

Econ 1700. Prosem. Methodology of Economics (Honors)

The Political Economy of Jim Crow, 1867-1950

The Historical Narrative

This course explores how the economic and political institutions governing the lives of African-Americans evolved from 1867 through 1950. As such, it is organized around an historical narrative that begins with a discussion of Reconstruction. Ostensibly designed to integrate recently emancipated slaves into American society as complete and equal participants alongside whites, the central institutional innovations of Reconstruction included the 13th Amendment (prohibiting slavery in the United States); the 14th Amendment (guaranteeing all Americans equal protection of the laws and due process of law); and the 15th Amendment (prohibiting state governments from denying citizens the right to vote). These Amendments, so long as they were enforced by federal authorities, had a profound effect on the lives of African Americans. Blacks, for example, came to enjoy a modicum of economic advancement, and for the first time, were able to effectively exercise the right to vote and influence political outcomes throughout the South. At the peak of Reconstruction during the 1870s, legislatures at the state, federal, and local levels often included black politicians and representatives.

Soon after federal troops were removed from the South in 1877, however, whites regained control of the political apparatus, and gradually disenfranchised African Americans, undoing most all of the progress won through Reconstruction. By around 1900, disenfranchisement was nearly complete, and black voter participation rates approached zero throughout the South. While it is often argued that disenfranchisement was driven by formal institutions such as poll taxes and literacy requirements, evidence presented in the course suggests that informal mechanisms such as violence, voter intimidation, and fraud were more important factors. Disenfranchisement was also associated with a long wave of anti-black legislation that, among other things, denied blacks equal access to schools, transportation networks, parks, and host of other public and private venues.

Blacks tried to circumvent these Jim Crow laws by appealing to the courts and by migrating out of the countryside and into the cities. In the short run, these strategies were, at best, only partially successful. The courts, for example, put limits on the ability of Southern legislatures to totally ignore the African Americans in the construction public projects and the distribution of public monies, but at the same time they also enshrined the bankrupt notion of separate-but-equal. By the same token, while migration to urban spaces, especially northern ones, often created new economic opportunities for blacks, racially-motivated violence and political oppression were not limited to the countryside or the Klan dominated South.

But in the longer-term, the efforts of African-Americans to challenge the resurgence of white legislative power laid a foundation for the modern Civil Rights Movement. Of particular

importance in this regard, was a demographic transformation that saw African Americans move from being an overwhelmingly rural population to a predominantly urban one. As we will explain in the course, this proved a fortuitous shift that allowed blacks to overcome a collective action problem that had long privileged the organizational efforts of white racists. This, in turn, made it possible for blacks after World War II to mobilize as an effective political force—something they probably could not have done had they remained in the Southern countryside where they were isolated by both geography and a mob-like protection racket run by white elites.

Economic Models and Concepts

In explaining how and why institutions evolved the way they did, we will appeal to models from labor economics, economic history, and political economy. Examples include the following:

- Models of collective action that explain why some social groups can effectively organize themselves as a political force while other groups cannot. We will give particular attention to the work of Mancur Olson;
- Alston and Ferrie's model of paternalism, whereby rural elites in the Postbellum South used the threat of violence to inhibit black economic mobility and slow the rise of the American welfare; we will also juxtapose Alston and Ferrie's framework with that of Charles Tiebout, who long ago highlighted the importance of jurisdictional sorting in shaping the provision of local public goods;
- Models of judicial independence and decision making. In considering these models we will be particularly interested in understanding why judges often had preferences and adopted positions in conflict with legislators and why legislators would sometimes defer to judicial preferences in cases of conflict;
- Models of statistical and preference based discrimination. Economists typically argue that, because preference-based discrimination is costly, competitive markets should undermine it. Alternatively, because statistical discrimination is often a profit-maximizing strategy, competition would promote it. These competing models can help us understand black economic progress as well as political change.
- Models of coalition formation, especially William Riker's notion of minimum-winning coalitions. These models explain how blacks, for a short time, gained political traction by forming a coalition with Republicans.

The Tools of Applied Microeconomics

One part of the course will be dedicated to introducing you to the tools of applied microeconomics. In practical terms this will involve a series of lectures discussing STATA (a statistical/econometrics program) and the basics econometrics, including how to code and organize data for econometric analysis, elementary plots and analysis of central tendency and dispersion, ordinary least squares, and difference-in-difference estimation. With these tools, you will be able to test competing theoretical explanations of the historical narrative sketched out above.

Grading

Your course grade will be determined by your performance on three margins: homework and class participation (30 percent); a midterm (30 percent); and a final, team-produced research paper (40 percent). There will be homework assignments and class presentations nearly every week. The class presentations involve preparing short PowerPoint presentations of articles. The homework assignments will sometimes involve working with primary source documents. Depending on our progress, the midterm will be sometime in mid-October. After the midterm, we will divide the class up into small research groups (about 3 people per group). Each group will produce a high-quality final paper of 20 to 30 pages using the econometric tools described in the previous section. In late-October and November, we will give lectures on how to write a research paper in economics. These lectures will cover the entire writing process, beginning with how to identify a tractable research question, organizing and structuring your paper, and writing up and presenting empirical results in the clearest, more effective ways possible.

Part 1. Course Overview

Lecture 1. Introduction to Course, Historical Timeline, and the Failed Architecture of Freedom

Lecture 2. Student Papers and Open Questions

1. "The Economic Rationale of Segregation" by Loretta Agyemang, Tyler Bowen, Kathryn Holston, and Sam Talman.
2. "Interracial Marriage Characteristics and Trends, 1860-1960," by Gabriella Emilova, Julia Radomski, Nikita Sharma, and Irene Zeng
3. "The Eugenics Movement in North Carolina: Race and Sterilizations" by Samantha Kraus and Rehema Korich
4. "School Funding in Louisiana, 1884-1907," by Jeremy Brown and Robert Snyder
5. "Factors in Understanding Chicago Housing: Segregated and Integrated Areas," by Chris Godin, Priyanka Kaura, and Maia Woluchem
6. "Challenging the Reign of 'King Cotton': An Analysis of the Boll Weevil Infestation, 1900-1910," by Daniel Ament, Tiffany Grossi, and Katelyn Petraglia
7. "Renaissance Occupations in Northern Cities During the Great Migration," by Charles Elliot, James Kane, and Gloria Oke

Part 2. Markets and Minorities in Theory and Practice

Lecture 3. Why Markets Should Undermine Discrimination, But Mostly Did Not

Jennifer Roback, "The Political Economy of Segregation: The Case of Segregated Street Cars," *The Journal of Economic History*, Vol. 46, No. 4 (Dec., 1986), pp. 893-917.

James J. Heckman and Brook S. Payner, "Determining the Impact of Federal Antidiscrimination Policy on the Economic Status of Blacks: A Study of South Carolina," *American Economic Review*, Vol. 79, No. 1 (March., 1989), pp. 138-77.

Lecture 4. Residential Segregation

Buchanan v. Warley

A. Leon Higginbotham, F. Michael Higginbotham, and S. Sandile Ngcobo, "De Jure and De Facto Housing Segregation in the United States and South Africa: The Difficult Pursuit for Racial Justice," *University of Illinois Law Review* (1990).

Rachel D. Godsil, "Race Nuisance: The Politics of Law in the Jim Crow Era," *Michigan Law Review*, Vol. 105, No. 3 (Dec., 2006), pp. 505-57.

Werner Troesken and Randall Walsh, "Jim Crow on the Block: The Political Economy of Municipal Segregation Ordinances."

Lecture 5. The Great Migration

William J. Collins, "When the Tide Turned: Immigration and the Delay of the Great Black Migration," *Journal of Economic History*, Vol. 57, No. 3 (Sept., 1997), pp. 607-632.

Fabian Lange, Alan Olmstead, and Paul W. Rhode, "The Impact of the Boll Weevil, 1892-1932," *Journal of Economic History*, Vol. 69, No. 3 (Sept., 2009), pp. 685-212.

Dan A. Black, Seth G. Sanders, Evan J. Taylor, and Lowell J. Taylor, "The Impact of the Great Migration on Mortality of African Americans: Evidence from the Deep South," *American Economic Review*, Vol. 105, No. 2 (Feb., 2015), pp. 477-503.

William J. Collins and Marriane Wanamaker, "Selection and Economic Gains in the Great Migration of African Americans: New Evidence from Linked Census Data," Working Paper 19124, National Bureau of Economic Research, 2013.

Part 3. Legal and Political Institutions With An Emphasis on the Judiciary

Lecture 6. African Americans and (the Ideals of) the Constitution

The Constitution

James Madison, *Federalist Papers* No.'s 10 and 51.

Robert J. Kaczorowski, "To Begin the Nation Anew: Congress, Citizenship, and Civil Rights after the Civil War," *American Historical Review*, Vol. 92, No. 1 (Feb., 1987), pp. 45-68.

Lecture 7. African Americans and the Judiciary: An Introduction

F. Andrew Hanssen, "Is There a Politically Optimal Level of Judicial Independence," *American Economic Review*, Vol. 94, No. 3 (Jun., 2004), pp. 712-729.

Barbara S. Gamble, "Putting Civil Rights to a Popular Vote," *American Journal of Political Science*, Vol. 41, No. 1 (Jan., 1997), pp. 245-269.

Goodwin Liu, "The First Justice Harlan," *California Law Review*, Vol. 96, No. 5 (Oct., 2008), pp. 1383-93.

Herbert Hovenkamp, "Social Science and Segregation Before *Brown*," *Duke Law Journal*, Vol. 1985, No. 3/4 (June-Sept.), pp. 624-72.

Lecture 8. The Civil Rights Cases of 1883

The Civil Rights Cases of 1883

Michael J. Horan, "Political Economy and Sociological Theory as Influences upon Judicial Policy-Making: The Civil Rights Cases of 1883," *American Journal of Legal History*, Vol. 16, No. 1 (Jan., 1972), pp. 71-86.

Valeria W. Weaver, "The Failure of Civil Rights 1875-1883 and Its Repercussions," *The Journal of Negro History*, Vol. 54, No. 4 (Oct., 1969), pp. 368-82.

S.G.F. Spackman, "American Federalism and the Civil Rights Act of 1875," *Journal of American*

Studies, Vol. 10, No. 3 (Dec., 1976), pp. 313-28.

Lecture 9. Plessy, Separate-But-Equal, and Educational Funding

Plessy v. Ferguson

Jonathan B. Pritchett, "The Burden of Negro Schooling: Tax Incidence and Racial Redistribution in the Postbellum South," *Journal of Economic History*, Vol. 49, No. 4 (Dec., 1989), pp. 966-73.

Robert A. Margo, "Accounting for Racial Differences in School Attendance in the American South, 1900: The Role of Separate-But-Equal," *Review of Economics and Statistics*, Vol. 69, No. 4 (Nov., 1987), pp. 661-66.

Robert A. Margo and T. Aldrich Finegan, "The Decline in Black Teenage Labor-Force Participation in the South, 1900-1970: The Role of Schooling," *American Economic Review*, Vol. 83, No. 1 (March, 1993), pp. 234-47.

Robert A. Margo, "Segregated Schools and the Mobility Hypothesis: A Model of Local Government Discrimination," *Quarterly Journal of Economics*, Vol. 106, No. 1 (Feb., 1991), pp. 61-73.

Price Fishback, "Can Competition Among Employers Reduce Governmental Discrimination? Coal Companies and Segregated Schools in West Virginia in the Early 1900s," *Journal of Law and Economics*, Vol. 32, No. 2 (Oct., 1989), pp. 311-28.

Daniel Aaronson and Bhashkar Mazumder, "The Impact of Rosenwald Schools on Black Achievement," *Journal of Political Economy*, Vol. 119, No. 5 (2011), pp. 821-88.

Lecture 10. The Dunning School, the Slaughter-House Cases, and the Evolving Political Economy of Substantive Due Process

Michael A. Ross. "Justice Miller's Reconstruction: The Slaughter-House Cases, Health Codes, and Civil Rights in New Orleans, 1861-1873," *Journal of Southern History*, Vol. 64, No. 4 (Nov., 1998), pp. 649-76.

Herbert Hovenkamp, "The Political Economy of Substantive Due Process," *Stanford Law Review*, Vol. 40, No. 2 (January 1988), pp. 379-447.

Part 4. Informal Institutions

Lecture 11. Formal and Informal Mechanisms of Political Disenfranchisement

Williams v. Mississippi

Daniel Jones, Werner Troesken, and Randall P. Walsh, "A Poll Tax by Any Other Name: The Political Economy of Disenfranchisement," NBER Working Paper, 18612

Lecture 12. Jim Crow and the Logic of Collective Action

Roland G. Fryer and Steven D. Levitt, "Hatred and Profits: Under the Hood of the Ku Klux Klan," *Quarterly Journal of Economics*, 2012, pp. 1883-1925.

Richard H. McAdams, "Cooperation and Conflict: The Economics of Group Status Production

and Race Discrimination," *Harvard Law Review*, Vol. 108, No. 5 (March, 1995), pp. 1003-1084.

Darlene Clark Hine, "Black Professionals and Race Consciousness: Origins of the Civil Rights Movement, 1890-1950," *Journal of American History*, Vol. 89, No. 4 (March, 2003), pp. 1279-1294.

Lecture 13. The Crop Lien System, Share Cropping and Paternalism

Claudia Goldin, "N Kinds of Freedom: An Introduction to the Issues," *Explorations in Economic History*, 16:8-30 (1979).

Lee J. Alston and Robert Higgs, "Contractual Mix in Southern Agriculture since the Civil War: Facts, Hypotheses, and Tests," *Journal of Economic History*, Vol. 42, No. 2 (June, 1982), pp. 327-53.

Robert A. McGuire, "A Portfolio Analysis of Crop Diversification and Risk in the Cotton South," *Explorations in Economic History*, 17:342-371 (1980).

Lee J. Alston and Joseph P. Ferrie, "Paternalism in Agricultural Labor Contracts in the U.S. South: Implications for the Growth of the Welfare State," *American Economic Review*, Vol. 83, No. 4 (Sept., 1993), pp. 852-76.

Part 5. Analyzing Data and Producing a Quality Research Paper

Lecture 14. STATA

- Introduction to STATA
- Organizing and coding data for statistical work
- Exploring the data for preliminary analysis: plotting data, measures of central tendency and dispersion; and elementary transformations (logs, levels, and polynomials)
- Ordinary least squares: intuition, mechanics, and implementation in STATA.
- Difference-in-difference estimating strategies: motivation (the problem of unobserved heterogeneity), intuition and examples, and implementation in STATA.

Lecture 15. Writing and Organizing a Research Paper

- How to write a research paper (examples)
- Group paper research abstracts due
- Referee reports on abstracts
- Making your topic and paper tractable
- Organizing and structuring research papers
- Writing up data and results

Last Two Weeks of Class

- Paper draft due
- Everyone referees another group's draft

- Then have in-class discussions

Last Week of Class

- No class
- Individual meetings with instructors

Final's Week, Meet on Wednesday, December 16, 12:00 to 1:50 pm

In class presentations of final paper; and final papers due.