

THE ECONOMICS OF THE CIVIL RIGHTS REVOLUTION

Gavin Wright
Stanford University

Forthcoming in Winfred O. Moore, Jr., and Orville Vernon Burton (eds.), *Toward the Meeting of the Waters: The Civil Rights Movement in South Carolina*

Revised 2006

Economics and economic history are usually neglected step-children at sessions on Civil Rights history. This neglect is unfortunate, because expanding economic opportunity was an important motivation for the Civil Rights movement from its earliest days. And the perception of failure on the economic front is generally the main reason for pessimistic assessments of the movement's overall success. Glenn Eskew concludes his book on Birmingham: "Clearly the civil rights movement failed to solve the problems experienced by many black people. The movement...gained access for a few while never challenging the structure of the system."¹ . After telling the story of the movement in Tuskegee, Alabama, Robert Norrell reports: "The attainment of political rights in the 1960s had raised the hopes of poor blacks for material advancement...Most of the hopes for economic advancement were disappointed, however."² One often hears that integration inflicted heavy losses on black business communities, leaving the overall balance unclear. Peter Applebombe writes that the Civil Rights revolution was "a mixed blessing for southern blacks, who won a measure of integration into a white world at the expense of some of the enduring and nurturing institutions of the old black one." Applebombe reports that black nostalgia for the era of segregation has become "a common theme throughout the South."³ According to Robert E. Weems, Jr.: "White-Owned businesses, rather than unfettered black consumers, were the primary beneficiaries of the Civil Rights Act of 1964."⁴

Are these appraisals accurate? We will not know until the full economic history of the Civil Rights revolution has been written, and this project has barely begun. As one economic historian said when asked about the impact of the French Revolution on world economic growth: "It's too early to say." This presentation attempts a modest beginning by surveying the record of the movement from an economic perspective. South Carolina evidence is highlighted where possible, but perhaps the core propositions pertain to the regional as a whole.

I argue first, that the Civil Rights revolution was an economic as well as a political and social revolution, and that its effects included economic gains for blacks in the South that were tangible and enduring; second, that the Civil Rights revolution was a liberating economic breakthrough for the Southern regional economy as well as for its black population; and third, that the black presence in economic as well as political life continues to be a distinguishing feature of the South, another lasting consequence of the Civil Rights revolution of the 1960s.

Economic Goals of the Civil Rights Movement

Although one may read many historical accounts without realizing it, demands for economic justice were an important feature of the grass-roots mobilizations that we now know as the Civil Rights movement. Clearly there was an economic dimension to the campaigns for equal treatment of blacks as consumers – at lunch counters, movie theaters, hotels, amusement parks – which were the immediate objects of pressure in boycotts of downtown business districts. But just as prominent were the demands for “responsible jobs” that had long been denied to blacks, no matter how large the black share in the local population or consumer base. As documentary support for this assertion, let me introduce into evidence this flyer from Warrenton, North Carolina, summer of 1963.

[flyer about here]

Note the use of traditional American political rhetoric (“Citizens Who Truly Believe in Real Democracy”) in support of both consumer rights and employment rights: “Why Spend Your Dollars In Any Store Where They Do Not Hire Any Negroes In Responsible Jobs?” Similar examples can be found throughout the South. In Birmingham, pickets wore sandwich boards that read: “Don’t buy where you cannot be a salesman,” and continued their pressure until each of the five downtown department stores had hired at least one black clerk.⁵ Calls for equity in municipal hiring were also prominent.

In industrial settings, black workers had long struggled against segregated promotion lines that denied them access to higher-paying skilled and supervisory positions – if indeed they were not excluded entirely from the industry, as was virtually true in the case of textiles. For those inclined to believe in the power of economic incentives, it is chilling to acknowledge how readily southern employers acquiesced in these discriminatory policies, including northern firms with southern plants such as the Scott Paper Company.⁶ In Alabama, with one of the longest industrial histories in the South, a survey of firms in all major branches of the economy found not a single case before the 1960s where management:

drawing on cost calculations, business norms, or some abstract concept of justice, chose to desegregate the work place or break down job discrimination...Even in retrospect, off the record, within the confines of their own offices, businessmen did not recall that the racial order created any “impediments” or “difficulties” for their enterprises.⁷

African-American workers struggled against these barriers for years with little success. But they were keenly aware of the relevance of the movement for their objectives.

Taking a longer view, Civil Rights goals of integrated schools and access to higher education constituted demands for participation in career opportunities that white southerners had long enjoyed. In the wake of agricultural mechanization, economic prospects for blacks in the South grew steadily bleaker throughout the 1950s. The outmigration of four million African-Americans between 1940 and 1965 reflects the absence of realistic hopes for advancement within the region.

The Civil Rights Revolution and the Labor Market

The federal legislative breakthroughs of 1964 and 1965 had a dramatic effect on this situation. Let me concentrate here on the textiles industry, the most extreme example of segregation and the most discontinuous break with historical practice. Southern textiles had been virtually all-white for one hundred years until the 1960s. But the share of black employees in South Carolina textiles jumped from less than 5 percent in 1963 to more than 20 percent in 1970, rising to more than one-third by 1980 (Figure 1).

[Figure 1 about here]

A detailed case study by economists James Heckman and Bruce Payner confirms the close association between integration in textiles and the passage of the Civil Rights Act of 1964, effects largely driven by federal pressure exercised through government contracts.⁸ Similar patterns were observed in all the southern textiles states.

This breakthrough was an authentic part of the Civil Rights movement, not just through “top-down” channels from Washington, but in the minds of the participants. Floyd Harris, one of the first black textile workers in West Point, Georgia, recalled:⁹

I was active in the social revolution that went on from the fifties, through the sixties and early seventies, so I was aware of what the black leaders were talking about. We wrote the laws and they passed the Civil Rights bill, and I knew that if the federal government made it a law it'd have to be followed. Our management here is smart, and they knew it too. Besides, that was the only way they could survive.

According to oral histories, blacks in textile areas referred to integration as “The Change,” and associated it with the reversal of black regional migration between the 1960s and the 1970s.

Several aspects of the textiles story deserve closer scrutiny. One is the allegation sometimes heard that employment of blacks did not represent a “change of heart” on the part of the companies, but was merely a life-saving response to labor-market conditions during the boom years of the 1960s. Is this what Floyd Harris meant in saying “that was the only way they could survive?” Indeed there is something in this view. Textile firms did have a self-interest in employing black workers, a consideration that may help to explain the puzzle of how a small, underfunded agency such as the Equal Employment Opportunity Commission could have such a powerful impact with such limited resources devoted to overt enforcement. One mill executive wrote in 1968 that the Civil Rights bill was “a blessing in disguise for us,” because it allowed them to blame the federal government in justifying integration to resistant white workers. Timothy Minchin quotes the personnel manager of another firm: “The government gave us a nice way to facilitate it and if anybody wanted to complain about it, white people who would say ‘hey why are you hiring all of these black people,’ you’d say ‘because the government forces us to do this,’ you could place the blame on the government.”¹⁰

But the element of employer self-interest does not diminish the central role of the Civil Rights movement -- both the legislation and the broader change in atmosphere -- in promoting “The Change.” Sixty and seventy years before, textile firms faced strong incentives to hire black workers, and numerous “experiments” were conducted in Georgia and North and South Carolina. In that early case of “market-driven integration,” all of the experiments failed. When blacks were introduced into existing plants, white workers rebelled. All-black mills failed because of a lack of skills and capital – which is to say, because of a lack of patience on the part of investors – perversely confirming the prevailing prejudice that blacks could not handle factory work. Evidently, employer self-interest and tight labor markets in themselves were not enough.

Minchin also stresses that it would be quite mistaken to say that there was just one breakthrough historical moment in 1964-65, after which integration was all downhill, propelled by market forces. Although some firms were ready to jump at the first legal excuse, many others made their move only after charges were filed by the Equal Employment Opportunity Commission, or under the threat of litigation. The J.P. Stevens plant in Abbeville, South Carolina, for example, rapidly increased its hiring of African Americans after the filing of a case in 1972. Between 1971 and 1972, the share of female hires who were black tripled, from 10 to 30 percent. The proportion of black doffers jumped from 3.8 to 28.6, spinners from 9.6 to 24.5, and warper and creel tenders from zero to 16.7 percent.¹¹

Even with the backing of the federal government and the laws and supply and demand, the first pioneer black textile workers often had to cope with hostile reactions from white workers, and doubts about their competence on the part of supervisors. Minchin tells the story of a personnel manager at Dan River Mills, who in 1969 was genuinely astonished to read a newspaper article in which a textile executive claimed that blacks had proven to be good textile workers. The manager wrote to a colleague: “When I read [this] comment..., I was curious because, from all I have heard, the Negroes we are employing are shiftless, lazy, don’t want to work and leave as soon as they are hired.” So, a Dan River team undertook a systematic study of comparative worker performance in their own company, the results of which showed conclusively that blacks had lower turnover rates and absenteeism than whites, and “no discernible difference in productivity,” except that black workers scored marginally higher than whites in certain job classifications.¹²

Exactly as an economist would predict in a case of complete racial exclusion, the first cohorts of black textile workers were better qualified and performed better on the job than the average for whites; and because they had fewer outside employment opportunities, they displayed greater attachment to their textile jobs. In at least some cases, relations between the races on the shop floor were reported to have improved over time, as stereotypes on both sides were undermined by experience.¹³

Textiles was the largest southern industry, but not the only one to be integrated as the result of Civil Rights legislation and litigation. For South Carolina, we actually have rather good data on the racial employment, because of annual state labor reports established in the 1930s to enforce the segregation laws. Figure 2 displays the remarkable fact that between 1940 and 1964, 90 percent of new manufacturing jobs in South Carolina went to whites. Within fifteen years of the Civil Rights Act, more than one-third of these jobs were held by blacks, a share nearly equal to their representation in the state population.

[Figure 2 about here]

Figure 2 actually understates the significance of integration for black job opportunities, because in contrast to textiles, other southern industries employed blacks but restricted their potential for advancement by means of segregated progression lines or seniority ladders. In the paper industry, a prime growth sector in the 20th century “second wave” of southern industrialization, blacks were consigned from the beginning to heavy, low-paying, laboring jobs. Skilled positions were controlled by segregated (all-white) unions, which the companies preferred not to challenge. This racial structure showed no signs of moderating over time, but was if anything more entrenched during the 1950s than before World War II.¹⁴ In oral history recollections, both black and white workers agreed that industrial segregation would have persisted indefinitely if it had not been for the Civil Rights Act of 1964.¹⁵

As with textiles, the Act itself was only the beginning, a landmark that gave black workers the confidence to launch a series of lawsuits against companies and unions. The breakthrough in the paper industry was the 1968 decision against the Crown-Zellerbach company of Bogalusa, Louisiana, which determined that a superficially neutral seniority system could be illegal if it impeded rectification of historical restrictions on black workers to less desirable jobs. The decision led in turn to the Jackson Memorandum of 1968, in which International Paper and its southern unions accepted the principle that blacks advance to their “rightful place” on the company-wide seniority ladder. Under this system, black representation in industry blue collar jobs increased from 15 to nearly 30 percent by the 1990s, including many of the higher-paying, machine-tending jobs they had previously been denied.¹⁶ In the Alabama pulp and paper industry, minority representation in clerical and sales jobs increased from less than one percent in 1966 to 15 percent by 1981.¹⁷

Overall, national figures show a sharp upward shift in relative black incomes between 1965 and 1975. On closer examination, these gains were almost entirely attributable to black workers in the South.¹⁸ Careful econometric studies confirm the striking mid-1960s southern discontinuity in relative black wages.¹⁹ Similar discontinuities occurred in black infant mortality and other indicators of basic living standards.²⁰ Pulling the picture together, the notion that the Civil Rights revolution had little impact on ordinary people should be emphatically rejected.

Moving Up in the Labor Market

The one-time breakthroughs in previously segregated industries would not be enough to make the case for an enduring Civil Rights economic revolution. There have been many economic downs as well as ups since the 1960s, in the South as in the rest of the nation. If integrating the textiles industry were the biggest success of the movement, this would not be much of a rock on which to stand for the long haul. Employment in American manufacturing has been declining since the 1950s, especially in labor intensive, import-competing industries like textiles. Much of the disillusionment with the movement is traceable to broad trends in the national labor market, which have resulted in near-stagnation in the average real wages of labor since the 1970s, despite the continuation of economic growth. The reasons for this trend are still debated: slow productivity growth, skill-biased technology, immigration, and yes, political factors such as the weakening of unions and the decline in the real minimum wage. Although in history everything is related to everything else, most of these factors should not be seen as indirect consequences of the Civil Rights movement. But the South has by no means been spared, and blacks have been disproportionately affected.

What we can say is that education has become increasingly essential for economic advancement in twentieth century America, and that there have been long-term gains in black access to education in the South. The positive trend in relative spending on black students and educational attainment long predates the modern Civil Rights movement. From the disastrous setback that accompanied disfranchisement at the turn of the twentieth century, there was a long, slow improvement in the relative quality of black schools, propelled by agitation, litigation and private philanthropy – in short by the forerunners of the Civil Rights movement, broadly construed.²¹ For the era in which we can clearly assign resources to students by race – ironically, the era of segregated schools – we know that by such indicators as pupil-teacher ratios, term length, and relative teacher pay, black schools had progressed to near-equality with whites by the late 1950s.²² The first substantial progress in desegregation came only in the late 1960s, impelled by financial penalties for noncompliance contained in the Civil Rights Act and the Elementary and Secondary Education Act of 1965. The proportion of southern black students in schools more than 90 percent black declined from 77.8 percent in 1968 to 24.7 percent in 1972, ushering in an era in which the South has had the most desegregated classrooms in the nation. School integration brought measurable benefits in educational attainment and

earnings to black students enrolling after the policy shift.²³ Indeed, some economists attribute virtually the entire gain in relative black incomes to this long-term increase in black human capital.²⁴

The problem with this reductionist perspective is that it neglects the feedback effects from the labor market on the value of black schooling. This relationship is an old story in southern economic history. Why educate the Negro, the planter wanted to know, “when as soon as one of the younger class gets so he can read and write and cipher, he wants to go to town. It is rare to find one who can read and write and cipher in the field at work.”²⁵ Ostensibly sympathetic whites, even philanthropic northerners, believed “that it is a crime for any teacher, white or black, to educate the negro for positions which are not open to him,” and that the purpose of black schools should be to “educate [blacks] for their environment and not out of it.”²⁶ When the Rosenwald Fund sought to encourage black high schools in the 1920s and 1930s, the fund sponsored surveys of “Negro jobs” in various cities, so as to adapt the curriculum to the jobs actually available. In place after place, the responses indicated that there were no black jobs for which a high school education would be useful. Thus, black schools typically did not offer training in such subjects as stenography, accounting, bookkeeping, printing, or typing. The black high school in Greenville, South Carolina, excluded textiles entirely.²⁷

In the face of such disincentives, it is remarkable how much progress was achieved through sheer effort and willpower on the part of the NAACP. But even if resources for black schools were increased, the dampening effects of labor market discrimination on the schools could not be fully overcome in the Jim Crow era. Glaring gaps in curricula between black and white high schools were still present as late as the 1960s. By that time, training in auto mechanics was one of the more popular options in vocational education, but with a few exceptions, these courses were offered only at white high schools, not black. High school officials defended their programs by saying that their curriculum was a rational response to job availability.²⁸ Persistent black students who overcame discouragements to complete high school sometimes found that they had to conceal this fact in order to gain employment. James Fields was hired as a laborer at Union Bag in Savannah in the 1940s, and was told “they didn’t want no smart black man.” As Fields recounted: “When I filled my application out...I put ninth grade instead of twelfth, because I figured they didn’t want...no smart black man, in order to get hired.

I was hired.”²⁹

Thus we find that the labor market breakthroughs of the mid-1960s coincided with a sharp increase in the black high school graduation rate in the South, from 35 percent (of the 20 to 24 year-old population) in 1960 to 57 percent in 1970 and to 71 percent by 1977. Black enrollment in higher education grew even more dramatically, from 84,000 in 1960 (overwhelmingly in historically black institutions) to 426,000 in 1976. Complementarity between higher education and labor market desegregation is suggested by the simultaneous upsurge in recruitment visits by corporate representatives to historically black colleges, from an average of just four per school in 1960 to nearly 300 per school in 1970. The largest single component of the increased black enrollment, however, was at predominantly white institutions, from virtually zero in 1960 to 243,000 in 1976.³⁰

In recent years, many observers have expressed frustration over the fact that black enrollments in higher education have not increased as a share of the total since the 1970s, in the South as in the rest of the nation.³¹ The frustrations are real, as are the concerns for the future of historically-black institutions of higher education. But we should place these debates in historical perspective. In essence, the Civil Rights revolution of the 1960s launched an upgrading of black higher education in the South, and these gains have largely been maintained across the intervening years, despite dramatic changes in the political climate.

Economic Liberation for the Whole South?

If southern business interests stood to gain from integration, was their acquiescence essentially an expression of *regional* economic interests? Was the Civil Rights revolution an economic revolution for the South as a whole, not just for its black population? I believe the answer is yes. Unfortunately for historical methodology, it is difficult to confirm this proposition with a simple before-and-after test. The South began its convergence towards national per capita income levels around the time of World War II, a full generation prior to its emancipation in the 1960s. What we have to argue, therefore, is that the South could not have sustained its rate of economic progress, if it had not been for Civil Rights. But this case can be made.

On one level, postwar regional economic convergence had a basis in long-term trends in the scientific roots of technology, including the falling cost of distance effected by new modes of transportation and communication. Science-based technologies have relaxed many of the constraints that implicitly limited the geographic spread of modern practices to the temperate zone – air conditioning being only the most popularly cited example, by no means the only one. The result has been a steady trend towards geographic dispersion in economic activity since World War II, to the western and southwestern parts of the country as well as to the southeast.³²

As it happened, however, the proximate causes of the Southern economic “takeoff” took the form of a series of discrete historical events, beginning with national policy shifts in the 1930s and culminating with the diffusion of mechanical cotton harvesting in the late 1950s. Together, these developments tipped the political balance in southern states towards vigorous efforts to attract business through tax breaks, municipal bonds for plant construction, industrial development corporations, research parks, and expenditures on publicity far beyond those of other regions. James C. Cobb calls the phenomenon itself the “selling of the South.”³³ It was reflected not just in business recruitment but in aggressive competition for defense spending and federal transportation funding.³⁴ One still hears it said that the South has not changed all that much, deep down. But on the economic policy front, the transformation was nearly total. Numan Bartley writes: “In 1940 the *raison d’être* of Southern state governments was the protection of white supremacy and social stability; thirty years later their central purpose was the promotion of business and industrial development.”³⁵

In this first phase of the economic revolution, the South was trying to modernize economically while retaining “white supremacy and social stability.” Few of the region’s

political and economic leaders questioned the viability of this strategy at the time. But their new central purpose had unintended consequences for the race issue, when the forces of boosterism collided with the emerging Civil Rights movement in the 1950s and 1960s. The leverage of the movement derived from the fact that competition for outside capital required southern leaders to present their towns and cities as safe, civilized communities, with a labor force that was well behaved and eager for work. The most famous case in point was Little Rock, Arkansas, where a promising postwar development program came to a standstill when Orval Faubus called out the National Guard to block court-ordered school integration in 1957. Though the city had attracted eight new plants in 1957, not a single new plant came to Little Rock during the next four years. A widely discussed *Wall Street Journal* headline for May 26, 1961, read: “Business in Dixie: Many Southerners Say Racial Tension Slows Area’s Economic Gains.” In her systematic review of southern businessmen’s response to the desegregation crisis, Elizabeth Jacoway writes:³⁶

In the 1950s and 1960s, white businessmen across the South found themselves pushed – by the federal government and civil rights forces as well as by their own economic interests – and values – into becoming reluctant advocates of a new departure in southern race relations.

To be sure, more often than not these businessmen favored only the minimum accommodation necessary for an “absence of turmoil,” “community stability,” “racial harmony.” Even in the early 1960s, surveys showed that southern community leaders overwhelmingly preferred segregation, balking only at extreme measures that jeopardized their primary goal of promoting economic growth.³⁷ In a sense they had to be coerced to act in their own economic interest! But as Jacoway goes on to say: “The changes they accepted were the entering wedge for the much greater changes that have since taken place in southern life and race relations.”³⁸ Although few were willing to say so in public, many local leaders and business proprietors were privately grateful for Civil Rights legislation of the 1960s, at least after the fact. These measures largely put an end to disputes over public accommodations and employment segregation, while providing managers the ready-made excuse that the matter was no longer in their hands.

Intended or not, the results were liberating for the regional economy as well as for its African-American members. Figure 3 tracks the course of South Carolina personal income as a share of the national total, an indicator that reflects population growth as well as relative per capita income – thus representing an approximation to the developer’s view of the world. The

figure suggests that growth in the state stagnated from the mid-1950s to the early 1960s, and that the greatest expansion occurred only after the Civil Rights revolution.

[Figure 3 about here]

Accommodating the Civil Rights revolution allowed the region to return to an agenda in which support for economic growth has been the highest priority. Much of the region's continuing economic distinctiveness is traceable to this pro-growth regime. Relative to the rest of the country, the South in recent decades has been characterized by low corporate taxes; by inattention to the environmental consequences of growth; by low levels of expenditure on public education; and by a favorable "business climate," sometimes taken as euphemism for an absence of labor unions. Politically appealing or not, pursuit of this agenda has succeeded in attracting capital, enterprise, and affluent migrants into the region over an extended period

Black Southerners and the New South

Perhaps the most conclusive evidence that the Civil Rights revolution of the 1960s was real and economic is the reversal of prevailing racial patterns of regional migration. After the political breakthroughs of the 1960s, more than fifty years of net black outmigration came to an end, and blacks have been moving into the region ever since. The timing of the shift was directly related to the opening of new job opportunities. On the basis of her survey of black textile workers, Mary Fredrickson attributed the shift to “the fact that black children no longer have to leave the region to become successful, that a decent education in an integrated public school is attainable for both black and white, and that black workers are not denied industrial jobs on the basis of their race.” She quotes a black employment manager: “There is a marked difference now, and people who couldn’t get away from here fast enough are coming back comfortably.”³⁹ Evidence from the 2000 Census indicates that this trend was stronger than ever in the 1990s. Demographer William H. Frey reports that net black migration into the South was more than 579,000 during the 1990s, whereas each of the other census regions saw net black outmigration.⁴⁰ Figure 4 shows the increase in South Carolina’s black population after 1970, though that the state’s white population growth has been even faster.

[Figure 4 about here]

The attraction of the New South for blacks has economic as well as cultural, political and geographic aspects. Surveys report that as many blacks as whites self-identify as southerners.⁴¹ Although the southern black population is disproportionately poor and rural, regional black in-migrants are most likely to reside in the suburbs or burgeoning metropolitan areas. Seven of the ten fastest growing counties for blacks are in the suburbs of metropolitan Atlanta. Other areas of strong black population growth include Charlotte, Raleigh-Durham and Greensboro in North Carolina; Norfolk and Richmond in Virginia; Miami, Tampa, and Jacksonville in Florida. A story about the spread of affluent suburbanites into rural areas such as Newton County, Georgia, reports: “Many well-educated natives of the county who once assumed they would have to leave to find a good job, like Michael David, the plant scheduler at SKC, now say they are thrilled to be able to work where they grew up.”⁴² When they self-identify as southerners, very likely it is the presence of viable middle-class black communities that they find attractive. Tourist sites in the South now self-consciously cater to black visitors, especially at now-historic Civil Rights locales but also rediscovered landmarks from earlier eras.⁴³

Despite the frustrations of minority representation, the African-American presence is apparent in southern politics as well as in economic life. It is not that southern whites are more racially enlightened than American whites elsewhere: Studies recounting the persistence of racially polarized voting and of white efforts to “dilute” the black vote make depressing reading.⁴⁴ But the Voting Rights Act of 1965 did bring an end to the extreme racist rhetoric that until that time had been the hallmark of southern politics. Since then, the number of black officeholders in the South has steadily increased. Figure 5 shows the rise for South Carolina, in the two largest categories, county and municipal officials and school board members.

[Figure 5 about here]

Even if they do not control any one state, the black presence cannot be ignored in the post-Civil Rights South. Senator Strom Thurmond, who fought all Civil Rights legislation for forty years, in 1969 became the first southern senator to appoint a black staff aide, and he was the first to sponsor an African-American for a federal judgeship.⁴⁵ Political participation has had at least some positive effect on black access to government services: such things as street paving, garbage collection, recreation facilities, access to FHA loans and agricultural extension services.⁴⁶ After the election of a black mayor in Atlanta, employment of black municipal administrators jumped from 7.1 percent to 32.6 percent of the total, professionals from 15.2 percent to 42.2 percent. Inevitably, this political presence spills over into economics.⁴⁷ Although southern white public opinion is strongly opposed to race-based employment policies - a good example of a dramatic change in prevailing ideology -- Southern-based corporations are generally comfortable with affirmative action programs.

Black business leaders from the Jim Crow era often complained about the downside of integration, and with good reason. Firms that formerly catered to a semi-captive market found that the liberation of black consumers marked the demise of their competitive niche. Russ Rymer writes: “Integration became the greatest opening of a domestic market in American history, but the windfall went only in one direction...In this way, integration wiped out or humbled an important segment echelon of the black community – the nonclergy leadership class that fought so hard for civil rights and was needed to show the way to pragmatic prosperity.”⁴⁸

As real as these losses were in their time, the subsequent resurgence of southern African-American communities has generated business opportunities as well as a sense of identity. As of 1977, the majority of the nation’s black-owned businesses have been in the South. The number

of southern black-owned firms grew from 92,838 in 1972 to 330,791 in 1992, and leaped to 435,290 in 1997, keeping pace with the rise of the black population.⁴⁹ The share of firms that were black-owned was larger in the southern states than in any other part of the country. To be sure, most of these firms were small, not necessarily evidence of affluence. But the figures refute the myth that African-Americans are any less business-minded than other ethnic groups, under favorable conditions.⁵⁰

Political representation, economic and educational gains, and the rise of black-owned businesses have had mutually reinforcing effects in the South. Election of a black mayor has often had a dramatic effect on the allocation of municipal contracts.⁵¹ Atlanta is the best-known and best-documented example. The city had never awarded a procurement contract to a black-owned company until 1973. But by the end of Maynard Jackson's first term of office in 1978, minority firms accounted for about one-third of Atlanta's construction contracts. The H.J. Russell construction and development company (HJR) was founded in 1952, but its propulsion into national prominence dates from Jackson's 1974 "Atlanta Plan" for black business representation, predating federal set-aside programs by at least two years. According to Thomas D. Boston, the significance of municipal affirmative-action programs has been to allow black-owned businesses to expand and diversify away from personal services and retail trade into new, desegregated markets.⁵²

Can we identify these developments as consequences of the Civil Rights movement? I believe we can, because in my view the movement was fundamentally a southern regional phenomenon, and these patterns are distinctively regional to this day. Research on the geography of self-employment confirms a strong southern regional effect for black-owned business. The same body of research shows a significant positive association between racial income levels in a metropolitan area and the *returns* to self-employment.⁵³ This finding suggests that the linkages are essentially positive, no longer symptomatic of economic marginality. Note furthermore that the complementarity between black political representation and black business has persisted in the South even after the 1989 *Richmond vs. Croson* decision challenging racial set-aside programs, a ruling that elsewhere in the country had devastating effects on contracts awarded to minority-owned enterprises. To be sure, owners of successful businesses, black or white, constitute a relatively elite group in society. But research clearly shows that black-owned firms are far more likely than their white-owned counterparts to hire black employees, so that the

potential impact of these developments reaches well beyond the returns to the owners alone.⁵⁴

Confirming this complementarity, Figure 6 shows that median black income grew faster in the South than in any other region of the country during the 1990s. This remarkable regional trajectory has gone almost unnoticed in the national discussion about race. But by the end of the decade, median black income in the South was virtually equal to that in the Northeast and the Midwest. Median black income in the West (not shown in the figure) remained somewhat higher. Yet blacks migrated even from the high-income Western region in favor of the South during the 1990s. Clearly something was happening in the South that was not happening elsewhere in the country. Identifying the roots and implications of these developments is a challenge for both historians and economists, but it can hardly be doubted that they are outgrowths of the Civil Rights revolution.

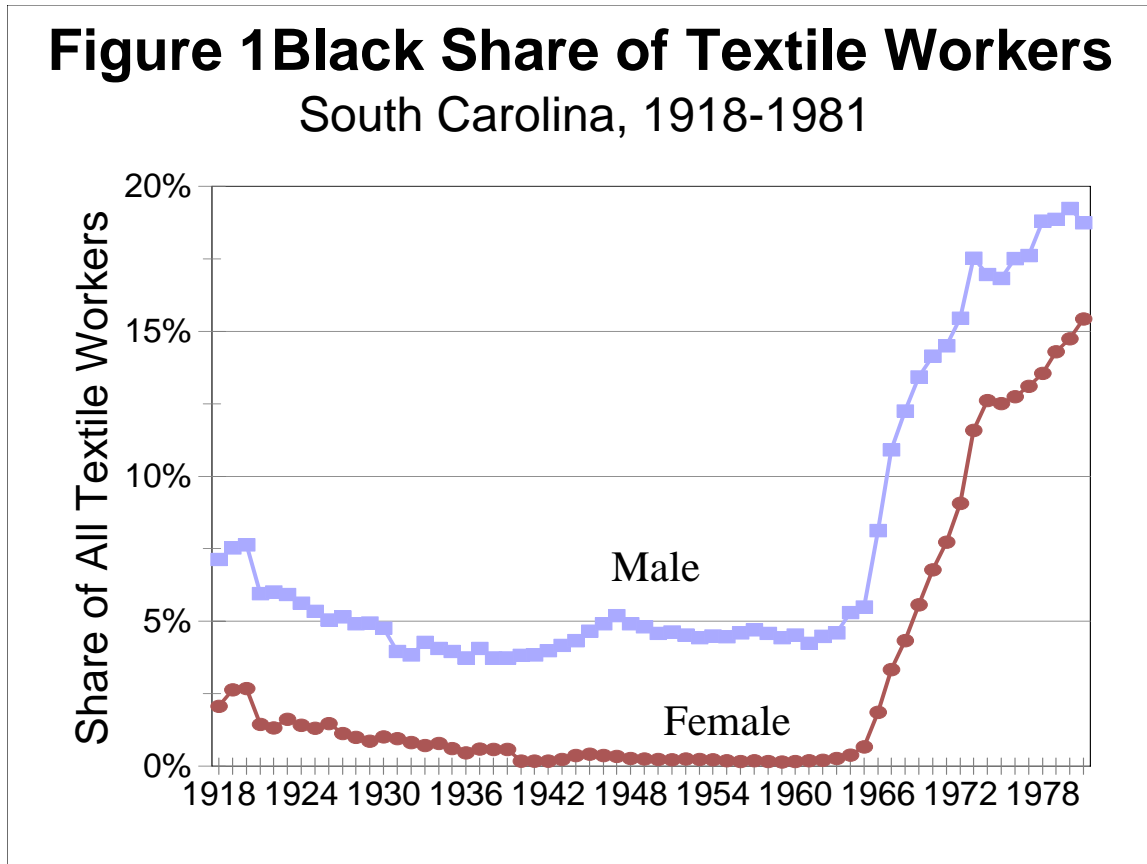
[Figure 6 about here]

Conclusion

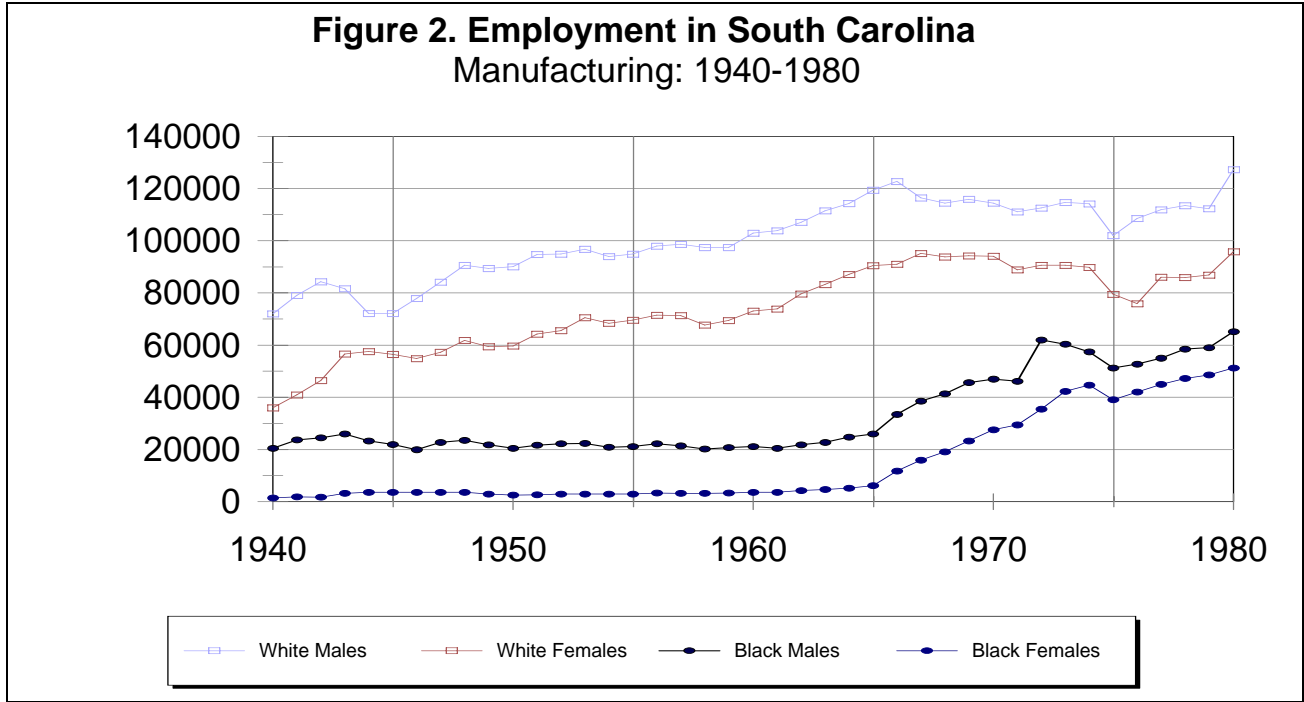
My conclusion is that the Civil Rights revolution of the 1960s was indeed an economic as well as a political and cultural revolution. In one sense it is quite correct to say that the revolution “did not challenge the basic structure of the system,” if “the system” refers to the pro-growth political regime that has prevailed for the past half-century. But it did offer access to the rewards of that regime to substantial numbers of black as well as white southerners, and this is no small matter. Many other countries and regions of the world, immersed in racial, ethnic or religious conflict, have not made or have not been able to make that kind of collective choice. When mutual suspicion reaches the level where communication is difficult and compromise agreements all but impossible to maintain, the economic costs are extremely high. Instead, the South has followed the American path of boosterism and inclusion, and given the likely alternatives, on the whole we can be grateful for that.

To emphasize the revolutionary economic impact of Civil Rights for the South is not to minimize the fragility of this legacy. For those at the lower end of the economic scales, the breakthroughs in labor markets and schooling have largely slipped away since the 1970s. Because these effects have fallen disproportionately on blacks, it is understandable that they are often experienced and understood in racial terms. Southern black political leaders have often been criticized for neglecting the poor, but municipal and county leader have not been in position to defy the global economic and technological forces that have undermined labor market opportunities for low-income workers. Worse than this, partisan realignment within the South – a phenomenon that may be seen in part as a lagged response to the Civil Rights revolution – has generated a set of regional representatives who take a reactionary position in national politics, opposing measures that would moderate the impact of market forces and improve the life chances of ordinary people. These are national as much as regional issues, but persistent racial polarization in the South makes escape from this political outcome difficult.

All complex historical events have multiple consequences, mostly unintended and almost always beyond the range of prediction at the time. The adverse reactions just described are neither inevitable nor eternal. We will be in better position to cope with them if we first appreciate the momentous character of the economic changes brought about by the Civil Rights revolution in the South.

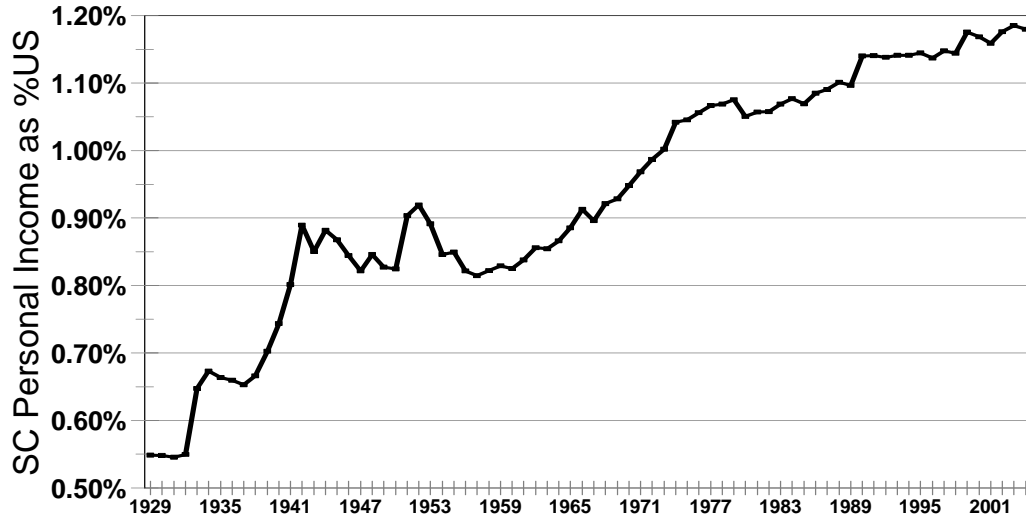


Source: South Carolina Department of Labor, Annual Reports.



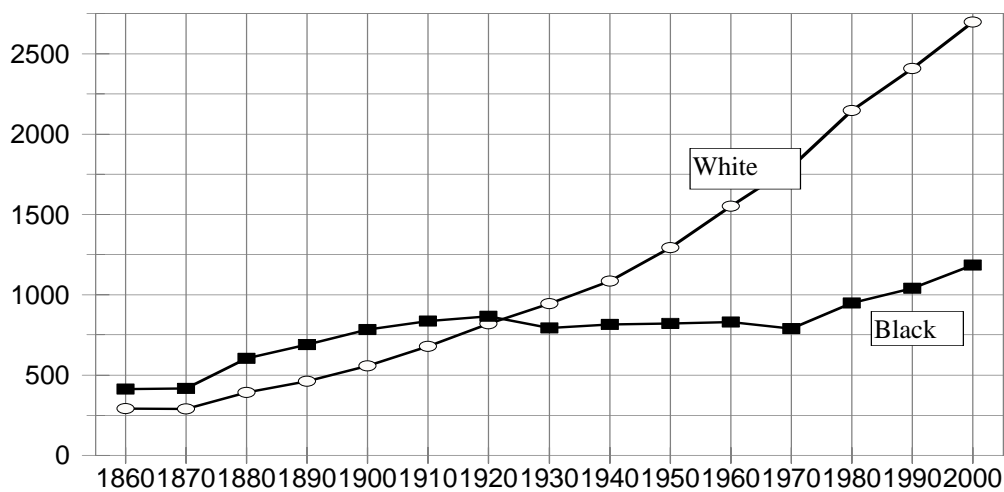
Source: South Carolina Department of Labor, Annual Reports.

Fig 3 South Carolina Personal Income
1929-2004



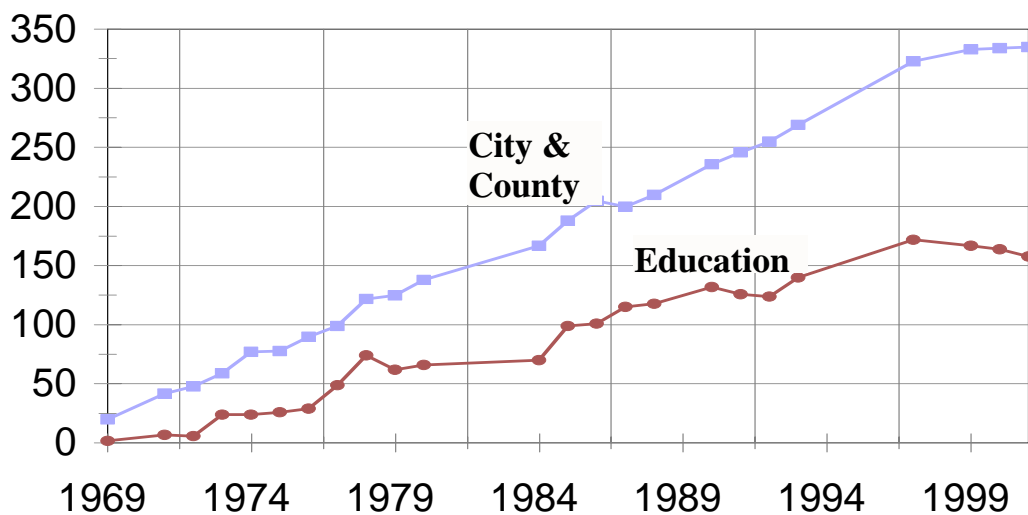
Source: U.S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1970 (1976), pp. 243-245; Statistical Abstract of the United States.

**Figure 4. South Carolina Population
By Race, 1860-2000**



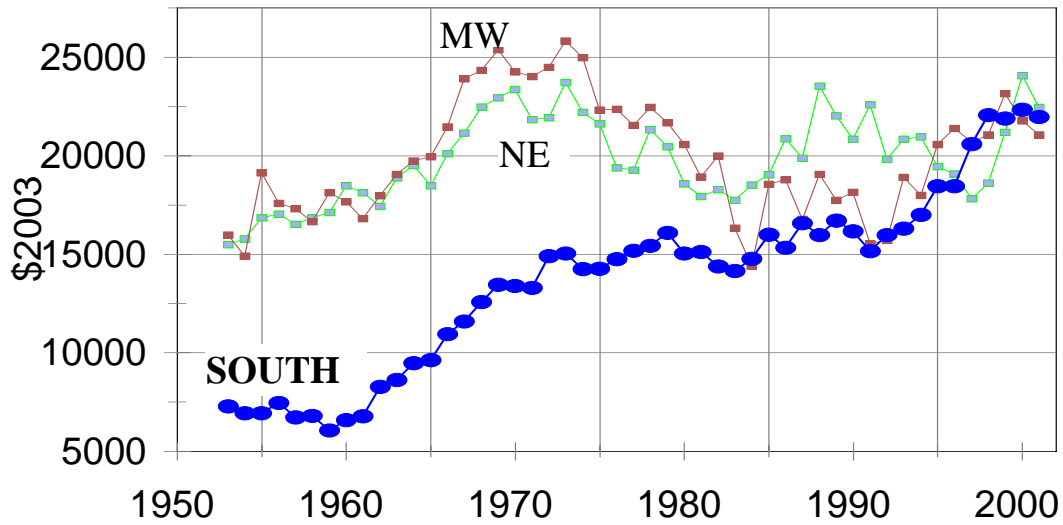
Source: Susan B. Carter et al, Historical Statistics of the United States, Millennial Edition (Cambridge University Press, 2006), p. 1-337; Statistical Abstract of the United States.

Fig 5. Black Elected Officials
South Carolina, 1969-2001



Source: Joint Center for Political and Economic Studies, Black Elected Officials, various issues.

**Figure 6. Median Black Male Income
By Region, 1953-2001**



Source: United States Census Bureau, Current Population Survey, Annual Social and Economic Supplement [<http://www.census.gov/hhes/www/income/historinc/p05b.html>]

Notes

¹ Glenn T. Eskew, But for Birmingham: The Local and National Movements in the Civil Rights Struggle (Chapel Hill, NC: The University of North Carolina Press, 1997): 331.

² Robert J. Norrell, Reaping the Whirlwind: The Civil Rights Movement in Tuskegee (New York: Alfred A. Knopf, 1985): 206.

³ Peter Applebombe, Dixie Rising: How the South is Shaping American Values, Politics and Culture (New York: Random House Torchbooks, 1996): 17, 215.

⁴ Robert E. Weems, Jr., Desegregating the Dollar: African American Consumerism in the Twentieth Century (New York: New York University Press, 1998), p. 69.

⁵ Eskew, But for Birmingham,:199, 326.

⁶ Timothy Minchin, The Color of Work: The Struggle for Civil Rights in the Southern Paper Industry, 1945-1980 (Chapel Hill: UNC Press, 2001): 8, 17.

⁷ Stanley Greenberg, Race and State in Capitalist Development (New Haven: Yale University Press, 1980): 231-233.

⁸ James J. Heckman and Bruce Payner, “The Impact of the Economy and the State on the Economic Status of Blacks: A Study of South Carolina,” American Economic Review 79 (1989): 138-177.

⁹ From oral history reported by Mary Fredrickson, “Four Decades of Change: Black Workers in Southern Textiles, 1941-1981,” Radical America 16 (1982): 73.

¹⁰ Timothy Minchin, Hiring the Black Worker: 51; “Federal Policy and the Racial Integration of Southern Industry,” Journal of Policy History 11 (1999): 157-158.

¹¹ Minchin, Hiring the Black Worker: 59.

¹² Minchin, Hiring the Black Worker: 266-67

¹³ Minchin, Hiring the Black Worker: 116, 182-3.

¹⁴ Herbert Northrup, The Negro in the Paper Industry. Racial Policies of American Industry, Report No. 8 (Philadelphia: University of Pennsylvania Press, 1969): 45.

¹⁵ Minchin, “Federal Policy”: 151.

¹⁶ Minchin, Color of Work: 213-214.

¹⁷ Conner Bailey, Peter Sinclair, John Bliss, and Karmai Perez, “Segmented Labor Markets in Alabama’s Pulp and Paper Industry,” Rural Sociology 61 (1996): 483.

¹⁸ John J. Donahue III and James J. Heckman, “Continuous versus Episodic Change: The Impact

of Civil Rights on the Economic Status of Blacks,” Journal of Economic Literature 29 (1991): 1583-1614.

¹⁹ Richard B. Freeman, “Black Economic Progress after 1964: Who Has Gained and Why?” in Sherwin Rosen (ed.), Studies in Labor Markets (Chicago: The University of Chicago Press, 1981); Ph.D. thesis, Princeton University, 1996.

²⁰ Kenneth Y. Chay and Michael Greenstone, “The Convergence in Black-White Infant Mortality Rates During the 1960s,” American Economic Review 90 (May 2000): 326-332.

²¹ John J. Donahue III, James J. Heckman, and Petra Todd, “Social Action, Private Choice and Philanthropy: Understanding the Sources of Improvement in Black Schooling in Georgia, 1911-1960,” Quarterly Journal of Economics 117 (2002).

²² David Card and Alan Krueger, “School Quality and Relative Black/White Earnings,” Quarterly Journal of Economics 107 (1992): 151-200.

²³ Gary Orfield, Public School Desegregation in the United States, 1968-1980. Washington, DC: Joint Center for Political Studies, 1983. On the beneficial effects of desegregation for black students, see Orley Ashenfelter, William J. Collins, and Albert Yoon, “Evaluating the Role of Brown vs. Board of Education in School Equalization, Desegregation, and the Income of African Americans,” NBER Working Paper 11394 (June 2005).

²⁴ James Smith, “Race and Human Capital,” American Economic Review 74 (1984): 685-698; James Smith and Finis Welch, “Black Economic Progress after Myrdal,” Journal of Economic Literature 27 (1989): 519-564.

²⁵ Report of the Industrial Commission, Volume 10: 497.

²⁶ William H. Baldwin, Jr., quoted in James D. Anderson, The Education of Blacks in the South, 1860-1935 (Chapel Hill: UNC Press, 1988): 84, 91.

²⁷ Anderson, Education of Blacks: 220-230.

²⁸ Southern Regional Council, The Negro and Employment Opportunities in the South (Atlanta: Southern Regional Council, 1961-62).

²⁹ Minchin, Color of Work: 37-38.

³⁰ James R. Mingle, Black Enrollment in Higher Education: Trends in the Nation and in the South (Atlanta: Southern Regional Education Board, 1978). On corporate recruiting visits to predominantly black colleges and universities, see Richard B. Freeman, Black Elite: The New Market for Highly Educated Black Americans (New York: McGraw-Hill, 1976): 34-36.

³¹ Stephen C. Halpern, On the Limits of the Law: The Ironic Legacy of Title VI of the 1964 Civil Rights Act (Baltimore: The Johns Hopkins University Press, 1995).

-
- ³² Sukkoo Kim, "Expansion of Markets and the Geographic Distribution of Economic Activities," Quarterly Journal of Economics 110 (November 1995).
- ³³ James C. Cobb, The Selling of the South: The Southern Crusade for Industrial Development, 1936-1980 (Baton Rouge: LSU Press, 1982. Second edition Chicago: University of Illinois Press, 1993.)
- ³⁴ Bruce J. Schulman, From Cotton Belt to Sunbelt: Federal Policy, Economic Development, and the Transformation of the South, 1938-1980 (New York: Oxford University Press, 1991: 114-116; 140-142.
- ³⁵ Numan Bartley, "In Search of the New South: Southern Politics after Reconstruction," in Stanley T. Kutler and Stanley N. Katz (eds.), The Promise of American History (Baltimore: The Johns Hopkins University Press, 1982).
- ³⁶ Elizabeth Jacoway and David R. Colburn (eds.), Southern Businessmen and Desegregation (Baton Rouge: LSU Press, 1982): 1.
- ³⁷ M. Richard Cramer, "School Desegregation and New Industry: The Southern Community Leaders' Viewpoint," Social Forces 40 (1963): 384-389.
- ³⁸ Jacoway and Colburn, Southern Businessmen: 5.
- ³⁹ Mary Fredrickson, "Four Decades of Change": 75.
- ⁴⁰ William H. Frey, Census 2000 Shows Large Black Return to the South, Figure 1.
- ⁴¹ James C. Cobb, Redefining Southern Culture (Athens, GA: University of Georgia Press, 1999): 41.
- ⁴² David Firestone, "As a Region's Economy Booms, So Does Interest in its Politics," New York Times, March 7, 2000.
- ⁴³ Peter Applebombe, "New South Puts On a New Face for Black Tourists," New York Times, September 10, 1990: A1, C11; "Move Afoot to Preserve Historic Black Buildings," Asheville Citizen-Times, March 21, 2000: B5.
- ⁴⁴ Chandler Davidson and Bernard Grofman, Quiet Revolution in the South: The Impact of the Voting Rights Act, 1965-1990 (Princeton: Princeton University Press, 1994).
- ⁴⁵ Nadine Cohodas, Strom Thurmond and the Politics of Southern Change (New York: Simon & Schuster, 1993): 412-413, 427-428.
- ⁴⁶ William R. Keech, The Impact of Negro Voting (Chicago: Rand-McNally, 1968); Lawrence J. Hanks, The Struggle for Black Political Empowerment in Three Georgia Counties (Knoxville: University of Tennessee Press, 1987).

⁴⁷ Peter K. Eisinger, "Black Empowerment in Municipal Jobs: The Impact of Black Political Power," American Political Science Review 76 (1982): 385.

⁴⁸ Russ Rymer, "Integration's Casualties: Segregation helped black business. Civil Rights helped destroy it." New York Times Magazine. November 1, 1998: 48. The decline of the black insurance industry is traced in Robert E. Weems, Jr., "A Crumbling Legacy: The Decline of African American Insurance Companies in Contemporary America," Review of Black Political Economy 23 (Fall 1994): 25-37.

⁴⁹ United States Census Bureau, 1997 Economic Census: Surveys of Minority- and Women-Owned Business Enterprises, 2002. [Http://www.census.gov/csd/mwb/](http://www.census.gov/csd/mwb/)

⁵⁰ Timothy Bates, Race, Self-Employment and Upward Mobility: An Illusive American Dream (Washington, DC: The Woodrow Wilson Center Press, 1997).

⁵¹ Juliet E. K. Walker, The History of Black Business in America: Capitalism, Race, Entrepreneurship (MacMillan Library Reference USA, 1998): 318; Bates, Race: 174-187.

⁵² Thomas D. Boston, Affirmative Action and Black Entrepreneurship (London: Routledge, 1999): 2-3, 12-18.

⁵³ Dan Black, Douglas Holtz-Eakin, and Stuart Rosenthal, "Racial Minorities, Economic Scale, and the Geography of Self-Employment," Brookings-Wharton Papers on Urban Affairs 2001: 257, 263.

⁵⁴ Boston, Affirmative Action: 25-32; Timothy Bates, Banking on Black Enterprise (Washington, DC: Joint Center for Political and Economic Studies, 1993): 90-91, 146.