

UNIT NINE: POSTWAR UNITED STATES

LESSON 35

THE ECONOMICS OF RACIAL DISCRIMINATION

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LESSON DESCRIPTION

The students examine Jim Crow segregation laws and discuss the costs of racial segregation. They examine an economic mystery about segregation, using the **Guide to Economic Reasoning**. Finally, they read and discuss an essay about Homer Plessy and Rosa Parks.

During the late 1800s and throughout the first half of the twentieth century, racial segregation was enforced throughout the South by legislation and by informal codes of culture. African Americans in the South resisted the legal and social codes that kept them poor and powerless, but they had relatively little success until the 1950s.

MYSTERY

In 1896, Homer Plessy failed in his attempt to have an important doctrine of racial segregation struck down. In 1955, Rosa Parks succeeded. What explains the difference in outcomes in these two cases?

ECONOMIC HISTORY

When African Americans were poor and dependent on whites, it cost whites little to impose the Jim Crow system and ignore challenges to it. As African Americans began to earn higher incomes and take regular wage-paying jobs, however, their market power became clear. By withholding payment for goods and services through organized boycotts, they raised the costs whites had to pay to maintain segregation; as the costs increased, whites found it more and more in their interest to accede to the desires of African Americans.

CONCEPTS

- Segregation
- Boycott
- Jim Crow laws
- Average income

OBJECTIVES

Students will:

1. Explain how low incomes limited alternatives available to African Americans in their efforts to resist segregation.
2. Identify ways in which higher incomes, cash purchases and boycotts helped African Americans challenge segregation in the South.
3. Demonstrate how segregation laws limited African Americans' economic, social and political opportunities.
4. Identify the costs that segregation laws imposed on all residents of the South.

MATERIALS

- A transparency of Visuals 35.1, 35.2 and 35.3
- A copy of Activity 35.1 for each student

CONTENT STANDARDS

Economics

- People respond predictably to positive and negative incentives. (NCEE Content Standard 4)
- Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and well-enforced property rights, is essential to a market economy. (NCEE Content Standard 10)
- Income for most people is determined by the market value of the productive resources they sell. What workers earn depends, primarily, on the market value of what they produce and how productive they are. (NCEE Content Standard 13)

History

- The struggle for racial and gender equality and the extension of civil rights. (Era 9, Standard 4, National Standards for History)

TIME REQUIRED

60 minutes

PROCEDURE

1. Explain to the class that the purpose of this lesson is to examine the economic effects of Jim Crow laws used in the South from the 1880s to the 1960s. Specifically, this lesson asks why racial segregation could be imposed in the 1880s and why it would be reduced beginning in the 1960s.
2. Display Visual 35.1. Discuss briefly the origin of the Jim Crow laws and the many practices associated with them. Point out that almost no matter was too small to escape Jim Crow regulation. For example: Oklahoma once segregated telephone booths, and courts in Arkansas provided separate bibles for use in swearing in white and African American witnesses.
3. Display Visual 35.2. Ask the students to consider why Rosa Parks was more successful. Was it because people in 1955 were in some way nicer than people who lived in 1892? How might economic reasoning help to solve this mystery?
4. Display Visual 35.3, the **Guide to Economic Reasoning**. Ask the students to hypothesize what might have changed people's behavior between 1892 and 1955. Stress that a change in the Jim Crow rules depended upon a change in the costs and benefits to whites. As it became clear that the combination of costs and benefits for maintaining racial segregation was no longer advantageous to its proponents, change became more certain.
5. Distribute Activity 35.1. After the students have read it, discuss it with the class. Ask:
 - A. What did Homer Plessy attempt to do? (*Use a first-class ticket to ride in a train car reserved for white passengers.*)
 - B. What did the railroad company gain by refusing to let Mr. Plessy ride in the first-class car? (*The railroad obeyed state law. It did not alienate white passengers traveling first-class who preferred not to ride with Mr. Plessy.*)
 - C. What did the railroad lose by refusing to let Mr. Plessy ride in a first-class car? (*Potential first-class African American passengers and white passengers who disagreed with the law were alienated. However, both groups at the time were extremely small in number.*)
 - D. Why didn't African Americans vote to change Jim Crow laws? (*At the time, laws in southern states made it nearly impossible for African Americans to vote.*)
 - E. What did Rosa Parks do? (*She refused to give up her bus seat to a white passenger.*)
 - F. What did the bus company gain by having Ms. Parks arrested? (*The company followed city laws. The arrest did not alienate white passengers who preferred not to ride with African Americans.*)
 - G. What did the bus company lose by having Ms. Parks arrested? (*African Americans, the bus company's largest group of customers, were alienated. Their boycott of the bus company caused a loss of revenue. Whites who disagreed with the law were also alienated.*)
 - H. Would a boycott have worked as well in 1892? (*Probably not. Too few African Americans could afford to ride in first-class railroad cars in 1892. Most African Americans had low incomes late in the nineteenth century, and, because of sharecropping arrangements, most of them had very little cash income.*)
 - I. What changes had occurred that made the 1955 boycott in Montgomery effective? (*The income of African Americans had increased. They could choose alternatives other than the public bus company for transportation.*)

- J. Can consumers influence social change? *(Yes. Buying or not buying specific products or services in large numbers provides producers with incentives to respect customers' wishes.)*
- K. Were economic actions like the boycott the only cause of this social change? *(No. Court decisions also contributed.)*

D. that separating blacks and whites on trains or elsewhere was legal so long as the separate accommodations provided for "equal" treatment of both groups.

2. Jim Crow laws were a system of state and local laws that
- A. regulated dancing in night clubs.
 - B. regulated the appointment of judges.
 - C. kept the races apart.**
 - D. kept religious groups apart.

CLOSURE

Review the lesson with a brief discussion:

- Using economic reasoning, tell why Rosa Parks was successful in challenging a basic doctrine of racial segregation while Homer Plessy was not. What change had occurred in calculations people made about the costs and benefits of racial segregation? *(Increased average income of African Americans made segregation more costly to producers.)*
- Using economic reasoning, tell whether you think there is much chance of the United States returning to an era of widespread, legally enforced racial segregation. *(Not all race-related issues of equity have been resolved, but a return to widespread, legally enforced racial segregation is highly unlikely. While the average income of African Americans still lags behind that of whites, it continues to improve, thus making African Americans too important to be ignored in the market.)*

ESSAY QUESTIONS

1. Suppose the school board decided to segregate all left-handed students from right-handed students. List at least three new rules that your schools would have to adopt in order to implement this policy. List any costs and benefits this segregation policy would create. Compare the consequences of this policy to the consequences of racial segregation in the South from 1900 to 1968.

(Students should describe rules keeping left-handed students in separate classrooms, separate cafeterias, separate gymnasiums; requiring students to enter the building by separate doors and to use lockers in separate areas. They should note the costs of adding teachers to handle the extra problems of administering this separation, the costs of restructuring the school building, and so forth. They should conclude that this policy is very costly, providing few benefits to either right- or left-handed students. The costs of segregation in the South were also high, for whites as well as African Americans.)

2. Suppose you are a white Southern grocery-store owner in 1965, opposed to racial segregation. You think segregation is morally wrong and economically harmful to the community. Therefore you allow African Americans and whites shop on an equal basis in your store. What do you suppose the costs and benefits of your decision will be?

ASSESSMENT

Multiple-Choice Questions

1. In 1896, the Supreme Court decided *Plessy v. Ferguson*, ruling on a case brought to the court by Homer Plessy, an African American from Louisiana. The ruling said
- A. that all African Americans should be given the right to use public facilities available to whites, without any special limits or restrictions.
 - B. that the State of Louisiana had to end slavery within five years.
 - C. that John Ferguson had to give Homer Plessy a job on his railroad.

(Possible answer: Benefits: You will feel satisfaction in aligning your actions with your beliefs. You may gain customers as African Americans purchase items at your store.

Costs: It is unlikely that you will have much support from other Southern whites. Old customers and friends may boycott your store. You may get in trouble for breaking the law.)

3. During the Montgomery bus boycott, thousands of African Americans refused to use the city bus services for a year. The boycott was successful, causing the bus company to eliminate segregated seating. Many other local business leaders also feared a boycott and came to the conclusion that racial segregation was too costly to maintain. Suppose that half of Montgomery's African American population had not supported the boycott but had used the buses as usual. Do you think local business leaders would have been as willing to do away with segregation?

(Possible answer: Probably not. The boycott demonstrated the full consumer strength of black customers and made businesses realize they depended on voluntary trade with black customers. For business leaders to choose integration, they must have thought that the cost of boycotts with segregation was greater than the benefits of continued segregation. Integration allowed them to reduce the costs of consumer boycotts.)

VISUAL 35.1

JIM CROW LAWS

ORIGIN

The name *Jim Crow* derived from a stereotyped African American character in a song and dance act presented by Thomas D. Rice, a popular entertainer of the 1830s. The name *Jim* subsequently came into use as a term for African Americans — one slightly less insulting than other terms in widespread use at the time — and by extension it was applied to new laws requiring racial segregation.

Jim Crow laws were adopted by many southern states in the late 1880s. They required separation of races in the use of public (and many private) facilities. Jim Crow laws also applied to elections; state poll taxes and literacy tests, for example, reduced the number of blacks who could vote.

THE SCOPE OF THE JIM CROW LAWS

Jim Crow laws were applied from cradle to grave. They required racial segregation in many areas of public and private services, including the following.

hospitals	restaurants
schools	lunch counters
public parks	theaters
railroad cars	buses
public buildings	hotels
prisons	funeral homes
restrooms	cemeteries

VISUAL 35.2

DIFFERENT OUTCOMES FOR HOMER PLESSY AND ROSA PARKS

In 1892, Homer Plessy, an African American, was refused a seat in a first-class railroad car even though he had paid for a first-class ticket. He challenged the segregation laws that permitted the railroad to deny him a first-class seat, and he pursued his challenge all the way to the U.S. Supreme Court. But he lost his case. The Supreme Court ruled against him in *Plessy v. Ferguson* (1896), holding that “separate but equal” accommodations for blacks and whites did not violate the equal protection clause of the 14th Amendment to the Constitution.

In 1955, Rosa Parks, an African American riding on a bus in Montgomery, Alabama, was told to give up her seat to a white passenger. She challenged the segregation laws underlying this incident, and she won.

What explains the change between 1896 and 1955? Why was it possible to challenge Jim Crow laws successfully in 1955?

VISUAL 35.3

GUIDE TO ECONOMIC REASONING

1. People choose.
2. People's choices involve costs.
3. People respond to incentives in predictable ways.
4. People create economic systems that influence individual choices and incentives.
5. People gain when they trade voluntarily.
6. People's choices have consequences that lie in the future.

ACTIVITY 35.1

HOMER PLESSY AND ROSA PARKS**Homer Plessy**

In 1892, Homer Plessy, an African American, was refused a seat in a first-class railroad car even though he had paid for a first-class ticket. A law in the state of Louisiana, where he lived, banned black passengers from riding with whites. First-class railroad cars were for whites only, so Plessy could not ride in one. His only legal alternative was to ride in a railroad car for blacks, although such cars were usually much less comfortable and came with fewer services than those provided in first class.

Homer Plessy was angered by what he said was a denial of his right to purchase and use a first-class ticket. He took his case to court, but at every level the legal system decided against him. In a landmark decision in 1896, the U.S. Supreme Court upheld the law that kept Homer Plessy from riding in the first-class car. *Plessy v. Ferguson*, the court's ruling, held that separating passengers by race did not violate the U.S. Constitution, even though the 14th Amendment prohibited the states from depriving citizens of "equal protection of the laws." Since blacks and whites both could travel by train, they received "separate but equal" treatment, the court decided.

Certainly Homer Plessy and his supporters disagreed with this concept of legal segregation (known as the "separate but equal" doctrine). But in 1896 they could find no effective way to change the laws or to convince the railroads to accept extra revenue from African American customers who wanted first-class railcar accommodations.

Rosa Parks

In 1955, an African American named Rosa Parks was told to give up her seat on a city bus to a white passenger, even though she had paid the fare and held the seat for several stops before the white passenger boarded the bus. A law in the city of Montgomery, Alabama, where Rosa Parks lived, required that black passengers sit only in the back sections of city buses; it also required that if the "all white" front sections filled up, black passengers could be ordered to give up their seats to whites. Because the law also provided that no white passenger should ever have to sit next to a black rider, this meant that if one white passenger boarded when all the seats for whites were filled, all the black passengers in the first row of the section for blacks would have to give up their seats. Rosa Park's only alternative seemed to be to stand up — to give up her seat so that a white man could sit alone in the first row of the seats otherwise designated for black riders.

Rosa Parks was angered by the denial of her right to make use of a seat that she had paid for. She took her case to court. But she also worked to mobilize other African Americans in Montgomery to boycott the city bus system. As her case worked its way through the court system, Rosa Parks and thousands of others refused to ride the segregated buses. With the guidance of Reverend Martin Luther King (at that time a local pastor) and other leaders in the black community, the boycott held for more than a year. During the boycott, Rosa Parks and other protesters had to walk long distances to work or share rides with friends and strangers; some were even offered rides by white employers.

The bus company began to lose money. Before the boycott, most of its customers had been African Americans. Soon other business leaders reported that they also were affected by the boycott and were losing money. They urged the city to change the law. Finally, late in 1956, the Supreme Court of the United States chose not to review a lower court decision holding that the "separate but equal" doctrine could not be used to justify a law like Montgomery's bus law. Montgomery's system of segregation in bus transportation was declared to be in violation of the U.S. Constitution. Rosa Parks and her supporters had found an effective way to challenge a basic doctrine of racial segregation.

ACTIVITY 35.1, CONTINUED

HOMER PLESSY AND ROSA PARKS**Why Was Rosa Parks Successful?**

What explains the success Rosa Parks had in striking down a law that kept her from buying and receiving bus transportation on an equal basis with white customers? Why wasn't Homer Plessy able to strike down the law that stopped him from using the first-class ticket he had purchased in 1892?

To answer these questions, consider the circumstances of the 1890s and the 1950s. What important changes occurred during these years that gave Rosa Parks alternatives that Homer Plessy did not have? What were the rules in each situation? Who made the rules? Who benefited from the rules? Who lost? How did gains and losses change?

Jim Crow Laws

In the 1890s, most African Americans were still living in the South. Racism was widespread, despite passage of what were called the Civil War Amendments to the U.S. Constitution: the 13th, 14th, and 15th Amendments. The 13th Amendment abolished slavery. The 14th and 15th Amendments granted citizenship rights to blacks, required states to guarantee equal protection of the laws and granted voting rights to African American males. Despite these constitutional provisions, many white Americans in the North and the South continued to think that some separation between the races was desirable.

By the 1890s, this belief in separation was manifest in a system of state laws and local ordinances called Jim Crow laws, intended to keep the races apart. In many states these laws established separate schools for white and black children. Maintaining separate schools was expensive. Two sets of everything — teachers, schools, books — had to be provided. Southern schools were usually poorly financed compared to schools in other parts of the country, and Southern officials often spent less state money on schools for African American children. This practice imposed great hardships on black children.

But public officials didn't have to worry much about negative reactions from the African American community. Beginning around 1890, laws in many states made it very difficult for African Americans to register and vote. With few or no blacks voting, white officials could ignore black concerns without fear of losing public office.

Throughout the South, by the early 1900s, the Jim Crow practices meant that towns often had no libraries, parks or other public services available for African American residents. Privately-owned facilities were also segregated. The Jim Crow laws and customs applied to restaurants, stores, hotels and other facilities, sometimes by extraordinary means. Black customers might be served at separate counters or areas within a store, for example, barricaded off from areas reserved for whites.

Why would businesses drive away African American customers in the 1890s? The answer relates to black poverty and white boycotts. Most business owners felt that by serving black customers they would lose their white customers. They were afraid that white customers would not spend money in their stores if blacks were served on an equal basis. A loss of white customers would cause a major reduction in the store owner's income; blacks did not have enough purchasing power to compensate for a decline in spending by white customers who might boycott. In the 1890s, most blacks in the South were sharecroppers or tenant farmers. They farmed on lands they did not own; instead of earning cash, they earned shares of the crops they raised for those who did own the land. Very little cash was used in the South at this time. The sharecropping economy depended heavily on credit and a barter system.

ACTIVITY 35.1, CONTINUED

HOMER PLESSY AND ROSA PARKS

Increasing Average Incomes

Suppose Homer Plessy had encouraged African Americans to boycott Louisiana railroads in the 1890s. How much influence would such a boycott have had on railroad revenue? Very little, because very few African Americans could travel by first-class passage, given their low incomes.

Over the years, while African Americans continued to challenge Jim Crow laws, they also improved their economic condition. During World War I and World War II, many blacks moved north and west to take jobs in the nation's factories. They earned more in these jobs than they had earned as sharecroppers. In the South, blacks began to move to cities, where they worked at jobs that paid wages. Slowly, black incomes rose. In 1939, the average annual income of a black family was \$489, a little more than one third of the average white family income of \$1,325. By 1949, the average annual black family income reached \$1,533, nearly half of the \$3,138 earned by an average white family. And in 1955, when Rosa Parks refused to give up her seat on a bus, average black family income had risen to more than half of the average white family income (\$2,418 to \$4,331).

Changes also occurred in other areas. Most of the old arguments about the inferiority of African Americans had been discredited. Many white Americans joined the struggle to gain equal rights for all citizens. And technological changes made it increasingly difficult to maintain Jim Crow laws. For many white Americans, travel by automobile replaced travel by railroad and bus. As a result, by 1955, most people who rode buses were black Americans. This situation gave black Americans a new measure of consumer power. The bus companies depended on black ridership to stay in business. Other businesses also depended on black customers. They could no longer offer poor services, or refuse to provide services, without losing revenue.

So, why did Rosa Parks succeed in getting a racist law struck down? Many changes contributed to this outcome, including growth in the power of the black consumer.

QUESTIONS FOR DISCUSSION

- A. What did Homer Plessy attempt to do?
- B. What did the railroad gain by refusing to let Mr. Plessy use his paid ticket to ride in a first-class car?
- C. What did the railroad lose by refusing to let Mr. Plessy ride in a first-class car?
- D. Why didn't African Americans vote to change Jim Crow laws?
- E. What did Rosa Parks refuse to do?
- F. What did the bus company gain by having Ms. Parks arrested?

ACTIVITY 35.1, CONTINUED
HOMER PLESSY AND ROSA PARKS

- G. What did the bus company lose by having Ms. Parks arrested?

- H. Would a rail boycott have worked in 1892?

- I. What changes occurred that made the bus boycott effective in Montgomery?

- J. Can consumers influence social change?

- K. Was it economic actions (like the boycott) alone that caused social change?