily settling in the big cities of the East Coast, the Midwest, and the West. In every decade from the 1940s through the 1970s, at least a million African Americans leave the South and move to northern cities -- which leads to tremendous expansion in the black population in places like Cleveland, Los Angeles, Detroit, and New York. In New York, the black population in 1940 is less than a half a million -- 458,000. By 1970, it's 1.7 million. So it has more than quadrupled over a period of just 30 years. If I had more time, I'd talk about Puerto Rican migration as well, although it's much smaller. The total population of New York City during this period of time stays stable more or less. It fluctuates between seven and a half and eight million during these 30 years or so. So what's going on? Well, if you're increasing the black population by over 1.2 million, what you obviously also have is a large exit of whites, right? Where are whites going? They're going all kinds of places, but largely they're going to these rapidly growing suburbs. And this is happening all over the country. You're having a vast population shuffle. People are coming from the South -- from the countryside moving to the North, and they tend to move to the city proper. In the

metropolitan regions, people are moving from the city proper and going to the suburbs. So all over the country, not just in New York, you're seeing this. During the 1950s alone, over 3.5 million whites left the cities, and about 4.5 million blacks moved into them.

What's important to note, is that these suburbs developed primarily as segregated communities. There were small numbers of black suburbs that tended to be right next to the city, and to be older, like Roosevelt. And then there were other suburban areas which were primarily all white. Now, how can it be in the 1940s, 1950s and 1960s that suburbs are developing as racially segregated communities? What's the basis? How did this happen? (Teachers members make suggestions.)

First of all, until the late 1960s, it is not illegal to discriminate in the country as a whole. New York State actually passes an anti-discrimination housing law, but like most of the early housing laws against discrimination, it doesn't affect single family housing. So it's not illegal to say, I won't sell to non-whites. Who says this? William Levitt. Levittown is segregated by rule, not by subtle arrangement, not by redlining, not by mortgage agreements, but by rule. You're not white, get away. Simple as that. Seventeen thousand homes were built in

Levittown and not a single black family was allowed in the community. Levittown is not still all white, but it is still heavily white and heavily Catholic.

So, there was nothing subtle about much of the housing discrimination, but there were subtle mechanisms used as well. People live where they know people and where they want to be. So they seem to be enforcing segregation themselves. And then there was redlining, where banks -- following guidelines the federal government had set up -- refused to lend money to people in integrated or nonwhite neighborhoods. Jewish neighborhoods, too, were redlined in the 1940s. So there are practices by the real estate industry, by the mortgage lenders, and by residents themselves, that foster a huge resegregation of American life during this period of time. It's ironic, because among regions of the country, African Americans were now more evenly distributed. There's less concentration of the population in the South, and more African Americans living in the Midwest, in the Northeast, and on the West Coast. But within these regions, there was a dramatic re-segregation occurring between city and suburb, or between white suburb, and non-white suburb.

Teacher: Is there a paper trail that someone could point to, and say this was intentionally done? Prof. Freeman: Absolutely. The paper trail is in the National Archives, in maps that the

federal government produced that rated the risk level of lending in different neighborhoods. They literally mapped the entire United States. The criteria were explicit. If it was a racially integrated neighborhood, it had to be rated in the lowest of the four categories. There were other categories, too, such as what percentage of people worked in professional vs. manual labor jobs. But race and religion were built into the rating system, and this rating system was widely used by lenders.

Another piece of intentional discrimination -- and this was not just true in the suburbs, it was true in cities, too -- was that when African Americans moved into white neighborhoods they would have stones thrown at them and their houses burnt down and their kids shot at. This is not to say that everyone who moved to a white suburb was moving there for a racial motivation, or wanted to preserve a racial divide. But on many different levels the discrimination was institutionalized and repeated. There has never been much of a national debate about whether we should, or shouldn't have, racial segregation in our neighborhoods. And the implications of segregation are enormous. The most obvious is school segregation. The Supreme Court case of *Brown versus Board of Education* is 1954. How do you enforce the idea of school segregation when you're really dealing with federal policies

encouraging the rebuilding of American in a way that ensures that people of different skin colors won't live together?

One last topic to touch on today comes with the movement of jobs, and changes in the types of jobs that are being created. What happens in New York is pretty typical of the experience of other northeastern and Midwestern cities. Through the 1950s and '60s, the number of jobs in New York stays relatively stable. It grows just a little bit. But there's a huge growth of jobs in the surrounding suburban areas. And the newer industries tend to be in the suburban areas. When IBM builds its factories, it builds them up in the Hudson Valley, it doesn't build them in the city. Strangely enough, New York City had an aircraft manufacturing industry. They used to build fighter planes during World War II in Long Island City if you can imagine that. And it was also the center of military electronics, which had just begun during World War II. Well, after the war, these are boom industries. The Cold War is good for military spending. And these enterprises day in the region, but where do they go? They go to Long Island -- Republic, and Lockheed, and Sperry. Sperry used to be in Brooklyn and Queens, but it moved out to Long Island. It was a good location, with lots of available housing. Where's the available housing? Levittown. Who could live in

Levittown? White people. So, as you have changes in employment patterns, it cross-cuts with these residential patterns.

As manufacturing begins to move out of the older cities, the kind of jobs that had been so effective in providing upward mobility for immigrants, for the Irish on the docks, for the Italians, and the Jews, and other immigrant groups, are disappearing. They begin to disappear in New York in the late 1950s, and '60s and '70s. We lose about a quarter of our manufacturing jobs by 1970 and lose 2/3 of what's left in the years that follow. Once we had here the kinds of industries where newcomers to the city -- whether they were coming from Puerto Rico, Italy, or Alabama -- could find relatively stable, relatively well paid jobs, even if these were people without much training or schooling. Those jobs begin to disappear to be replaced by service sector jobs. Now, some of these could be very good jobs. They could be in the finance industry, or health professions. But the largest group of service sector jobs were relatively unskilled -- the pay was lower and there were fewer benefits. So the economic base deteriorated during these same years. This had a number of implications. One was that the fate of people coming into the city in 1950 and '60 was different than the person who came in 1910 and 1920 when you had an expanding manufacturing job market. And the tax base suffered.

As middle class people moved out to the suburbs and some industries left the city, two contributors to the tax base were disappearing. Many of the people moving into the city in the 1950s came from rural areas. They were poor; they needed a lot of social services. So cities were attracting people who needed more services than before, and the tax base was declining, or not growing at the same rate. By the early 1970s, New York City is chronically in debt. The city exists by borrowing money quite recklessly. And that's why we nearly go bankrupt in the 1970s. That's when tuition was imposed at CUNY, that's when the subway fare began going up by leaps and bounds. That's when hospitals close. So in effect, what New York City discovers in the 1970s is you can't swim against the national tide forever. You can't have a path of development in one part of the country that's completely at odds with the overall thrust of the government as a whole. It's not as if New York instantly becomes just like everybody else. It's still a very different place. You still have rent control, and lots and lots of things that no one else in the country would even think about. But we no longer go farther down our own path.

What I'm saying is that the thrust of national policy made it increasingly difficult to experiment with doing things differently, as New York City had been doing for a long time.

So, today, if you live in New York, Roosevelt's Economic Bill of Rights seems like a message from Mars. You don't have to live in a conservative anti-government part of the country to say, "Who said that?" It rings odd even to our ears here in New York, because we have become part of the more general path of national development.

[end]