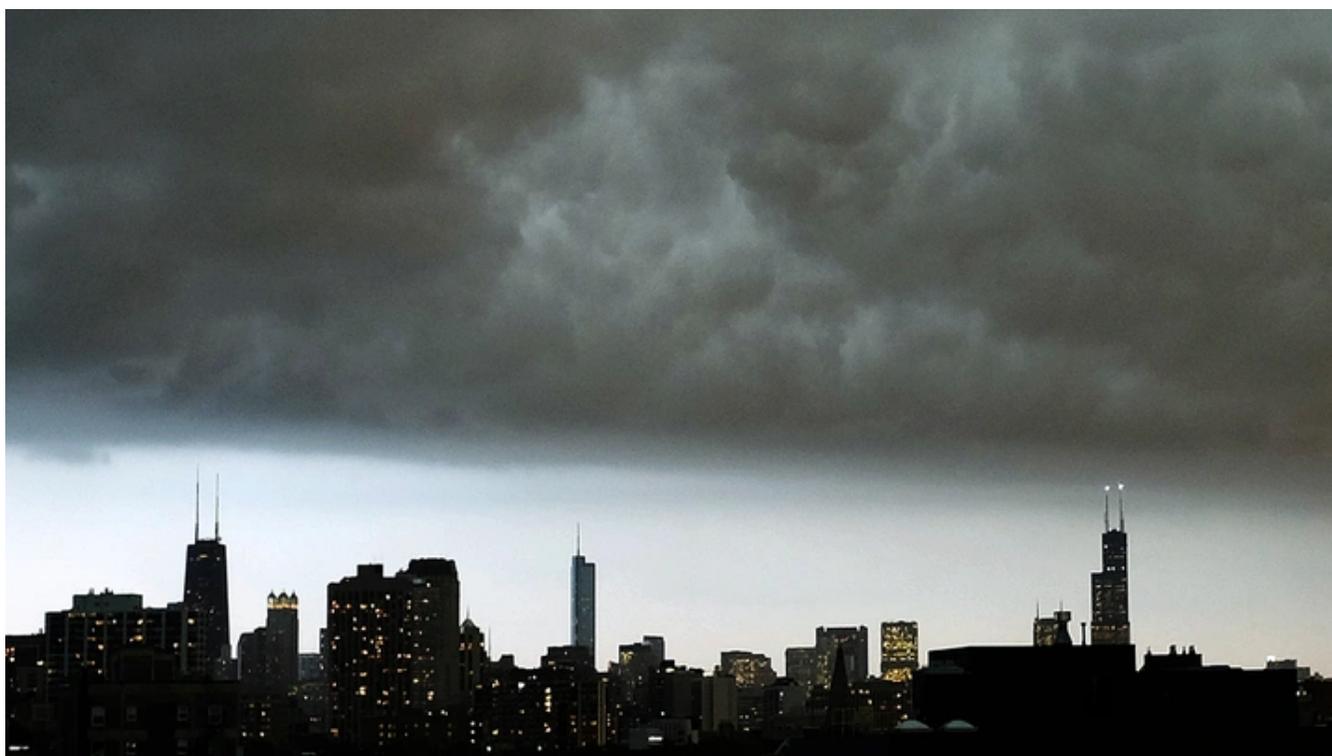


BUSINESS

Chicago's Awful Divide

Americans are flocking to big cities to find good jobs—opportunities that remain disproportionately out of reach for the poorest residents already living there.

ALANA SEMUELS MARCH 28, 2018



KIICHIRO SATO / AP

CHICAGO—Americans hear a lot these days about the country's urban-rural divide. Rural counties are poorer; urban ones richer. Rural areas are losing jobs; urban ones are gaining them. People with a college education are leaving rural areas. They're moving to urban places.

Behind this divergence lies a straightforward story: The twin forces of globalization and technological change are enriching a handful of big urban areas, while resources are drained from the heartland, leaving it often devoid of opportunity and prosperity. But this neat division, rural versus urban, erases another part of the story of America's changing economy: the pressure that those twin forces are exerting within cities, pulling some people up to the very top while pushing others to an unforgiving bottom. In some prosperous cities, such as Chicago, where the number

of wealthy census tracts has grown fourfold since 1970, people at the bottom are struggling as much as they always have, if not more—illustrating that it's not just the white rural poor who are being left behind in today's economy. The disconnect is why Andrew Diamond, the author of *Chicago on the Make*, has called Chicago “a combination of Manhattan smashed against Detroit.”

Like many of America's biggest cities, Chicago has thrived in the globalized world—at least on a superficial level. The evidence is everywhere, from the gleaming office towers and condos going up alongside the river to the prosperous international companies like Motorola Solutions, the whiskey giant Beam Suntory, and GE Healthcare that have relocated their headquarters to downtown. In May, the unemployment rate for the Chicago metropolitan area sank to 4.1 percent, the lowest since the government started tracking it in 1976. (It has since ticked back up to 5.3 percent.) Almost one-quarter of households in the city of Chicago earned more than \$100,000 a year in 2016, according to census data. These factors are part of why Chicago was one of just four U.S. cities to be named one of PricewaterhouseCoopers's “Cities of Opportunity,” in its periodic report on places that foster economic innovation and “common wellbeing.”

But this prosperity isn't filtering down to people like Brastell Travis, a 21-year-old who lives in the city's Englewood neighborhood. Many mainstream economists believe that it should: In theory, people who live in booming cities with a highly educated population will have more opportunities than those in rural areas because the successful workers in cities will spend money, creating jobs for less-educated people. For each new job for an educated worker in a city, five additional jobs are created for people like construction workers, waiters, and hairdressers, according to research by Enrico Moretti, an economist at the University of California, Berkeley. Someone like Travis, who has lived in Chicago his whole life, just miles from this growth, should be surrounded by good job opportunities.

Travis couldn't afford college, but he wanted a good, steady job with a solid paycheck, so he decided to become a welder like his grandmother before him. But after taking a 13-week course to get a welding certificate, Travis hasn't been able to find a full-time job in Chicago. He's currently piecing together two part-time jobs that both pay minimum wage. Part of the problem, he told me, is that kids that grow up in neighborhoods like his often don't know how to apply to jobs or where to seek out help. “I think there's not as many resources as there are in other

neighborhoods,” he told me. Meanwhile, because of where he went to high school, he can’t apply for jobs in certain neighborhoods, because he could become a target of violence if he goes to the wrong areas of town, he said.

Why are large swaths of Chicago’s population unable to get ahead? There are two main reasons. The first and most obvious is the legacy of segregation that has made it difficult for poor black families to gain access to the economic activity in other parts of the city. This segregation has meant that African Americans live near worse educational opportunities and fewer jobs than other people in Chicago. City leaders in Chicago have exacerbated this segregation over the years, according to Diamond, channeling money downtown and away from the poor neighborhoods. “Public policies played a huge role in reinforcing the walls around the ghetto,” he told me.

The second factor is the disappearance of industrial jobs in factories, steel plants, and logistics companies. Half a century ago, people with little education could find good jobs in the behemoths that dotted Chicago’s south and west sides. Now, most of those factories have moved overseas or to the suburbs, and there are fewer employment opportunities here for people without much education. Chicago underscores that it’s not just white, rural Americans who have been hard hit by the disappearance of manufacturing jobs.

These two factors have compounded each other, with people stuck in segregated neighborhoods, unable to access the education or job opportunities that could help get them out. Meanwhile, the middle-class black families that once sustained neighborhoods in Chicago continue to leave for even better opportunities—Chicago lost 181,000 black residents between 2000 and 2010, most of them middle-class people who could afford to pick up and move elsewhere—which further widens the gulf between the rich and poor.

The repercussions of missing out on this economic boom are huge for people like Brastell Travis. There are jobs in the suburbs, but he can’t get to them to even apply—he doesn’t have a car. He can’t travel to many neighborhoods in Chicago, he told me, because of gang turf wars that often end up harming innocent people from one neighborhood who end up in another. When he applies to jobs, he’s told he needs a college education. “In school, they tell you to go to college, but I don’t have the grades,” he told me. “They don’t tell you how to find a job.”

For a long time, Chicago represented a step up for many African Americans. Some 6 million of them left the oppression and violence of the Jim Crow South for industrial cities like Chicago during the Great Migration, which began in 1916. African Americans who settled in northern cities like Chicago, New York, and Detroit earned at least twice as much as those who stayed in the South in 1930, according to work by Leah Boustan, an economics professor at Princeton.

Many jobs were located along rail routes outside of Chicago's central Loop area. By the mid-1950s in North Lawndale, for instance, a predominantly black neighborhood on Chicago's west side, a Western Electric plant employed over 43,000 workers, an International Harvester plant had employed 14,000 workers, and the headquarters of Sears, Roebuck and Company employed 10,000 people, as the Harvard sociologist William Julius Wilson documented in his 1996 book, *When Work Disappears*. People employed in manufacturing spent money on goods and services, creating jobs in the neighborhoods where they lived. For every black man who worked at a factory, others found jobs at restaurants and grocery stores and shopping centers where manufacturing workers spent their money, most of which were located near where workers lived, in the city's south and west sides.

Of course, not everything was rosy for black Chicago residents, even during manufacturing's heyday. As my colleague Ta-Nehisi Coates documents in his seminal June 2014 cover story, "The Case for Reparations," African Americans with the money to buy homes in Chicago were prevented from doing so by policies like redlining, which made it impossible to get a federally backed loan for homes in majority-black neighborhoods. African Americans were also kept out of certain neighborhoods through racially restrictive covenants—Coates writes that half of Chicago's neighborhoods were effectively off-limits to blacks by the 1940s. At the same time, the Chicago Housing Authority was building public housing in predominantly black neighborhoods, further amplifying segregation. And when black residents did finally begin moving into majority white neighborhoods, real-estate agents encouraged white homeowners to list their homes for sale and decamp for the suburbs, telling them their home values would soon drop.

Segregation is problematic in many ways, but this isolation proved especially devastating when big employers in these neighborhoods began to move out in the 1960s. The huge Western Electric plant closed in the 1960s, Sears moved its headquarters downtown, and the Hawthorne plant began to cut back operations

and finally closed in 1984, according to Wilson. When the big plants left, so, too, did smaller businesses like banks and gas stations that relied on the business of the people who had worked at the big companies. Wilson estimates that North Lawndale lost 75 percent of its businesses from 1960 to 1970 alone. Businesses weren't only leaving North Lawndale. In the South Side of Chicago, for instance, steel plants like Acme Steel and factories like the General Mills cereal plant began to close. There were 11,646 retail jobs in the Back of the Yards neighborhood on Chicago's near South Side in 1970, according to a report by the Great Cities Institute at the University of Illinois at Chicago. By 2015, there were just 1,849 such jobs. Some businesses moved to the suburbs—Wilson writes that over a 20-year period ending in the 1990s, the majority of the jobs created in the Chicago area were in the northwest suburbs, where black residents made up less than 2 percent of the population. Others moved operations overseas.

Meanwhile, as jobs disappeared, there was little effort put into replacing them. While today, government agencies are spending money retraining white working-class workers who lost their jobs because of outsourcing and automation, little such effort went into helping the newly unemployed black residents of Chicago. “When the decline started, there was no replacement of those industries, no forethought given to, ‘How do we replace what went away?’,” Shari Runner, the CEO of the Chicago Urban League, told me. In 1960, 33 percent of black workers in Chicago were employed in manufacturing, according to a report by the Great Cities Institute. By 2015, just 5 percent of black workers were employed in manufacturing. Low-skilled workers were left to compete with each other for the few jobs left.

The disappearance of industrial jobs and the businesses that supported them jump-started a downward spiral in many neighborhoods. As joblessness began to rise, the neighborhoods changed from ones where most people were employed to ones where some people were employed. As Wilson documents, 70 percent of black men nationwide worked full-time, year-round in the 1970s—but by the 1980s, only half did. As more men stopped working, neighborhoods became places where the majority of people no longer worked or did much that was otherwise productive during the day. “There’s a qualitative shift in the neighborhood, and it becomes a cycle, where people begin to feel like it’s dangerous, like they want to move out,” Chad Broughton, a sociologist at the University of Chicago, told me. Once

neighborhoods began to feel unsafe and unstable, black middle-class families who could afford to live elsewhere moved out.

This emptying-out was detrimental for the people who remained for many reasons. Kids growing up in neighborhoods that once had a good mix of middle-class and low-income families were now surrounded predominantly by people who weren't working, or who were struggling. They had fewer role models who had good jobs, who graduated from high school, who went to college. The social networks and connections available to people make a big difference in how they see the future.



A student at a school in the North Lawndale area of Chicago, where officials estimate that 8 percent of students are homeless at some point during the year (Paul Beaty / AP)

That's been the experience of Kenneth Graves, who was born in 1977 and raised on the South Side of Chicago. He's been cycling in and out of full-time work for more than a decade. Being surrounded by violence and drugs made it hard to think about

doing well in school, or going to college, or even getting a good job, he told me. “If you’re in an environment where you see nothing but nice roses and nice people with good vibes, people living the way you’re supposed to live as a citizen, then it’s like a role model, you can do the same thing,” he said. “But if you’re in an environment where it’s crackheads and fights and arguments and gangs and poverty, it motivates you to do that as well.”

The people who remained also had less access to stable, good-paying employment. Today, the bulk of jobs in Chicago are located in the Loop area or North Side neighborhoods, according to the Great Cities Institute. Up to 700,000 jobs are located within a 30-minute train or bus ride from the Loop and North Side, according to the organization, while just 50,000 jobs are located within a 30-minute commute on public transit from the South Side. “The investment in those places where there is a lot of growth, and where the city is booming—the Loop, for example—are not the places where most African Americans live,” Runner, of the Chicago Urban Institute, said.

This lack of good jobs means that African Americans who are stuck in segregated neighborhoods but who want to work usually have to travel far to find good opportunities. I talked to Cyrus Walton, a 20-year-old who lives in Chicago’s Englewood neighborhood. Walton graduated high school in 2015 and found a job working at UPS. But he eventually had to quit because his start time was 3 a.m., and it was difficult to get to the facility, which was 45 minutes away, from his house in the middle of the night without a car. He said it was nearly impossible to get a job closer to home—he’d apply but be told the companies weren’t hiring. Meanwhile, he’s stuck in the neighborhood where, he told me, “you have to look over your shoulder every five minutes.”

Chicago has one of the worst unemployment rates in the country for people in their early 20s. People in that age group are worse off than they were in 1960, according to a [separate report](#) by the Great Cities Institute. Around 40 percent of black 20-to-24-year-olds in Chicago are out of work and out of school today, compared with 7 percent of white 20-to-24 year-olds in Chicago.

Some researchers say that the lack of economic opportunities for youth has given rise to a cycle of violence that ravages neighborhoods on the South Side. Murders in Chicago increased by 58 percent between 2015 and 2016, and the number of

nonfatal shootings grew by 43 percent, according to the University of Chicago Crime Lab. “If you’re in a low-opportunity area, the hypothesis is that having fewer economic opportunities available makes it hard to make a living outside of a black-market economy,” said Katie Buitrago, one of the authors of a report about the intersection of poverty and violence for the Heartland Alliance. As violence racks neighborhoods, the cycle of disinvestment continues, as more businesses and families leave.

In Chicago, unlike many global cities, the neighborhoods that struggled 30 years ago are still the neighborhoods that struggle today. While New York’s East Village has changed completely in the past three decades, Chicago’s Englewood has been slower to change.

Chicago residents have what Robert J. Sampson, a Harvard sociologist, calls “mental maps” of the city—deeply held perceptions about different neighborhoods. Many people, black and white, see large swaths of Chicago as places they would never live, no matter how affordable the rents or good the amenities. So while wealth is creeping into some poor neighborhoods in cities like New York or Los Angeles as upper-class people move back to cities, less gentrification has taken place in poor, black neighborhoods in Chicago. “In racially segregated cities, people look at the city in different ways—they won’t even consider moving to entire quadrants of the city,” Sampson told me. In a study of Chicago published in the *American Sociological Review*, Sampson found that Chicago neighborhoods that were more than 40 percent black didn’t gentrify. As middle-class residents stay out of such neighborhoods, so too do the businesses that they would patronize. The decades-old legacies of segregation, far from being reversed, are instead being reinforced.

As the divide between rural and urban Americans becomes more pronounced, commentators from all over the political spectrum have advice for the white low-income people living in economically depressed rural areas: *Move*. Move to big cities, or to booming states like Texas, or to anywhere that is not a low-opportunity town that has seen economic opportunity pass it by. The idea is that global cities like Chicago, Los Angeles, and Seattle will improve the fortunes of anybody who moves there, through higher wages and more work opportunities. But global cities don’t mean economic fortune for everyone. African Americans living in segregated

neighborhoods in Chicago actually have worse economic outcomes than African Americans in less-prosperous cities. Between 2000 and 2015, median wages for black workers in the Chicago area fell 17 percent, to \$26,494. Meanwhile, in comparable cities like Los Angeles and Washington, D.C., they rose—by 1 percent in Los Angeles, to \$33,909, and by 2 percent, in Washington, to \$39,782. About 34 percent of African Americans in Chicago live in relative poverty, meaning they earn less than half of the local minimum wage. That's compared to 25 percent of those in Los Angeles and 30 percent of those in Washington, according to Brookings. "Being a global city doesn't also mean that you can't be exclusionary and leave a lot of your population behind," Alan Berube, a senior fellow at Brookings' Metropolitan Policy Program, told me. The unemployment rate for blacks in the Chicago metropolitan area in the beginning of this year was 16.2 percent, compared to 4.7 percent for whites, according to the National Urban League. (In San Antonio, by contrast, the unemployment rate for blacks was 6.4 percent, compared to 4.5 percent for whites.) Chicago, the most segregated city in America, shows what happens when groups are separated by race and income for decades.

Aaron Dawson, a 35-year-old, grew up on the city's west side. Dawson faced many of the same challenges of other people who grew up in rough neighborhoods in Chicago—he was raised by a single mother, he struggled with alcoholism, and his cousin, who was like a brother to him, was murdered in Englewood. But, Dawson told me, "My mother was a big advocate of me getting out of the neighborhood." Rather than going to his struggling neighborhood school, Dawson attended high school in the wealthy Lincoln Park neighborhood of Chicago. He always tried to leave his neighborhood as much as he could, he told me, taking the train downtown to walk around the Loop, and just people-watch. Leaving his neighborhood illuminated to him just how depressed it was. "On the west side, the culture is that it's cool to stand on the corner and sell drugs," he told me. Dawson now works for a downtown nonprofit, Cara Chicago, which helps homeless and at-risk individuals find jobs. He attributes his success to leaving the neighborhood where he lived. "I was able to get out of that neighborhood, know there were things other than those four corners," he told me.

But many African Americans living in Chicago don't have that option. Housing in high-opportunity neighborhoods is expensive. And many times, people don't have the resources needed to help them move. After Chicago began in the 2000s to dismantle its public-housing complexes, for example, families received vouchers

that they could use to move elsewhere. But many of the families still ended up in impoverished neighborhoods, for many reasons. They didn't know how to find housing in better neighborhoods, they couldn't afford better neighborhoods with their vouchers, and they felt more comfortable with what they knew. A federal program that would have allowed voucher holders to use the vouchers in more upscale neighborhoods in selected cities, including Chicago, was suspended by the Trump administration in August.

Of course, it might not be logical to try to uproot every black Chicago resident who lives in concentrated poverty to a better neighborhood. People leaving the neighborhood is part of what led to this decimation in the first place. What many residents of Chicago's poorest neighborhoods want to see is a return of businesses, of middle-class residents, of opportunity. This has happened only to a small degree so far. More than a year ago, for example, developers opened a new shopping complex with a Whole Foods, Chipotle, and Starbucks in a struggling area of Englewood. The city subsidized the development, and the stores coming in promised to hire local residents and provide shelf space for local businesses to sell their goods. Developers hoped that other projects would soon follow. "It's like dropping a rock in the water. You get a ripple effect to go out from there," Leon Walker, a managing partner of DL3 Reality, which developed the shopping complex, told me. A microbrewery plans to open up across the street from the Whole Foods in the fall.

It could take a long time for those ripples to reach out across other areas of the city, where low-income black residents are still looking for the good jobs that are supposed to come with a city's improving prosperity. A few store openings in Englewood, after all, can't make up for decades of industries closing their doors and moving away. New jobs may just be slow to come, and may spread out year after year, block by block. Or, Chicago could be the example that proves economists wrong. In the American economy today, there's no guarantee that improved conditions benefit everyone. Cities are doing better and better in today's economy. But at the same time, some of their residents are doing worse.

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