

**Chapter Three**  
**Southern Business and Public Accommodations:**  
**An Economic-Historical Paradox**

With the aid of hindsight, the landmark Civil Rights legislation of 1964 and 1965, which shattered the system of racial segregation dating back to the nineteenth century in the southern states, is clearly identifiable as a positive stimulus to regional economic development. Although the South's convergence toward national per capita income levels began earlier, any number of economic indicators – personal income, business investment, retail sales – show a positive acceleration from the mid 1960s onward, after a hiatus during the previous decade. Surveying the record, journalist Peter Applebome marveled at “the utterly unexpected way the Civil Rights revolution turned out to be the best thing that ever happened to the white South, paving the way for the region's newfound prosperity.”<sup>1</sup>

But this observation poses a paradox for business and economic history. Normally we presume that business groups take political positions in order to promote their own economic interests, albeit at times shortsightedly. But here we have a case in which regional businesses and businessmen, with few exceptions, supported segregation and opposed state and national efforts at racial integration, a policy that subsequently emerged as “the best thing that ever happened to the white South.” In effect southern business had to be coerced by the federal government to act in its own economic self interest! Such a paradox in business behavior surely calls for explanation, yet the case has yet to be analyzed explicitly by business and economic historians.

This chapter concentrates on public accommodations, a surprisingly neglected topic in Civil Rights history. In retrospect, desegregation of restaurants, motels and movie theaters may seem to have been relatively easy and perhaps of secondary historical and economic significance. But this perception only emerged after the fact. In the early 1960s, denial of equal service by private firms catering to the public was the single most prominent source of racial protest in the South, and this part of the Civil Rights Act was “more passionately and extensively debated both in and out of Congress than any other section.”<sup>2</sup> So strong was the opposition, that early forecasts by knowledgeable observers gave Title II (Public Accommodations) virtually no chance of approval. Yet by the end of the decade, this once-burning issue had all but disappeared from the national agenda.

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<sup>1</sup> *Dixie Rising*, p. 17.

<sup>2</sup> Muse, *American Negro Revolution*, p. 80.

Was the opening of public accommodations “merely” social change, or was it an economic issue as well? It certainly had economic consequences. Black people who lived through that era recall the *hardship* of traveling, when there was no certainty of finding a place to eat or sleep overnight, and facing the bleak task of approaching the establishment door to ask. Those who owned their own cars could avoid exposure to humiliation on buses and trains, but because they were not accommodated in any hotel in the South patronized by whites, black travelers usually stayed in private homes.<sup>3</sup> John Lewis describes his family’s preparations for a trip in 1951:

There would be no restaurant for us to stop at until we were well out of the South, so we carried our restaurant right in the car with us....Stopping for gas and to use the bathroom took careful planning. Uncle Otis had made this trip before, and he knew which places along the way offered “colored” bathrooms and which were better just to pass on by. Our map was marked and our route was planned that way, by the distances between service stations where it would be safe for us to stop.<sup>4</sup>

Black travelers could buy guidebooks listing hotels and restaurants that were open to them. The best-known of these, *The Negro Travelers’ Green Book*, makes interesting reading. The Foreword to the 1958 edition stated: “The White traveler has had no difficulty in getting accommodations, but with the Negro it has been different. He, before the advent of a Negro travel guide, had to depend on word of mouth, and many times accommodations were not available.” Recommended establishments were indicated by a star, though a parenthetical remark was careful to note that omission of the star “does not necessarily mean inferior accommodations.” The *Green Book* continued publication through 1963, but even at that late date, listings for national chains were not to be found.

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<sup>3</sup> Johnson, *Patterns of Negro Segregation*, p. 56.

<sup>4</sup> *Walking with the Wind*, p. 50.

## The Course of Economic Progress in the South

This section documents the positive economic impact of the Civil Rights revolution on the regional economy. The standard index of economic development is national income or product per capita. Adapting this measure to the regional level, we see that sustained convergence of the South towards the national average dates from World War II, possibly somewhat earlier in the South Atlantic (Figure 1). Since Jim Crow segregation was firmly in place at that time, it seems evident that accelerated economic growth was not tied in any direct or inherent way to racial liberalization. Proximate sources of this economic “take-off” include wartime expenditures within the region, mechanization of agriculture (especially cotton), and above all the inflow of investment capital and enterprises from elsewhere in the country. The last of these represented a distinct shift in economic policies, from an earlier isolationism to 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 in other regions. Historian James C. Cobb calls this phenomenon the “selling of the South.” It was reflected not just in business recruitment but in aggressive competition for defense spending and federal transportation funds.<sup>5</sup> Southern historian 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.”<sup>6</sup>

One might have expected that accelerated growth, industrialization, and urbanization would have gradually weakened the constraints of segregation, but this did not happen. As historian David Chappell writes, the process of economic development generated in the postwar South generated if anything a “more systematic commitment to racial subordination” on the part of white political and economic leaders.<sup>7</sup> Not only was segregation retained in public facilities (even after the *Brown* decision), but black job opportunities were severely constrained. In the Deep South, blacks were 43 percent of the population in 1950, but obtained only 21 percent of new nonagricultural jobs. Even

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<sup>5</sup> Twelve of thirteen southern states adopted industrial programs between 1935 and 1941 (Barnett, *State Industrial Development Programs*, p. 6). On defense and transportation funds, see Schulman, *From Cotton Belt to Sunbelt*, pp. 114-16, 140-42.

<sup>6</sup> Bartley, “In Search of the New South,” p. 160.

<sup>7</sup> *Stone of Hope*, p. 86.

these few were mostly in personal services, as blacks actually lost ground in manufacturing.<sup>8</sup> The result was that four million black southerners left the region between 1940 and 1970, even while educated white professionals and retirees began to move southward, into fast-growing cities and Sun Belt areas. The southern white political and economic leadership largely changed its theme song, from “Negroes are necessary for the South,” to what Civil Rights leader Aaron Henry summarized as: “They wished we’d go back to Africa, but Chicago was close enough.”<sup>9</sup>

This discussion raises the question whether per capita income is a satisfactory index of regional economic progress, as seen from the perspective of its supporters. Because attracting capital and high-income migrants was central to the program, measures reflecting these objectives may be more informative from the standpoint of political economy. One possibility is the growth of total personal income within the region, a magnitude that incorporates both success in recruiting new population and the high average incomes of the in-migrants relative to those migrating out. Figure 2 displays this variable for the three census divisions of the South as a share of the US total, thus normalizing for changes in the price level as well as for economic growth in the country as a whole.<sup>10</sup> Rather than steady convergence toward a national norm, all three graphs suggest that the period between 1950 and the mid-1960s was a time of relative stagnation. In the East and West South Central regions, the decisive acceleration occurred only after the watershed Civil Rights breakthroughs of 1964-65, while in the South Atlantic the break may have happened slightly earlier.

Because urban business groups were key players in the public accommodations issue, we might get still closer to their perspective by considering indices that relate to the volume of commercial activity. Figure 3 shows the real value of general merchandise sales for the South as a whole between 1953 and 1973. Again, it is evident that an acceleration occurred around the mid-1960s, roughly coincident with the Civil Rights revolution. In the contentious category of drug and proprietary stores, the data actually show a sharp decline during the turbulence of 1962-63, from which recovery to the

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<sup>8</sup> Persky and Kain, “Migration, Employment, and Race,” pp. 268-276.

<sup>9</sup> Lemann, *The Promised Land*, pp. 47-49.

<sup>10</sup> Florida has been excluded from the South Atlantic totals, because the timing of Florida’s growth was quite different from that of the rest of the region, for reasons largely unrelated to Civil Rights issues.

previous peak was only reached in 1965 (Figure 4). Here again, it is informative to examine these regional sales figures relative to the national totals. When we do so, the picture is even more striking (Figure 5). After keeping pace with national trends during the 1950s, Southern retail business suffered relative decline during the heyday of the Civil Rights movement, resuming its previous growth path only after 1965.

Whatever measures are chosen, aggregate regional data have limitations for interpreting business behavior, particularly on issues that played out in metropolitan areas across the South, such as public accommodations. At the regional level, some of the graphs point to a decisive break at or just after 1965, while others suggest a turning point somewhat earlier. This ostensibly minor deviation may be meaningful. The sections below present evidence that retail sales in metropolitan areas began to grow when local settlements put an end to sit-ins, boycotts and demonstrations, even before passage of strong federal legislation. This finding will lead back to the prior question: Why did Southern business require heavy-duty pressure in order to grasp a profit opportunity?

### **Southern Business and Desegregation**

The starting point for understanding the public accommodations conflict is recognition that racial segregation was fundamentally a business policy by profit-seeking firms. One often hears that the Civil Rights movement mainly succeeded in breaking down Jim Crow laws or “*de jure* segregation.” But segregation in such facilities as lunch counters, restaurants, and hotels was rarely required by law, and when statutes or municipal ordinances did exist, enforcement was generally at the discretion of proprietors.<sup>11</sup> Indeed, because the federal courts after *Brown* ruled consistently that state-enforced racial discrimination was illegal, most laws *requiring* segregation had been repealed by the 1960s.<sup>12</sup> By then the strongest legal defense of segregation was the argument that private establishments had the right to determine their own clientele. This

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<sup>11</sup> See Pollitt, “Dime Store Demonstration,” p. 316: “In some few instances, this discrimination is required by statute or city ordinance. In most instances, it is a matter of custom and tradition, and fear of losing white business if Negroes are served.”

<sup>12</sup> Wright, “Public Accommodations,” pp. 87-88. For example, Durham repealed its segregation ordinance in 1961, after the Supreme Court remanded a sit-in case to determine the ordinance’s role in the arrest and conviction of the demonstrators. DeJarmon, “Public Accommodations,” pp. 85-86.

was in essence the basis on which the Civil Rights Act of 1875 was declared unconstitutional in 1883.

Nor for the most part were segregated restaurants and hotels intimidated by threats of retaliation if they were to serve black customers, by “gangs bent on violence if they break the dominant norm.”<sup>13</sup> To be sure, issues could become politicized as the sit-in movement persisted, and at that stage business efforts at compromise were sometimes stymied by politics. During the 1961-62 boycott of white stores in Albany, Georgia, for example, when several businessmen expressed a willingness to negotiate with the boycotters, their reward was to be censured by a majority of the city commission! But this was a tactical move during a time of political crisis. There were certainly ugly threats and incidents associated with public accommodations, but the worst of these occurred *after* the Civil Rights Act, when desegregation came as a shock to small towns and outlying areas. But in most times and places during the protracted struggle, from the sit-in at Greensboro, North Carolina in February 1960 to passage of the Act in July 1964, firms and business groups were free to make their own decisions on racial policies. Overwhelmingly, they chose segregation. Where segregation was practiced, there seem to be virtually no examples of voluntary desegregation initiated by business in the absence of economic pressures such as sit-ins or boycotts.

The business motivation for segregation was relatively straightforward: They feared that serving blacks, particularly in socially sensitive activities such as eating and sleeping, would result in the loss of white customers. From the beginning and throughout the controversy, this fear was repeatedly expressed. When asked in late 1959 by James Lawson and others to begin serving African Americans at lunch counters voluntarily, Nashville department store owners Fred Harvey and John Sloan declined, saying they would lose more business than they would gain. After two months of sit-ins, an inter-racial seven-man committee appointed by the mayor recommended that merchants should divide their lunch counters into two sections: one for whites and one for those who wanted to eat in an integrated fashion! Even on a ninety-day trial basis, this modest proposal was rejected by both sides.<sup>14</sup>

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<sup>13</sup> Epstein, *Forbidden Grounds*, p. 128.

<sup>14</sup> Oppenheimer, *The Sit-in Movement of 1960*, p. 126.

The chairman of a committee formed to resolve the sit-in crisis in Greensboro – where the mayor actively favored desegregation – reported, after weeks of consultation with affected businesses:

The managers are extremely sensitive to public reaction, and merchants engaged in general merchandising businesses who also have food departments are fearful that if they served all races on an integrated basis in the food department, they will lose a sufficient percentage of their present patronage to the nonintegrated eating establishments in our city to cause a presently profitable food department to operate at a loss.<sup>15</sup>

Often the fear was couched as a prediction that patronage would quickly tip from all-white to all-black. One southern manager complained: “Managers are defenseless against this situation. We are being singled out as tyrants who are being unfair to Negroes, when our duty and that of all business firms is to do the best job they can for the majority, and whites comprise the majority of our trade. *Is it democratic for a minority to rule a majority?*”<sup>16</sup> His clear assumption was that black customers would make his shop unacceptable to white patrons.

The complaint that particular establishments were being “singled out” may suggest that the problem was essentially a matter of coordination, or incomplete coverage, arising only because white customers could readily switch to “nonintegrated” alternatives. Eventually the issue did take this form in many municipalities, once business leaders came to believe that desegregation was inevitable. But from the perspective of 1960, fears of a “tipping” phenomenon operated at the level of the shopping district as well as the level of the individual firm. As Alison Isenberg suggests, desegregation was a threat to the downtown area as a whole. If anything downtown merchant groups in the South saw their “coordination problem” in terms of *maintaining* segregation collectively. Thus the owner of Martin’s Department Store in Greensboro predicted that desegregation would make “a kind of ghetto out of this section of the city.”<sup>17</sup>

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<sup>15</sup> Quoted in Wolff, *Lunch at the Five and Ten*, p. 122.

<sup>16</sup> *Women’s Wear Daily*, May 10, 1960, emphasis added

<sup>17</sup> Quoted in Chafe, *Civilities and Civil Rights*, p. 136. Isenberg, *Downtown America*, pp. 188-192.



Perhaps the clearest indication that segregation was a business decision is the fact that, at least initially, none of the national chains took active steps to change the policy in their southern franchises, even when they came under pressure beginning in 1960. The executives of Woolworth, Kress, Kresge, W.T. Grant and other chains were not themselves subject to the social pressures of southern communities towards racial conformity. Yet virtually without exception, their initial response was to defer to the judgment of local managers. This April 1960 statement by a Woolworth vice president (in response to a letter from a Baptist minister) was typical:

Our company has always considered itself a guest in any community in which it is located. As such, we endeavor to be good neighbors and to abide by local customs established by local people for the conduct of business in their towns. As you undoubtedly know, the customs to which you take exception had been in vogue for many years before our stores were established. In our opinion, under these circumstances it is unrealistic to expect that Woolworth would take the initiative in endeavoring to change them.<sup>18</sup>

Although such policy statements were generally couched in terms of deference to local customs, one can hardly doubt that the response would have been different if the companies believed that segregation entailed a sacrifice of profits. Only when sit-ins and boycotts inflicted heavy losses on local franchises, and it became clear that these campaigns would continue indefinitely, did national chains reluctantly begin to encourage accommodation to pressures for change.<sup>19</sup>

### **The Dynamics of Quasi-Voluntary Social Change**

February 1, 1960, when four black students from the Agricultural and Technical College sat down and ordered coffee at the Woolworth's in Greensboro, North Carolina, now stands as one of the iconic dates of Civil Rights history. It is commonly known as the "first sit-in," though this label is not quite right. A round of sit-ins took place in Kansas and Oklahoma two years before, with some success, though the Greensboro Four

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<sup>18</sup> *Women's Wear Daily*, April 14, 1960.

<sup>19</sup> For additional reiterations of corporate hands-off policies, see *Women's Wear Daily*, March 21, 1960; April 27, 1960; May 10, 1960; May 18, 1960; *New York Times*, February 11, 1960; March 15, 1960; April 27, 1960; May 18, 1960.

knew nothing of them. They also were unaware of sit-ins organized in various cities by CORE during the 1940s, nor the 1939 sit-in by Samuel Wilbert Tucker at the segregated library in Alexandria, Virginia. In Nashville, test sit-ins began in November and December of 1959. But Greensboro was the sit-in that “took off,” as hundreds of fellow students joined in the days to come, and the tactic quickly spread to towns and cities throughout the upper South states of North Carolina, Virginia, and Tennessee.<sup>20</sup>

It is probably best not to over-analyze the motivations of the early sit-in participants. The students were not seeking a specific economic objective, but they were angry at the symbolic injustice of lunch-counter exclusion and frustrated at the lack of progress since the *Brown* decision six years before. The fact that most older Civil Rights leaders initially opposed the sit-ins was no deterrent, but added an element of inter-generational resentment to the youthful zeal. Sociologists track the process of diffusion through media news and activist organizations, including the newly-formed SNCC, which grew directly out of the sit-in movement.<sup>21</sup>

In almost every case, the initial response of both local managers and chain executives was to wait out the demonstrators, in the belief that their energies would soon fade. Governor Luther Hodges of North Carolina, owner of many segregated Howard Johnson’s restaurants, likened the protest to hula hoops, the latest youthful fad.<sup>22</sup> The only debate was whether to allow the sit-inners to remain in their places indefinitely (unserved), to close the lunch counters, or to request eviction by the police under trespass laws. All three tactics were deployed in cities throughout the South, often with remarkable success. Only in retrospect does the outcome appear inevitable.

Little Rock, Arkansas, is a case in point. Proud of its progressive, cosmopolitan image, the city voluntarily desegregated its libraries, public transportation and some parks in the 1950s.<sup>23</sup> Badly burned by the school integration crisis of 1957, a moderate pro-business group took control of the school board and city government in 1959, engineering a compromise to re-open the high schools. Despite this lesson on the costs of

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<sup>20</sup> Morris, *Origins of the Civil Rights Movement*, pp. 188-205.

<sup>21</sup> Andrews and Biggs, “The Dynamics of Protest Diffusion,” pp. 752-777; Biggs, “Who Joined the Sit-Ins and Why,” pp. 321-336. John Lewis describes his feelings of resentment when Thurgood Marshall arrived in Nashville at the height of the sit-ins, urging the activists to turn the issue over to the courts, having made their point (*Walking With the Wind*, p. 113).

<sup>22</sup> Mitchell and Peace, *Angry Black South*, pp. 101-103.

<sup>23</sup> Kirk, *Redefining the Color Line*, pp. 63, 101.

uncompromising resistance, when the first student sit-ins at downtown lunch counters took place in March 1960, Woolworth officials immediately called city police. Subsequent harsh fines and sentences “swiftly ground the movement to a standstill.” An effort by the NAACP to organize a boycott collapsed within a week. When sit-ins were resumed the following year by the Arkansas branch of SNCC, downtown business leaders still refused to budge, apparently hoping to outlast the demonstrators through a combination of intimidation and solidarity in resisting change. The white business attitude in 1961 was summarized by Everett Tucker, incoming school board president and director of industrial development for the Chamber of Commerce: “The best thing for Little Rock to do now is nothing.”<sup>24</sup>

In his detailed micro-study of political dynamics in three Alabama cities, J. Mills Thornton reports that well into the early 1960s, segregationists felt they were winning the struggle, and they had good reason for this belief. In Birmingham, after negotiations over lunch counters and fitting rooms broke down, an Easter 1962 boycott of downtown stores was an utter failure. As one prominent Birmingham moderate put it: “Most businessmen felt that the demonstrations would fizzle in time.”<sup>25</sup> In Rock Hill, South Carolina, more than a year of sit-ins, mass arrests and national publicity resulted only in closure of lunch counters at Woolworth’s and McCrory’s, the two chief targets.<sup>26</sup> In Durham, North Carolina, a 1961 campaign to integrate local movie theaters was successfully resisted, and died out.<sup>27</sup> In Albany, Georgia, the boycott of white stores during 1961-62 attracted national attention, but ultimately failed. In Greenwood, Mississippi, as late as December 1963, Jane Stembridge of SNCC saw “not one scrap of evidence that we are overcoming. No lunch counter in downtown Greenwood has opened to Negroes, no public school desegregation has occurred, no jobs have opened up and very few people have been successful in their attempts to become registered voters.”<sup>28</sup>

A particularly chilling example of failure is the campaign to desegregate Chapel Hill, North Carolina, a university town long considered an oasis of cosmopolitanism and tolerance. Despite early successes at some restaurants, as late as 1964, three of Chapel

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<sup>24</sup> Kirk, *Redefining the Color Line*, pp. 140, 143-44, 154.

<sup>25</sup> Quoted in Thornton, *Dividing Lines*, p. 302.

<sup>26</sup> Oppenheimer, *Sit-In Movement*, pp. 146-152; Luders, “Economics of Movement Success,” pp. 986-990.

<sup>27</sup> Chong, *Collective Action*, p. 174.

<sup>28</sup> Quoted in Daniel, *Lost Revolutions*, p. 300.

Hill's five motels did not accept Negro lodgers, and 32 percent of the local restaurants maintained discriminatory policies of some type. Local activists protested through sit-ins and other forms of civil disobedience, but opponents – including many business owners -- successfully blocked a proposed local public accommodations ordinance. Because the Chapel Hill story received little media attention, and the presiding judge was ruthlessly harsh in prosecuting offenders, the movement achieved virtually none of its goals prior to the federal Civil Rights Act in 1964.<sup>29</sup>

If private-sector desegregation was up for grabs in the early 1960s, when did the tide turn, and what was the cause? A perusal of the pages of national retail trade periodicals such as *Women's Wear Daily* tells a central part of the story: sit-ins and boycotts did real damage to retail businesses, especially in the downtown shopping districts of southern cities. The losses had at least two components: denial of black patronage for political reasons, and diversion of white customers deterred by disruption and turmoil. The Woolworth's manager in Greensboro estimated that only five percent of his trade was from black customers; yet sales fell by 20 percent in 1960, and profits by 50 percent.<sup>30</sup> In many cases, when businesses were resistant to sit-ins, local Civil Rights groups announced boycotts of some or all businesses. In Nashville, where blacks represented 30 percent of downtown customers, a black boycott in support of the sit-ins was believed to be around 98 percent effective.<sup>31</sup>

From Greensboro, the business press seemed fixated on the threat; hardly a week went by without coverage of the issue, often with a series of brief updates on events in various cities. Precise quantification of the impact is beyond reach, but the major headlines speak for themselves: "Negro Protests Plague Chains, No End in Sight;" "Retail Losses Cited in Negro Sitdowns, Spread is Feared;" "Segregation Issue Still Disturbing Retail Scene;" "Boycott Hurts in Nashville."<sup>32</sup> As one Washington source put

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<sup>29</sup> This account is drawn from Ehle, *The Free Men*. The figures on segregation in Chapel Hill businesses are from a survey by the *Daily Tar Heel* in January, 1964 (pp. 152-153).

<sup>30</sup> Chafe, *Civilities and Civil Rights*, p. 136; Wolff, *Lunch at the Five and Ten*, pp. 173-74.

<sup>31</sup> Halberstam, *The Children*, p. 178. Halberstam cites the estimates of Vivian Henderson, a Fisk economist who had studied black purchasing power in Nashville.

<sup>32</sup> *Women's Wear Daily*: March 21, 1960; March 26, 1960; April 11, 1960; April 15, 1960.

it: “Merchants aren’t saying much about this, but they’re scared to death, because they are afraid they will lose business either way.”<sup>33</sup>

Although many dismissive statements were issued both by national and local spokesmen – indeed there is no evidence that southern protests had detectable effects on national chain-store profits, even when supplemented by pickets in northern cities -- their underlying apprehensiveness was not hard to detect. In one anonymous interview, the manager of a variety store “afflicted by the spreading sitdown controversy over segregated eating facilities” reported that sales fell between 20 and 30 percent during protests. The manager worried that the problem would hurt future expansion plans, because some will stay out “until this thing blows over – and the end doesn’t show the slightest inkling of being in sight.”<sup>34</sup> More potent than current losses were fears for the future. According to *New York Times* interviews, the paramount concern voiced by urban merchants was “a fear that prolonged racial tensions might drive customers of both races into the suburban shopping centers never to return...Downtown stores in all [Southern cities] have felt the keen knife of competition from the suburbs.”<sup>35</sup>

Thus, when the demonstrators showed their persistence by returning for new rounds of protest, business and civic leaders in many cities were ready to acquiesce, especially in the border states. The earliest major cities to announce plans to desegregate public accommodations were San Antonio and Galveston, Texas, and Baltimore Maryland, in March and April, 1960. In Dallas, lunch counters were desegregated in June 1960, and a committee of business and civic leaders coordinated full downtown integration as of July 26, 1961.<sup>36</sup> In Nashville, an agreement to desegregate lunch counters was reached in May, 1960, after weeks of secret negotiations, providing the first success at a major southern city outside of Texas. In Richmond, Virginia, the two largest department stores desegregated their eating places in January, 1961, and a lengthy boycott ended in August of that year when agreement was reached with seven downtown

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<sup>33</sup> Quoted in Isenberg, *Downtown America*, p. 210. Woolworth sales rose nationally by 11.8% in the first five months of 1960. Kress sales in the South fell by 15%-18%, but the company claimed that a decline in 1960 had been expected anyway (Oppenheimer, *The Sit-In Movement*, p. 180).

<sup>34</sup> *Women’s Wear Daily*: May 10, 1960.

<sup>35</sup> *New York Times*: May 15, 1960. For additional reports of retail losses in the South, see *Wall Street Journal*: May 16, 1960; November 18, 1960; December 20, 1960; January 16, 1962; September 6, 1962; March 11, 1963; May 16, 1963.

<sup>36</sup> Fairbanks, *For the City as a Whole*, p. 238.

stores.<sup>37</sup> All told, lunch counters in over a hundred cities dropped race barriers within a year of the first sit-ins, and the number continued to rise over the next two years.<sup>38</sup>

### *Effects of Desegregation on Sales*

Given the dire expectations of retailers, many southerners were surprised by the relative lack of adverse reaction on the part of white customers. A Winston-Salem woman with many years' experience at a food counter remarked: "I wouldn't have believed it. There's not been one word said between a white customer and a Negro in my hearing. Not one!" A manager who had absorbed heavy losses during four months of protest observed: "If I'd known it could have been done this easily, I'd have been for it right from the start."<sup>39</sup> In Charlotte, *Women's Wear Daily* reported that within a short time, "merchants and the public have come to take the presence of Negroes [at department and variety store lunch counters] as a matter of course."<sup>40</sup> The president of Harvey's Department Store in Nashville remarked: "The biggest surprise I ever had was the apparent 'so-what' attitude of white customers."<sup>41</sup> In May 1961, the *New York Times* reported: "Almost without exception, desegregation of lunch counters has been accomplished peacefully and without any significant loss of white customers."<sup>42</sup> Two years later businessmen questioned by the *Wall Street Journal* reported "no grave economic dislocations from integration and they leave no doubt that desegregation of commercial facilities has been less painful than expected."<sup>43</sup>

Such testimonials should not necessarily be taken at face value, because desegregation was often carried out under a blanket of non-publicity, by agreement with local newspapers. Having agreed to accept black customers, however grudgingly, business groups were determined to put the best possible face on the outcome, often freely rewriting their own history in the process. Can the favorable impact of desegregation on commerce be confirmed by more objective evidence?

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<sup>37</sup> Randolph and Tate, *Rights for a Season*, pp. 180-185; *New York Times*: January 22, 1961.

<sup>38</sup> Muse, *Ten Years of Prelude*, p. 206.

<sup>39</sup> *Women's Wear Daily*: September 9, 1960.

<sup>40</sup> *Women's Wear Daily*: May 16, 1963.

<sup>41</sup> *Wall Street Journal*: July 15, 1963.

<sup>42</sup> *New York Times*: May 6, 1961.

<sup>43</sup> *Wall Street Journal*: July 15, 1963.

One of the few local economic indicators continuously monitored across the 1950s and 1960s is department store sales, tracked by the Federal Reserve since the 1920s and by the Census Bureau beginning in 1966. These figures are by no means a comprehensive index of economic activity, but department stores were central to downtown shopping areas, and it happens that they were also at the center of the early sit-ins and desegregation conflicts. The Federal Reserve data were in fact widely discussed during times of severe crisis, in debates over the cost of racial turmoil. Although coverage was far more limited in the 1950s than it later became, continuous series can be assembled from the early 1950s to the 1970s for about fifteen southern cities.<sup>44</sup>

It must be acknowledged that such sales data do not necessarily provide a clean before-and-after test of the hypothesis that desegregation was good for business. In some cities, such as Dallas and Little Rock, initial integration of lunch counters was extended relatively smoothly to hotels, restaurants and theaters. But in others, such as Nashville, Atlanta, and Memphis, a promising start on lunch counters was followed by continued demonstrations, directed at noncooperating merchants but very likely disruptive to downtown shopping nonetheless. Thus there is an unavoidable subjective element in the choice of a desegregation turning point in particular cities.

The best available example of an early-desegregating city is Dallas, Texas. In Dallas, civic leaders responded to picketing by arranging for blacks to be served at forty-nine downtown restaurants on July 26, 1961, followed by removal of white-only signs throughout the area. Strong “no-nonsense” tactics were applied to foot-draggers. For example, when it was reported that a state fair concessionaire had denied service to a Negro family, the mayor himself called the party in question and told him that his license would be revoked immediately if it happened again.<sup>45</sup> The Dallas graph clearly suggests an acceleration of sales after the sweeping desegregation of 1961 (Figure 6).

Later entrants enjoyed a similar reward. An example is Little Rock, where a “secret committee” of leading merchants, bankers, and Chamber of Commerce

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<sup>44</sup> Most of the Federal Reserve department store figures were published by the Census Bureau in its *Monthly Retail Trade Report*. But there were unaccountable omissions. I thank Janet Swan of the Minneapolis Federal Reserve Library for locating a complete microfilm copy. Because seasonality is severe in this type of data, no attempt has been made to interpret monthly fluctuations. All the figures in the graphs represent annual totals for calendar years. Nashville data are unfortunately not available.

<sup>45</sup> Fairbanks, *For the City as a Whole*, p. 238; Jones and Long, *Negotiation of Desegregation*, pp. 19-20.

representatives took charge, reversing the original resistance and quietly initiating a desegregation process beginning in January, 1963.<sup>46</sup> An indication of the trepidation with which businessmen approached the matter is that white negotiators initially tried to persuade blacks not to patronize the newly integrated dining rooms when the Arkansas Razorbacks football team was playing in Little Rock!<sup>47</sup> But by April James Foreman called Little Rock “just about the most integrated city in the South.”<sup>48</sup> Figure 7 illustrates the dramatic results. To be sure, the decline of 1956-62 was related to the schools crisis and its discouragement to new industrial investment, rather than to disputes over public accommodations. But the same moderate businessmen played leading roles in resolving both crises, and the timing evidence points to desegregation as a turning point.

In Atlanta, famously self-styled as “the city too busy to hate,” sit-ins began with the first wave of early 1960, but the path to desegregation was far from smooth. Sit-ins were suspended after one day pending negotiations with the business community. But little progress was made, one business representative telling the students that “we are not even thinking about thinking about desegregation.” Protests resumed in October, targeting Rich’s Department Store, the largest retailer. Although Richard Rich himself was the very epitome of the southern business moderate, his board was completely intransigent, even seriously discussing the possibility of becoming an all-white store. A group of senior business, political, and Civil Rights leaders finally reached agreement (without student representatives) in March 1961 to desegregate lunch counters, but only as of the following October, after court-ordered school desegregation. Figure 8 confirms that retail sales were flat or declining from 1959 through 1961, with limited growth in 1962 and 1963. Full desegregation was only achieved with the Civil Rights Act of 1964, at which time sales growth accelerated.<sup>49</sup>

These relatively “progressive” examples contrast with the notorious case of Birmingham, Alabama, where in 1962 the City Commission closed all public parks in response to court-ordered desegregation. Negotiations at that time over lunch counters and fitting rooms came to nothing, and the business community held firm against

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<sup>46</sup> Jacoway, “Taken By Surprise,” p. 37; Kirk, *Redefining the Color Line*, pp. 157-58.

<sup>47</sup> Spitzberg, *Racial Politics in Little Rock*, p. 146. The black negotiators rejected the proposed restriction.

<sup>48</sup> *Jet*, April 4, 1963, p. 17.

<sup>49</sup> This summary draws on Hornsby, “A City that Was Too Busy to Hate,” pp. 120-150; Pomerantz, *Where Peachtree Meets Sweet Auburn*, pp. 257-278. The quotation is from Kruse, *White Flight*, p. 182.



concessions even in the face of a massive and highly effective boycott of downtown stores in 1963. Police Commissioner “Bull” Conner’s violent response to demonstrations inflicted lasting damage on the city’s reputation, prompting intervention by the federal government in favor of a negotiated settlement. Figure 9 shows that department store sales in Birmingham hit bottom in 1963, after seven years of decline. Even in Birmingham, the belated desegregation agreement evidently reversed the downward slide, and growth resumed after passage of the Civil Rights Act of 1964.<sup>50</sup>

### **Solving the Coordination Problem: From Quasi-Voluntary to Federal Legislation**

These apparent business success stories inspired the Kennedy and Johnson administrations to promote and mediate voluntary local settlements. Advisors such as Robert Rankin and Benjamin Muse of the Southern Regional Council maintained extensive business contacts in the South and favored an appeal to enlightened self-interest. In light of later developments, it may seem surprising that their “running tallies of progress” were intended to bolster the case *against* a comprehensive federal policy.<sup>51</sup>

As seen by business moderates, the resurgence of prosperity in cities that reached settlements on public accommodations served both as a model for emulation and as a form of business competition relative to cities in the deep South, while the 1963 breakdown of law and order in Birmingham vividly demonstrated the dangers of failure to compromise. But to suggest that from 1963 onward, the process of desegregation was driven by the enlightened self-interest of national chains and southern business elites, would be to drastically oversimplify the historical record. As the political leadership in Washington learned, voluntary desegregation agreements could only go so far, in the absence of mechanisms to enforce compliance, and in the presence (current or anticipated) of competition for white customers from still-segregated establishments.

Although the administration heard repeatedly from southern businessmen that voluntary agreements were much preferred over coercive legal measures, by the summer of 1963 it had become evident that the voluntary approach was sputtering to a standstill, well short of full desegregation. Figure 10 shows the running tallies through July of that

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<sup>50</sup> This summary draws on Morris, “Birmingham Confrontation Reconsidered,” pp. 621-626; Eskew, *But for Birmingham*, pp. 194-199; Thornton, *Dividing Lines*, pp. 265-319.

<sup>51</sup> Chappell, *Inside Agitators*, pp. 166, 197-200.

year. By November, Louis Oberdorfer's memo to the Attorney General acknowledged: "Reports of progress in desegregation of privately owned public facilities show virtually no breakthroughs since the middle of October. We are receiving only occasional status reports from businessmen and our monthly reports from United States Attorneys show very little change is now taking place."<sup>52</sup>

Worse yet, partial desegregation often seemed only to make things worse. A followup memo noted the "curious patchwork pattern" that had emerged from the voluntary process, in which most lunch counters were integrated, but most restaurants were not. In a number of towns, four-wall theaters were desegregated but drive-ins were not. The unevenness of outcomes generated strong feelings of inequity on the part of businesses and threatened to unravel existing agreements. Numerous reports appeared in late 1963 and early 1964 of firms that reinstated segregation after initially signing a quasi-voluntary agreement.<sup>53</sup> Perhaps worst of all from the administration's perspective, segregation holdouts prolonged black grievances and failed to end demonstrations.

This lack of clarity prevailed even in Atlanta, the best-known example of enlightened business-led desegregation. True enough, Atlanta mayors openly appealed to economic self-interest in reforming racial policies. The Atlanta Chamber of Commerce was the only major business group in the state to speak out favor of desegregating the public schools, and the Chamber's 1961 letter to the Governor to this effect was signed by prominent bankers, furniture dealers, and utility executives. Alton Hornsby notes the irony that the same business leaders who were in the forefront of the schools issue were "steadfast in their opposition to desegregation of their own lunch counters." Mayor Ivan Allen was the only prominent official from the South to testify in support of the public accommodations provisions of the Civil Rights Act. On closer inspection, however, one learns that Allen supported federal legislation only because he had been unsuccessful in persuading Atlanta hotels and restaurants to desegregate voluntarily. Allen wrote:

Everything I had tried in those areas [hotels and restaurants] had failed.

There had been endless meetings with the hotel and restaurant people over the

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<sup>52</sup> Burke Marshall Papers, Kennedy Library, Box 30: "Oberdorfer Files on Southern Business."

<sup>53</sup> On June 5, 1963, the *New York Times* reported: "All three Savannah movie houses, which racially integrated their theaters yesterday, resumed segregation today." In Jacksonville, Florida, local Civil Rights leaders reported in March 1964 that some restaurants "promised to serve Negroes and then backed out," while theaters returned to segregation after a trial period (*New York Times* March 26, 1964).

past three or four years, and no matter what agreement was reached everyone involved would be split in every direction. The hotel and restaurant associations would not even respond to the pragmatic argument that unless they opened their doors to everyone, Atlanta's convention and tourist business – not to mention its favorable national image – would plummet.

Allen's testimony was reluctant, a response to a personal appeal from the President.<sup>54</sup>

Awareness of the uneven and uncertain record of the voluntary approach helps to account for the rapid, late-breaking shift in Washington towards a more comprehensive public accommodations law. President Kennedy's Civil Rights message early in 1963 pledged only to "continue to encourage and support action by state and local communities, and private entrepreneurs, to assure all members of the public equal access to all public accommodations."<sup>55</sup> As late as June, the plan was to limit coverage to "business establishments having significant interstate commerce, including chain stores, large department stores, restaurants and hotels along interstate highways, but not to the smaller local stores."<sup>56</sup> When the President invited about a hundred businessmen to the White House to promote his plan, one chain-store board chairman "had the distinct impression that few of those at the White House today desired a public accommodations law."<sup>57</sup> (*NYT* June 5, 1963). But on June 11, the President called for legislation "giving all Americans the right to be served in facilities which are open to the public administration – hotels, restaurants, theaters, retail stores, and similar establishments."<sup>58</sup>

Once the major chains decided to acquiesce in desegregation as the lesser evil, and as they were on their way to deciding that acquiescence was a positive good that they had secretly favored all along, the strategic situation changed dramatically. Although the early results were favorable in many places, both the chains and downtown merchant groups still harbored fears of being undercut by still-segregated rivals in competition for affluent white customers. Hence, many formerly resistant firms became reformers themselves, calling not only for federal legislation, but for the most comprehensive

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<sup>54</sup> Hornsby, "A City that Was Too Busy to Hate," p. 135. Allen's memoir is quoted in Cortner, *Civil Rights and Public Accommodations*, p. 31.

<sup>55</sup> *New York Times*: March 1, 1963.

<sup>56</sup> *New York Times*: June 4, 1963.

<sup>57</sup> *New York Times*, June 5, 1963.

<sup>58</sup> Radio and Television Report to the American People on Civil Rights, June 11, 1963. John F. Kennedy Presidential Library web site.

coverage that was legally possible. The adjustment process was by no means smooth, however, and opinion within the business community was divided throughout the period.

Behind the scenes, however, the administration was hearing much more cooperative sentiments from national drug and variety store chains.<sup>59</sup> A turning point of sorts was marked in July 1963, with the appearance of an editorial in the trade publication *Chain Store Age*. The key passage read:

That a federal law prohibiting racial discrimination in retail outlets would be helpful to retailers in localities where segregation is still required by local law or local custom would seem to be rather obvious...One possible feature of the proposed new legislation which the chains will have to oppose with the utmost vigor is a suggested provision limiting its coverage to large-scale retailers or those operating stores or restaurants in more than one State. Not only would any such ill-conceived limitation be basically unfair to those covered by the law, but it would to a large extent defeat the law's only purpose – to give all Americans equal service in all 'places of public accommodation whether privately or publicly owned.' To emancipate the Negro in some stores and restaurants but to permit discrimination against him in others would be to perpetuate what we must continue to regard as our national shame until it is wiped out altogether.

The editorial was quickly and eagerly circulated within the Justice Department. Later that month, the *Kiplinger Washington Letter* reported that although most businessmen are opposed to intrusion on the rights of private property, “more and more you hear this said: ‘May be better to have federal law to force everyone to drop the color bars and get it over with fast. Better than piecemeal, some doing it, others not.’ This feeling now is not widespread, but it’s gaining support gradually.”<sup>60</sup>

This changing business sentiment undoubtedly contributed to the greatly strengthened public accommodations provisions of the bill submitted to Congress on June 19, 1963. The initial consensus among observers was that the section had been submitted

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<sup>59</sup> See for example the DOJ file memo from Frank I. Michelman dated June 17, 1963, reporting a telephone conversation with Mr. Merritt of the National Association of Chain Drug Stores. Merritt noted the forthcoming editorial in *Chain Store Age* and similar commentary in *American Druggist*, a magazine for independents. Merritt also reported that chain-wide desegregation instructions had been issued by Liggetts, Walgreens and Eckards. Marshall Papers, Box 29.

<sup>60</sup> *Kiplinger*: July 26, 1963.

as a gesture to the movement, but that it had little realistic chance of passage. For the better part of the subsequent year-long debate, this assessment was repeatedly heard, both by supporters and by opponents of the measure. On June 28<sup>th</sup>, for example, Adam Clayton Powell said: “Idealistically, I’d have liked to have seen a public accommodations bill yesterday, but knowing the political realities, I’d have to say that, as it looks now, it doesn’t have a chance.”<sup>61</sup> Even in January 1964, observers doubted that the administration could gain passage without surrendering public accommodations.<sup>62</sup> Unexpectedly, however, the House fended off all attempts to water down the section. Contributing to the strength of supporters was, as reported by the *Wall Street Journal*, a virtual absence of organized business opposition to the bill. One conservative Midwestern Republican remarked: “There’s been a lot of talk about the bill infringing on property rights, but as far as I can tell the people who own the property don’t seem to think so.”<sup>63</sup>

In May, Republican Senate leader Everett Dirksen -- who had long harbored grave doubts about mandatory public accommodations – announced his support for a modified but not fundamentally weakened version. Armed with Dirksen’s endorsement, the Senate voted cloture on June 10, and the bill itself was passed and signed by President Johnson on July 2, 1964. Although it would be a serious overstatement to say that a national chain-store coalition instigated and directed the entire legislative campaign, their relief at the bill’s passage was evident. A Woolworth official pledged immediate compliance, saying: “Woolworth will now be able to serve all its customers in all its stores on a desegregated basis,” adding that most of its stores had already desegregated.<sup>64</sup>

## **Enforcement and Compliance Under Title II**

In light of the vociferous debate over public accommodations, the Johnson administration anticipated massive backlash and perhaps violent resistance. In the end, the results were anticlimactic. *Time* magazine reported that “from Charleston to Dallas, from Memphis to Tallahassee, segregation walls that had stood for several generations

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<sup>61</sup> *New York Times*: June 29, 1963.

<sup>62</sup> *New York Times*: January 12, 1964.

<sup>63</sup> *Wall Street Journal*: February 3, 1964.

<sup>64</sup> *Wall Street Journal*: July 2, 1964.

began to tumble in the first week under the new civil rights law.”<sup>65</sup> According to an October 1964 survey of 53 cities in 19 states, desegregation had been accomplished in more than two-thirds of the hotels, motels, chain restaurants, theaters, and sports facilities, as well as public bars and libraries. A few well-publicized enforcement cases aroused intense interest for a relatively brief period. But then, as Muse reports, “as a matter of active national concern it receded into history.”<sup>66</sup>

Such retrospectively dismissive accounts exaggerate the overall ease and inexorability of the process, and even the certainty of the outcome. Many small towns and rural areas had been virtually untouched by the Civil Rights movement, and dozens of complaints poured into the Justice Department in the first month (July 1964), as Civil Rights groups launched systematic testing campaigns throughout the South.

In many localities, the first reaction of proprietors was often open defiance. At Farris Café in Bessemer, Alabama, owner-manager turned away a group organized by the West Jefferson County Coordinating Council, saying: ““Get out. We don’t serve niggers here.” Described in the FBI report as “quick tempered, very outspoken,” Farr admitted the refusal (his own version of his statement was: “Get out. We serve Negroes, not niggers”), and he reiterated his intention to continue this policy at a second FBI interview. (The case was closed October 12, 1965, after a court injunction against the defendant.) At Montalas Restaurant in Montgomery, Alabama, on April 12, 1965, the owner made threatening gestures with a knife, and told the black customer not to come back. On June, 1966, the owner of Bek’s Frostop in Prattville, Alabama, told an interracial couple that “the restaurant is closed as of this minute.” At Virginia’s Drive-In Restaurant in Anniston, Alabama, on June 5, 1967, an army major was refused service at the front door and told to go the back. Many of these proprietors were quite candid in their first FBI interviews, often saying that they believed segregation was necessary for the survival of their businesses. In a few cases, establishments claimed to have converted into private clubs exempt from the law. This was the tactic in one protracted and

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<sup>65</sup> Cortner, *Civil Rights and Public Accommodations*, pp. 6, 29, 64.

<sup>66</sup> Muse, *Revolution*, pp. 75, 156-7.

controversial dispute at Whit's Café in Little Rock, against which private suits were brought by local Civil Rights leaders Daisy Bates and Ometa Jewell.<sup>67</sup>

Within two or three years, the overwhelming majority of establishments were committed to compliance. The DOJ case reports do not provide many specifics on the precise social or financial processes at work, but generally the defiant tune had changed by the second or third interview. Realization that both Civil Rights forces and the Justice Department were serious about enforcement undoubtedly played a role. Only a small fraction of complaints actually went to court, but the number (93 DOJ lawsuits in the first three years, plus many private suits) was enough to make clear the implications of continued outright noncooperation. From the lameness of the excuses offered – the waitress did not know store policy, that section was closed for cleaning, the refusal was not really because of race – one might well question the sincerity of many of the compliance pledges extracted by DOJ investigators. But undeniably, the volume of complaints diminished over time. Figure 11 displays the time line of complaints under the law in Alabama, and the dates on which the files were closed. After early peaks in the second half of 1964 and 1965, new allegations of discrimination dwindled to a trickle by 1968. Alabama seems to have been somewhat ahead of the curve for the South, since the overall volume of public accommodations complaints peaked at 524 in 1971.<sup>68</sup>

Although the largest absolute number of cases arose in cities (Birmingham, Mobile, and Montgomery), on a per capita basis the volume of litigation was far higher in smaller towns such as Marion, Prattville, Russellville, Selma and Thomasville (Figure 12). Most of these were small businesses – drug stores, gas stations, truck stops, drive-ins. Legal rulings soon extended coverage to virtually every lodging place or restaurant, and by the early 1970s litigation had moved on to socially-sensitive areas such as bowling alleys and skating rinks. Ultimately most such activities also came under coverage, as the courts eroded the somewhat academic distinction between “places of

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<sup>67</sup> These examples are drawn from the Department of Justice litigation case files, now at the National Archives in College Park, MD, (Record Group 60, Class 168).

<sup>68</sup> U.S. Commission on Civil Rights, *Twenty Years After Brown*, p. 73.

entertainment” and “places of enjoyment.” The last Attorney General’s report with a section devoted explicitly to public accommodations appeared in 1977.<sup>69</sup>

The Supreme Court arguments on public accommodations were particularly interesting in light of this discussion. The Justice Department expected to initiate enforcement actions, but in fact the key test cases were brought by two businesses seeking injunctions against the Act: the Heart of Atlanta motel in Atlanta, and Ollie’s Barbecue in Birmingham. Solicitor General Archibald Cox chose to defend the law on the basis of the Commerce Clause of the Constitution. Although this decision was probably made to avoid the need for outright reversal of the 1882 decision overturning the Civil Rights Act of 1875, Cox was able to present considerable evidence that discrimination was damaging to commerce, most immediately by discouraging interstate travel by blacks, but even more substantially by generating racial unrest and protest, thus curtailing business activities, tourism and the convention trade.<sup>70</sup> Furthermore, the court’s majority opinion (drafted by Justice Clark) explicitly adopted the foregoing analysis of competitive externality, to justify the Act’s application to smaller concerns with little direct involvement in interstate commerce, such as Ollie’s Barbecue. Citing testimony before Congressional committees, Clark wrote that

racial discrimination by one restaurant in a city encouraged the practice throughout the area because of the other proprietors’ fear of the competitive advantage gained by the segregated restaurant in increased white trade. Thus if Congress had limited coverage of the Act to those large restaurants which clearly cater to interstate patrons there would have existed a very real danger of injury to interstate commerce resulting from this competitive disadvantage.

As if in confirmation of Clark’s analysis, Ollie McClung – after declaring “I’m Shocked” to the press -- served five black customers within two hours of the court’s decision on December 14, and subsequently thrived for the next thirty-five years.<sup>71</sup>

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<sup>69</sup> U.S. Department of Justice, *Report of the Attorney General, 1965-1977*; Lerman and Sanderson, *Discrimination in Access to Public Places*, 216-226.

<sup>70</sup> Cortner, *Civil Rights*, p. 92.

<sup>71</sup> “The Supreme Court: Without a Doubt,” *Time* December 25, 1964; Milazzo, “Ollie’s Barbecue Closes.” Cortner refutes the common belief that the Ollie’s Barbecue case turned on interstate meat shipments (p. 193). The restaurant was reopened by two of the McClung sons at a new location in 2005.



## Aftermath

The interpretation advanced in this chapter is that Southern businessmen were locked into a low-level equilibrium, the stability of which was bolstered by the fact that they did not see it that way themselves. Both as firms and as downtown collectivities, businesses balanced the loss of black consumer spending against anticipated losses of white patronage. When their hand was forced by economic pressures, Southern businesses learned in most cases that the adverse white reaction was not nearly as severe as they had feared. But white customers also learned, that desegregation was not as bad as they had feared, a process no doubt facilitated by the absence of alternatives when desegregation was in effect a public choice. Thus we have a remarkable example of collective co-evolutionary learning towards a better economic outcome.

The fact that white business interests gained along with black customers gives this reading some resemblance to the “interest-convergence theory” advanced by legal scholar (and former Civil Rights attorney) Derrick Bell, which holds that vindication of “even the most basic rights for blacks requires a perceived benefit for whites.”<sup>72</sup> But Bell’s thesis emphasizes white interests as a limitation or constraint on black progress. What it misses in the present example is the possibility that perceptions of costs and benefits can change over time, and that these changes can be impelled by the exercise of political and economic pressure, as well as persuasion. Ultimately the public accommodations issue boiled down to a coordination problem in many places, where the end-point was accepted but no one wanted to make the first move; but arriving at that point required extensive learning-by-doing on the part of both business and customers.

A window on the businessman’s eye-view of this transition was offered by Julius Manger, Jr., the hotel chain owner recruited by the Johnson administration to help convert southern businessmen to the new outlook. Reflecting in September 1964 on the success of the campaign, Manger listed these as his most persuasive arguments:

“1) I was able to point out the experience of other public accommodations’ owners in desegregating their facilities and show that when desegregation took place jointly, there was no economic loss and there was no trouble between the races.

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<sup>72</sup> Bell, *And We Are Not Saved*, pp. 62-63. See also “Economic Determinism and Interest Convergence,” pp. 27-54.

2) I was able to say with conviction that Negroes did not crowd into public accommodations once they were given the right to use them but quite to the contrary used public accommodations much less than would be expected. I pointed out that the main reason for this was that the Negro just did not have the money necessary to pay the bill.

3) In Charlotte and Savannah we had a larger investment in our hotel and motel properties than anyone else. In both of those cities, therefore, I was able to say to other hotel and motel owners that I was not just asking them to do something and then going to walk away, but that actually we had a bigger investment to lose than they did...

4) The moral justice of allowing Negroes to use public accommodations facilities was always recognized by the thinking people in the communities I visited, and I am sure this played a large part in their decisions to comply with the new law.

5) In case everything else failed, I was always able to point out that trouble was almost inevitable if nothing was done. I found again and again, that the last thing people want in their communities is trouble.”<sup>73</sup>

An issue not directly addressed here is how desegregation in public accommodations related to longer term change in racial attitudes. Survey evidence shows a trend towards increased tolerance of desegregation among whites dating from the 1940s, in the South as well as the North.<sup>74</sup> It is difficult to believe, however, that the dramatic decline in Southern white support for “strict segregation” between 1961 and 1968 was unrelated to the observed correlation between desegregation and economic progress during those years.<sup>75</sup>

As in many historical cases of unanticipated radical change, after the revolution almost everyone who has anything to say about the past recalls that they themselves were early advocates of reform. One black southerner remarked in an oral history interview:

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<sup>73</sup> Burke Marshall Papers, John F. Kennedy Library, Box 22 (Folder: Compliance Meetings Undated). Manger notes that a similar report at a June 27<sup>th</sup> meeting “brought about some rather critical discussion” from two black participants. Fellow panel member James Forman took particular exception to Manger’s comment that Southern businessmen expressed no objection to “Negroes who were clean and well-dressed using public accommodation facilities.” Manger responded that he had heard this concern expressed many times, and that hotel and motel operators were in fact allowed by law to set standards of dress, etc. The meeting reportedly ended “on a very friendly note,” but it is not hard to see the contrast between the black perception of the issues and the mode of persuasion used between one white businessman and another.

<sup>74</sup> Hyman and Sheatsley, “Attitudes toward Desegregation,” Greeley and Sheatsley, “Attitudes toward Racial Integration.”

<sup>75</sup> Black and Black, *Politics and Society*, pp. 111-112, 200.

“When [segregation] ended, you can’t find a single white person who remembers it.”<sup>76</sup>

The process of retrospective historical revisionism applies to business history as well. In his case study of desegregation in Norfolk, Virginia, Carl Abbott commented astutely: “Indeed, the image of a mobilized business leadership which could take the city’s problems in hand was a sophisticated form of boosterism, as much as it was a description of political realities.” According to Abbott, Norfolk’s business-oriented Committee of 100 “did not serve as a major force for change in Norfolk,” but “by openly ratifying the inevitable, the city’s business leaders helped to make desegregation respectable.”<sup>77</sup>

In some cases the reorientation began almost immediately after passage of the Civil Rights Act. When Andrew Young returned to the motel in St. Augustine, Florida, where five days earlier coffee was thrown on him and acid dropped into the pool, “those people were just wonderful, explaining that they had been afraid of losing business and ‘didn’t want to be the only ones to integrate.’”<sup>78</sup> Of Chapel Hill, John Ehle wrote in 1965: “I know of few leaders in Chapel Hill, in either the liberal or conservative camps, who don’t admit privately that the passage of the bill was helpful...Mrs. Agnes Merritt run the Pines, and she said recently she was certainly grateful for that law, for she now had her old friends and customers back.”<sup>79</sup> Perhaps the champion revisionist city was Greensboro. Hal Sieber of the Greensboro Chamber of Commerce gave this account:

“When I first got to Greensboro I heard the white power structure condemning the sit-in demonstrators as if they were subversives...Five years later I heard the Mayor of the city brag about the fact that we were the home of the first sit-in, as if we had invented the electric light bulb.”<sup>80</sup>

Franklin McCain, one of the original Greensboro Four, found it “rather amusing” that civic leaders use the sit-ins to support the city’s status as the “Gateway to the New South.” McCain acknowledged, however, that that tactic is “only smart...I’m sure if I were the chamber of commerce, I’d do the same thing.”<sup>81</sup>

<sup>76</sup> Kenneth Young, in Chafe, *Remembering Jim Crow*, p. 182.

<sup>77</sup> Abbott, “The Norfolk Business Community,” pp. 101, 113.

<sup>78</sup> Quoted in Salmond, *Southern Struggles*, p. 161.

<sup>79</sup> *Free Men*, p. 327.

<sup>80</sup> Quoted in Chafe, *Civilities*, p. 287. By 1970, the Chamber was firmly in favor of “the liberation of white and black together from this heritage of bondage” (Sokol, *There Goes My Everything*, p. 323).

<sup>81</sup> Interview in Raines, *My Soul is Rested*, p. 82.

Figure 1.

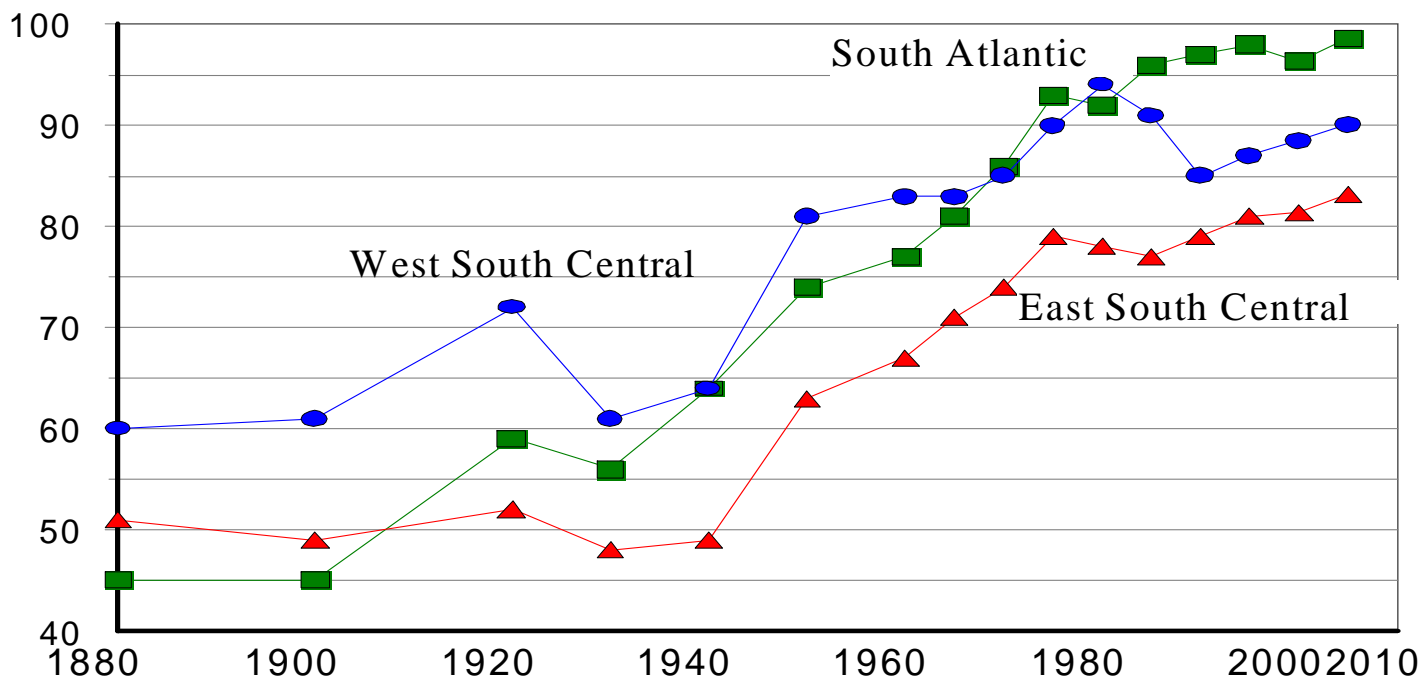
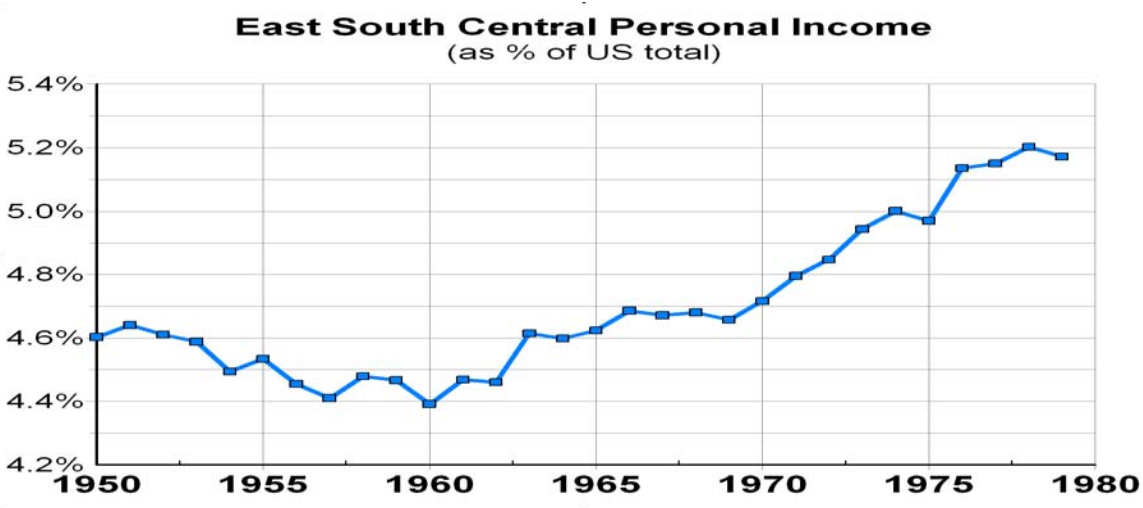
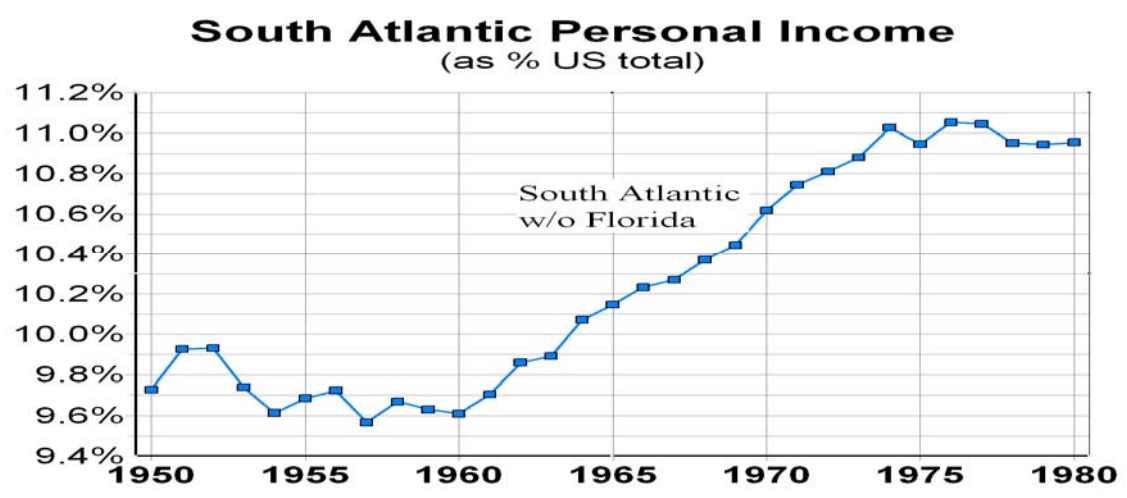
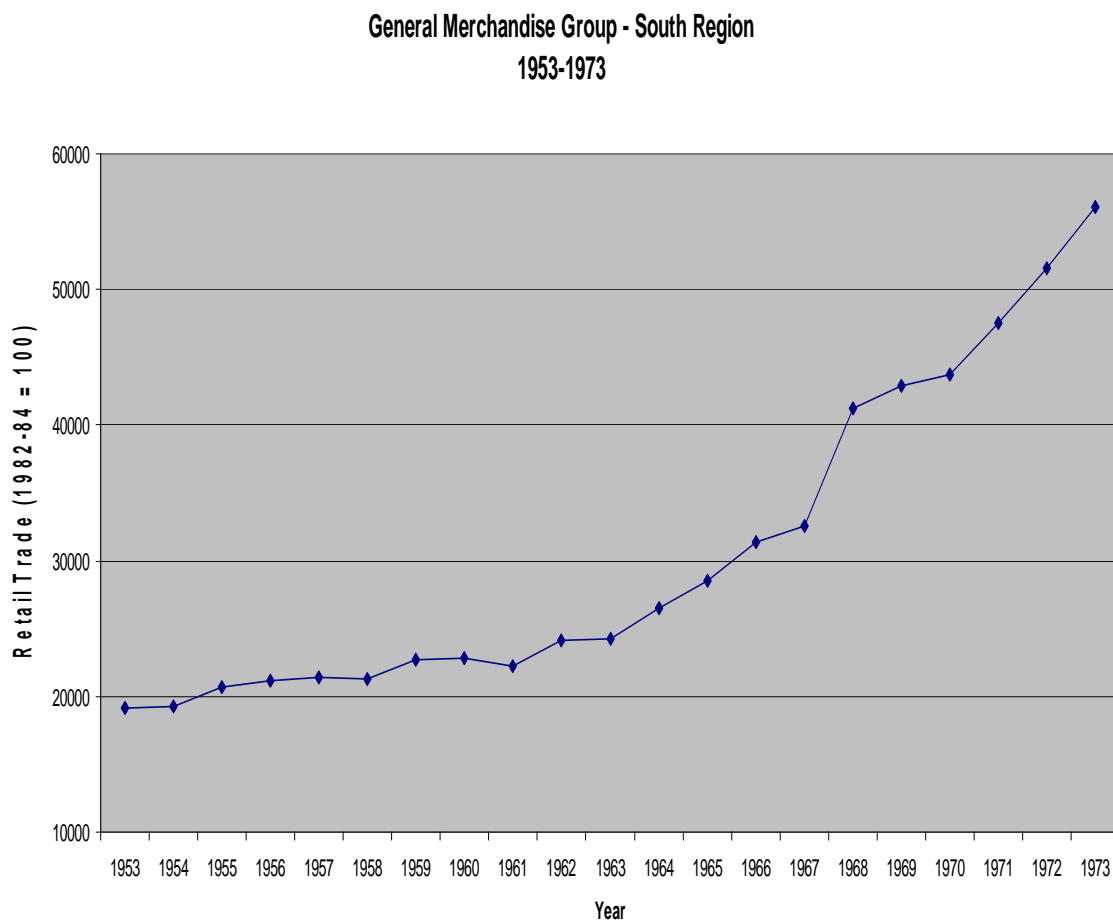


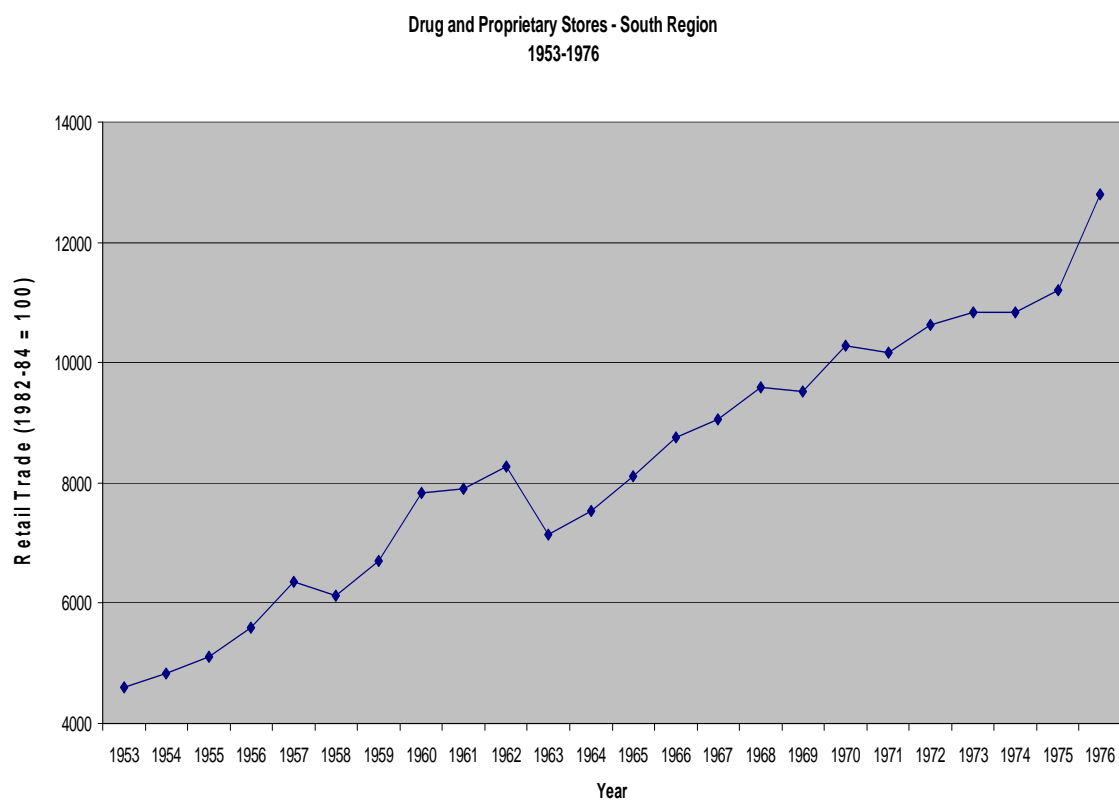
Figure 2. Personal Income as a Percentage of the U.S. Total, 1950-1980



**Figure 3. Retail Sales in the South: General Merchandise,  
1953-1973**



**Figure 4. Retail Sales in the South: Drug Stores,  
1953-1976**



**Figure 5. Retail Sales in the South:  
General Merchandise as Share of US Total,  
1953-1976**

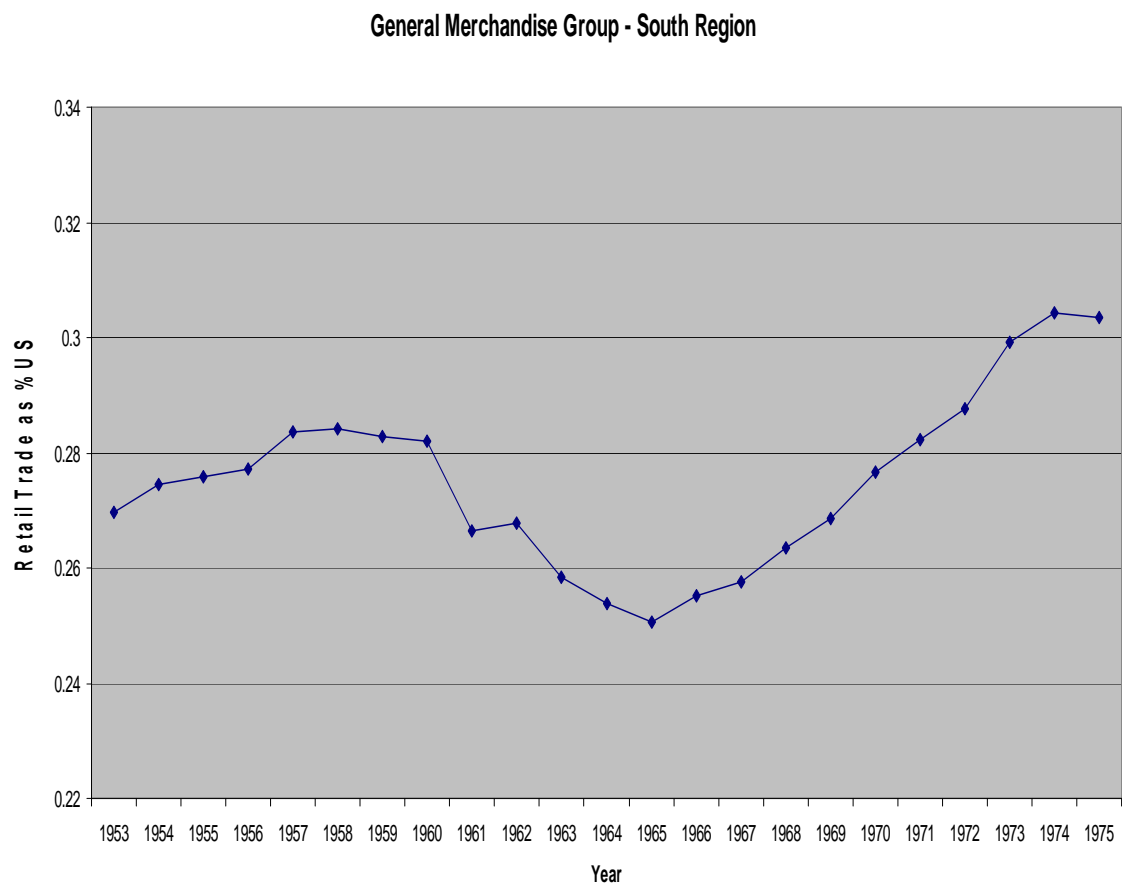




Figure 6.

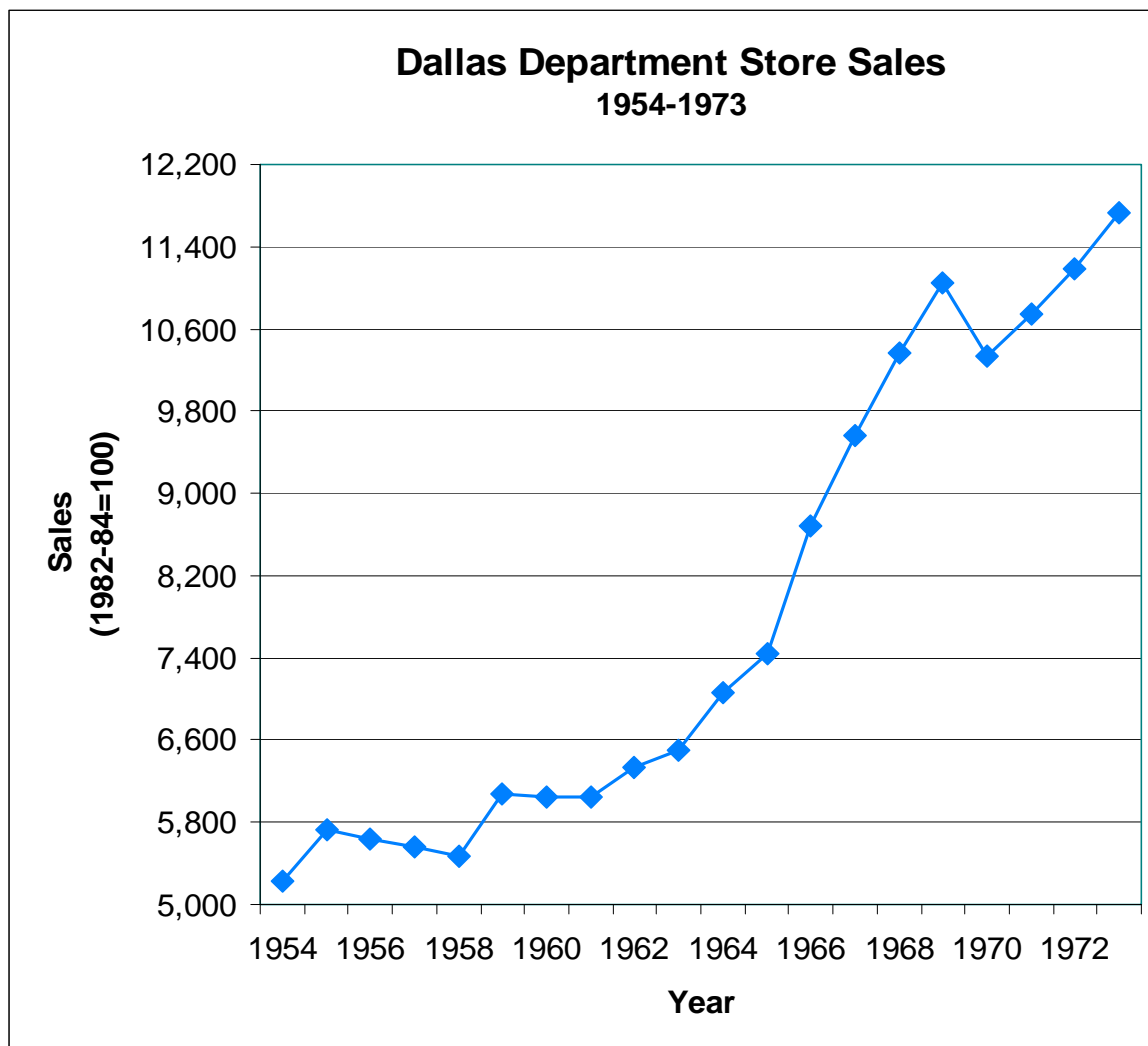


Figure 7.

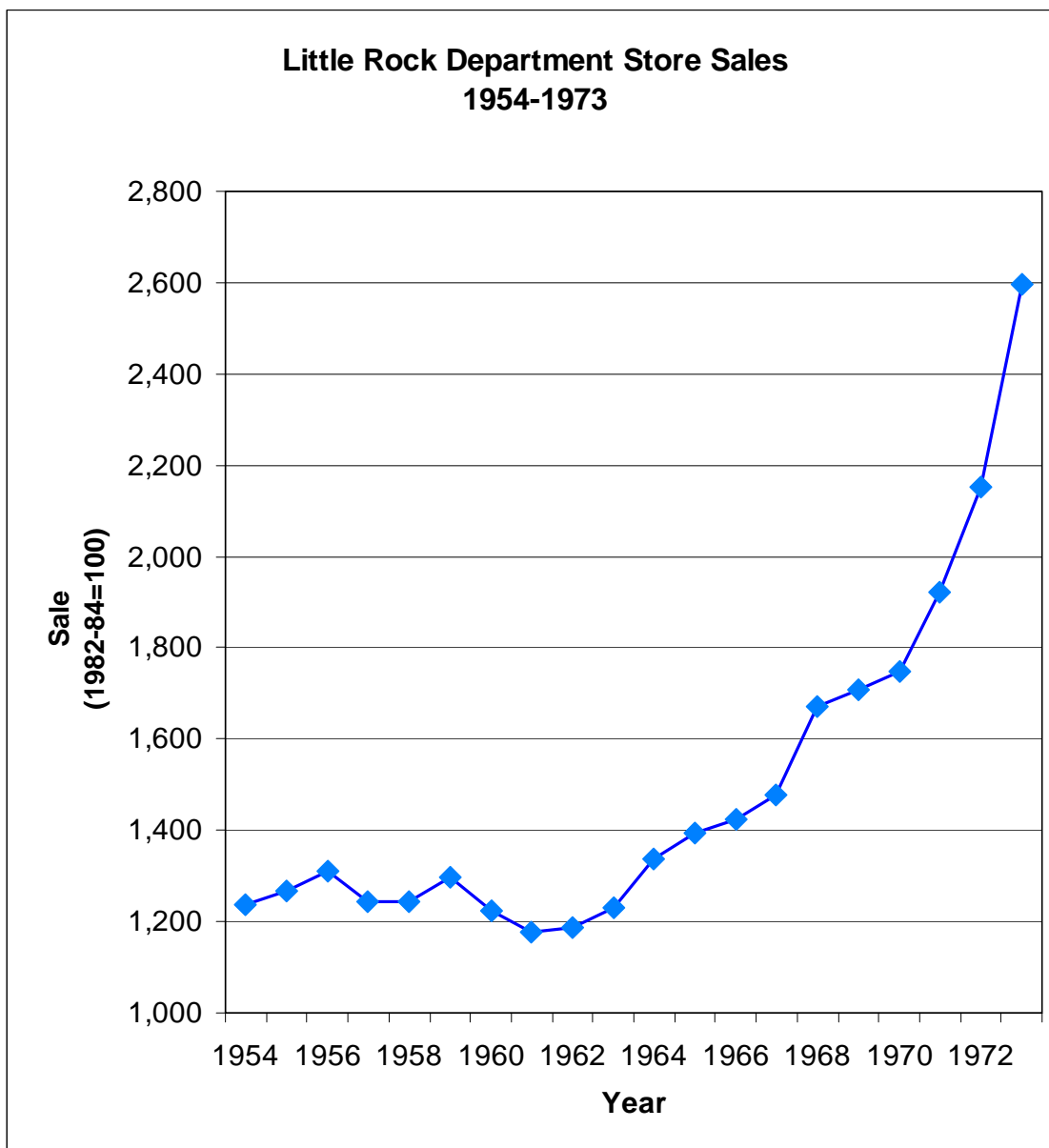


Figure 8.

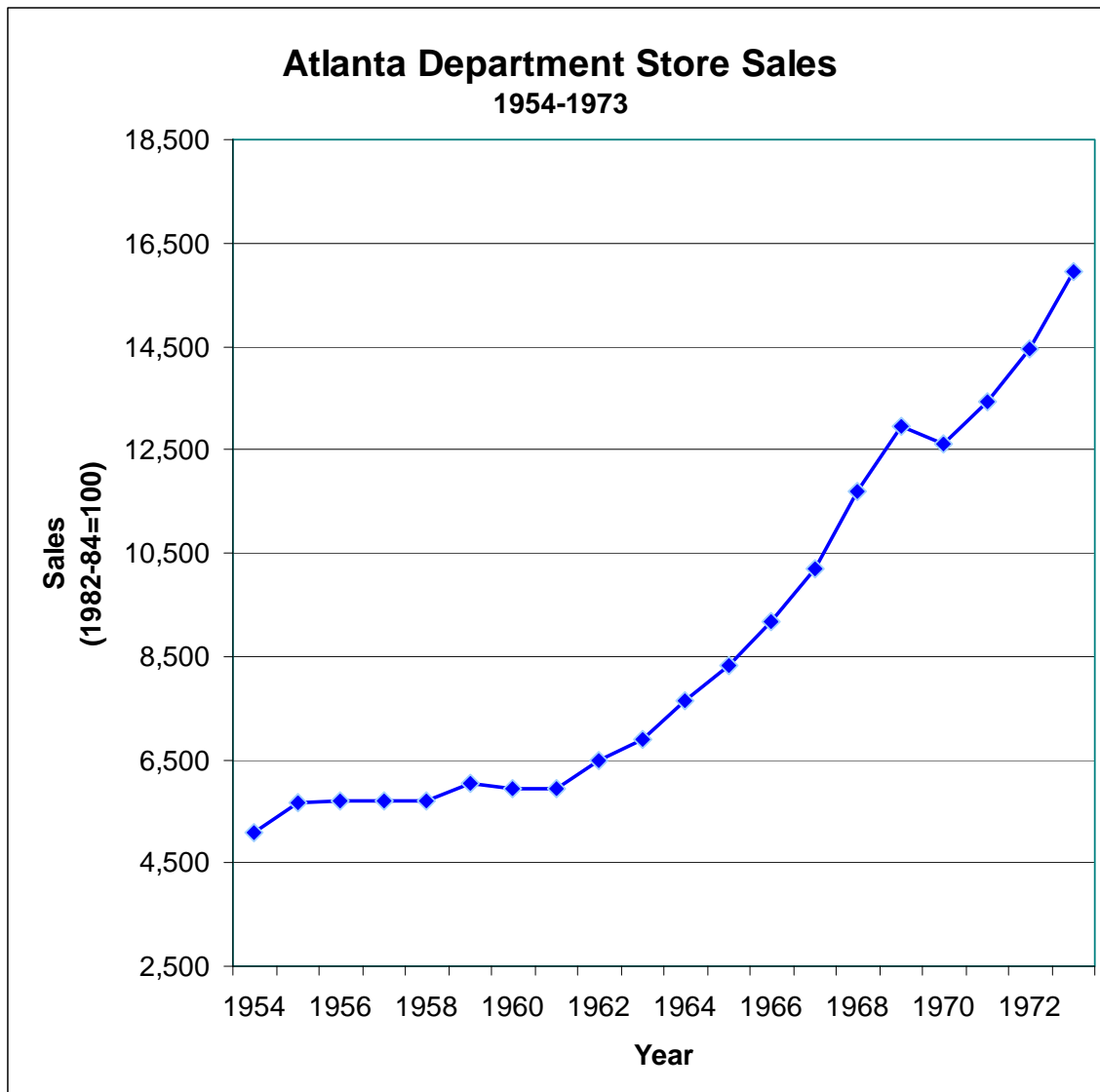


Figure 9.

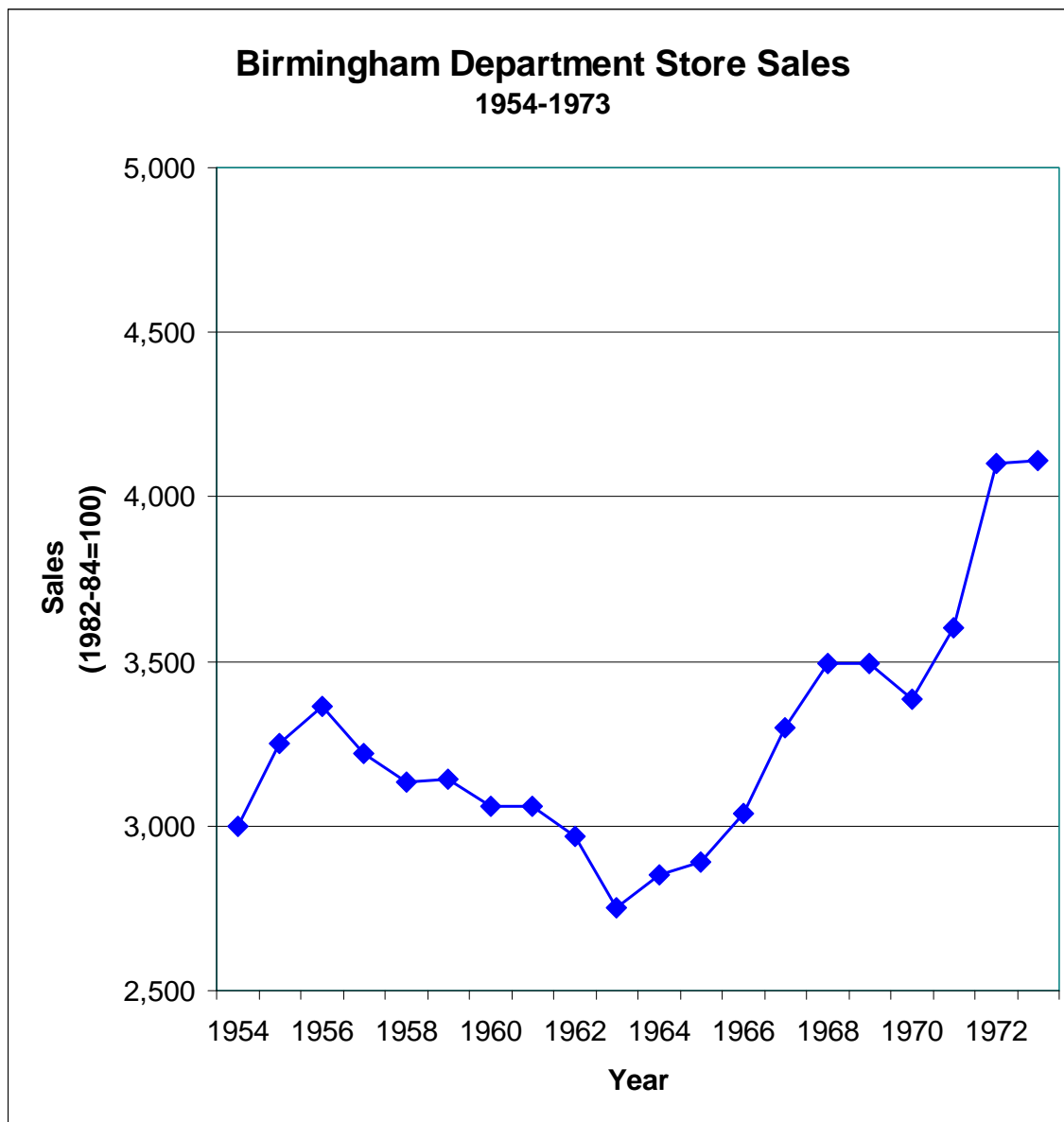


Figure 10.

# Cities Desegregated

## 5/22/63-7/2/64

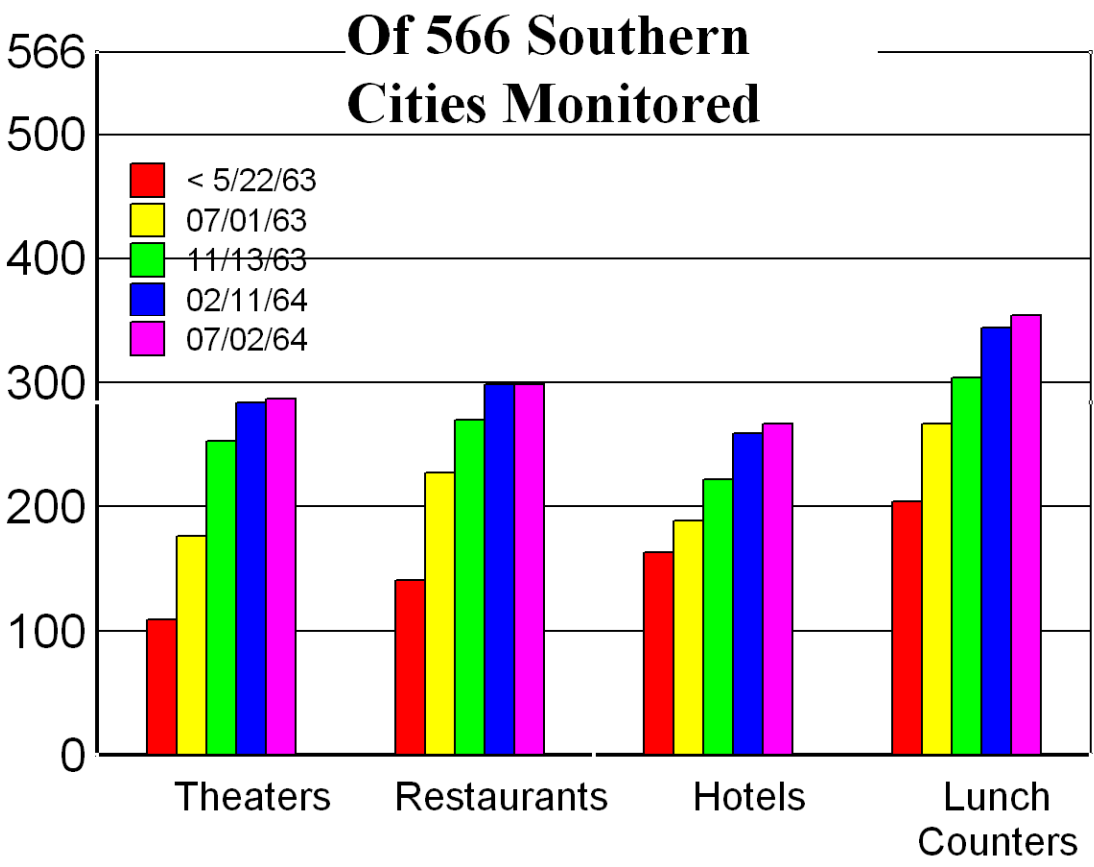


Figure 11.

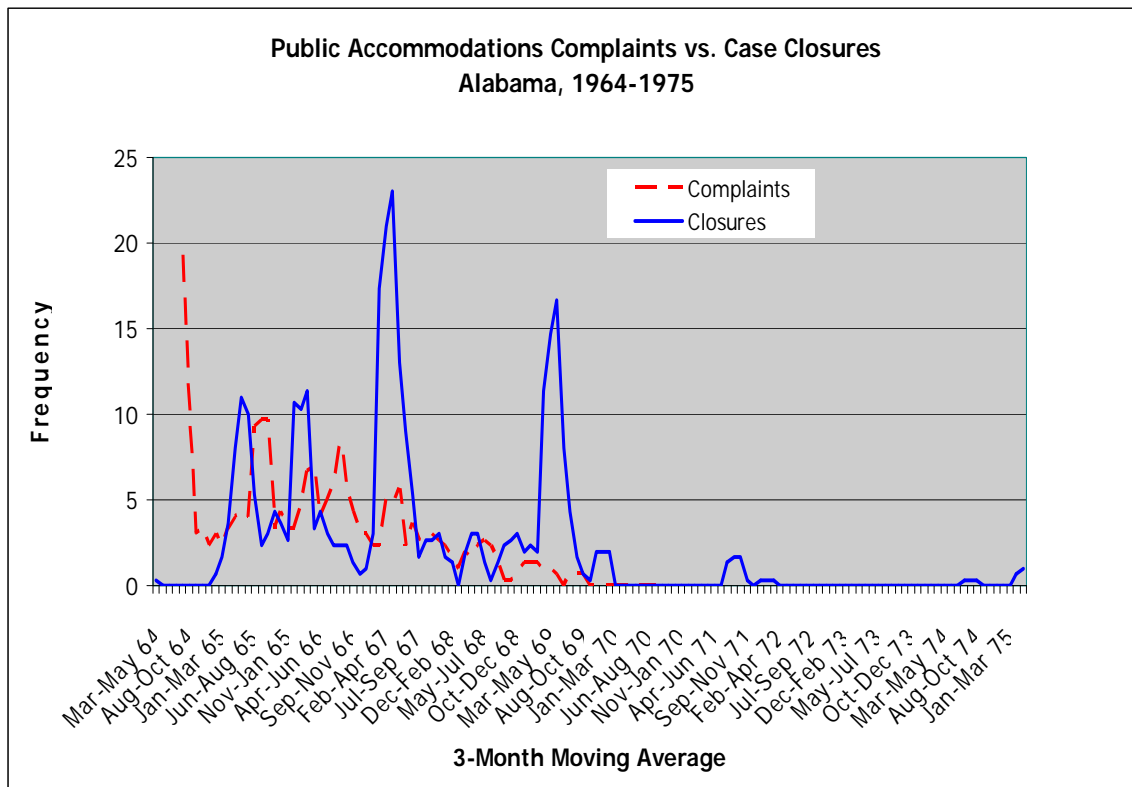
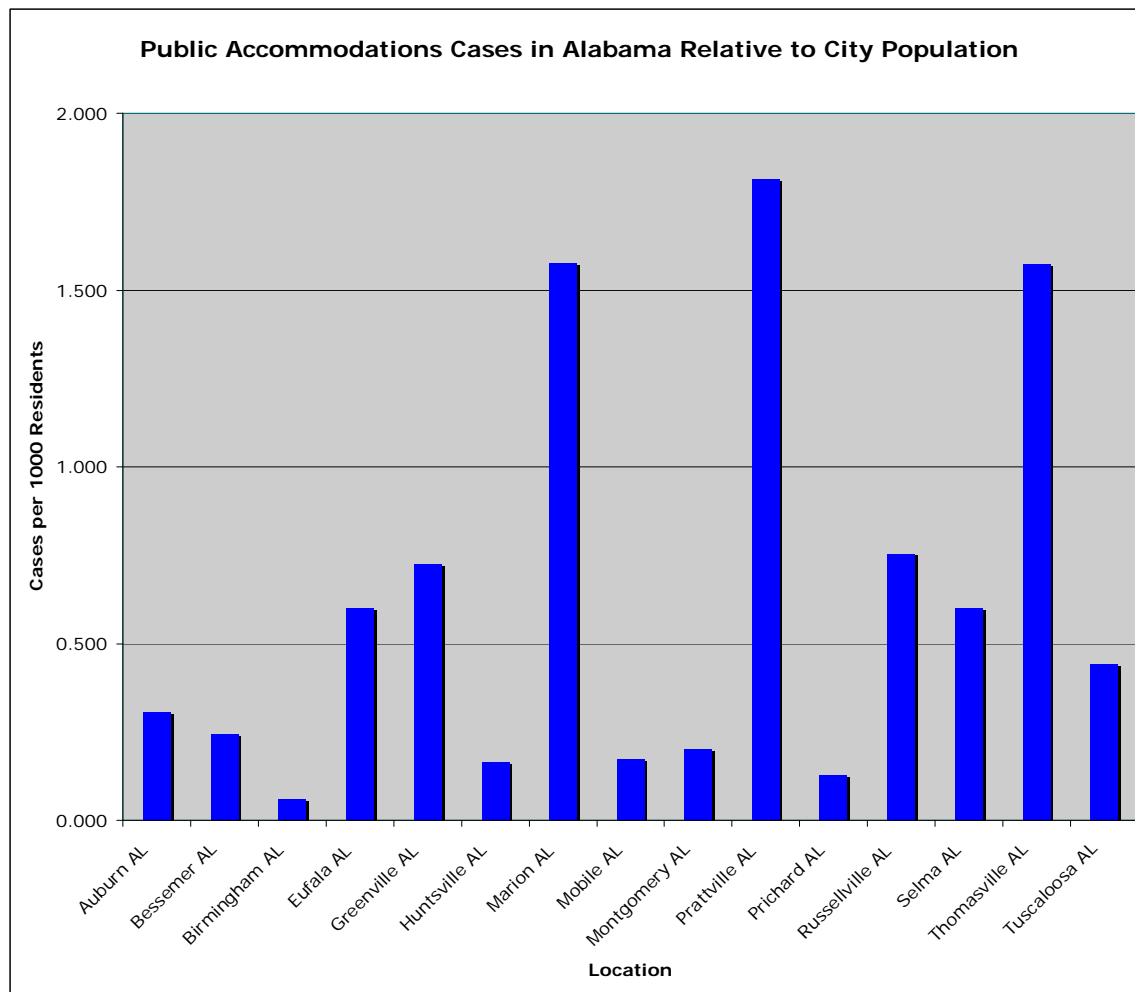


Figure 12.



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