role in improving black sta-
such first impressions are, in
against accepting the first
rest of the essay executes

of the South Carolina black
it competent social scientists
out the role of government
South Carolina labor market.
data, which – since they are
federal activity – may be
basic sources of data. We also
like those in the rest of the
na data may contain impor-
t of blacks in the South and
as a whole.
evaluate competing arguments
essay concludes with a sum-

 industrial data on employ-
period 1940–80. The data are
of the Department of Labor.
these self-reported data col-

if total employment between
the proportion of black
a total manufacturing em-
cies for black workers shows
less dramatic (Fig. 6.2).
state, accounting for 80 per-
1940 and a still sizable 40
in black employment occurs
industry. There is much less
the non-textile non-apparel
gh there is visible growth in
eter 1965 (see Fig. 6.3) and
wages for black males, and
male wages beginning before
black male share in this sector
ences is primarily due to the

Fig. 6.1. Aggregate employment shares in the South Carolina manufacturing industries.

Fig. 6.2. South Carolina manufacturing industries: wages relative to white males.
Fig. 6.3. Aggregate employment shares in South Carolina non-textile non-apparel manufacturing.

Fig. 6.4. South Carolina non-textile non-apparel manufacturing wages relative to white males.
entry into the food industry of new firms employing women of both races in equal proportions after 1965 (see Fig. 6.5).

Fig. 6.6 presents employment shares by race and sex in textiles between 1910 and 1980. It confirms the impression conveyed by Fig. 6.1. Through two world wars, the Great Depression, and the booms of the 1920s and 1950s the share of blacks in textile employment remains constant at a low level despite growth in the quality and quantity of black schooling and despite economic scarcity resulting from tight labor markets. Suddenly in 1965 the black share in employment begins to improve when Title VII legislation becomes effective and the Equal Employment Opportunity Commission begins to press textile firms to employ blacks and when Executive Order 11246 forbids discrimination by government contractors at the risk of forfeiture of government business. The textile industry sold a significant proportion of its output to the federal government in 1965. The improvement in black employment and wages occurs at a time and in an industry that suggests a major role for government activity.

Data on wages were not collected before 1940. There are consistent time-series data on employment in non-textile industries before that date.

About 5% or $120 million in 1965 dollars.
This evidence of government impact is reinforced by some additional background information on South Carolina textiles. That industry may well have been an ideal textbook example of Arrow’s (1972) model of discrimination. Initial racial exclusion ratified by a 1915 Jim Crow law may have been perpetuated by fixed costs of employment coupled with a taste for discrimination on the part of fellow employees. The costs of marginal experimentation in hiring blacks may well have been raised by the geographical isolation of mills from existing supplies of black labor: Residential integration was required to effect industrial integration. Southern textiles was one of the few industries found by Bunting (1962) to have monopsony power because of its geographical isolation from other employers.

Title VII and related antidiscrimination activity seem likely to have had their most visible effect in industries like South Carolina textiles in which exclusion of blacks was so blatant. The Equal Employment Opportunity Commission targeted southern textiles and conducted hearings on employment discrimination in that industry in late 1966 and early 1967. These hearings were widely publicized (see Rowan 1970). About 120 charges of wage and employment discrimination were filed against textile firms in North and South Carolina in 1965 (see Kidder, Evans, Simons, and Smith 1972). Any rational theory of
government bureaucracy would make South Carolina textiles an inviting target for equal rights intervention. The Defense Department, which was in charge of monitoring textile affirmative action programs, was known to be relatively vigorous in pursuit of equal opportunity. Three large textile companies in North and South Carolina had government contracts withdrawn for a brief period in 1968 because of noncompliance with the order (see Kidder et al. 1972).

Before any conclusion about the efficacy of federal policy is embraced, however, it is important to raise some cautionary questions, the answers to which constitute the remainder of this essay.

The first argument against the obvious is that the data are suspect. Since textile and apparel firms report the basic data underlying Figs. 6.1–6, they may have lied about the growth in black employment after 1965 to avoid federal intervention, and they may have lied about the level of black employment before 1965 to avoid state intervention on behalf of Jim Crow laws. In Section 4 we document the accuracy of the data, so this claim can be dismissed.

The second argument against the obvious is harder to refute. The South Carolina labor market was unusually tight after 1964. Tightness arose from the 1960s national boom coupled with the growth in real manufacturing output (Fig. 6.7, in 1967 constant dollars) and entry of firms and investment (Fig. 6.8). There were historically low layoff rates and high quit rates and new-hire rates in textiles (Fig. 6.9). Textile output was expanding during the period of the black breakthrough (Fig. 6.10). The growth in demand for textile labor coupled with a dramatic contraction in the traditional sources of supply associated with the secular decline in South Carolina agriculture may have created unusual pressure for integration of the industry as a means of keeping down labor costs. Federal antidiscrimination activity may simply have facilitated the inevitable by giving employers an excuse for doing what they wanted to do anyway.

As documented in Section 3, many economists who have analyzed the desegregation of southern textiles claim that the primary source of black improvement was the tight labor market. For this reason alone the argument should be taken seriously. Some versions of it are irrefutably true – for example, the argument that 1965 was a “uniquely tight” labor market and that once the fixed costs of desegregation of mills and mill communities were incurred, black employment gains were not easily erased. The argument is irrefutable because it assumes that the year 1965 was unique.

Other more easily answered arguments can also be advanced against the obvious explanation. The first is a supply-shift argument that focuses on the decline in South Carolina (and southern) agriculture as a
Figs. 6.25–35 show employment shares by race and sex in the textile industry for our eleven counties from 1910 to 1977. In seven of the eleven, the textile breakthrough for black females occurs in the fiscal year 1965. Recall that the textile industry data are collected on a fiscal-year basis. Therefore, fiscal 1966 covers July 1965 through June 1966. In the other four counties, the black female breakthrough in textiles occurs in fiscal year 1966. Since these are fiscal years, we cannot rule out the possibility that the breakthrough occurs in the calendar year 1965 in all counties.

After fifty-five years of near-total exclusion from the industry, black females become employed in significant numbers for the first time in the mid-sixties in each county. Similarly, after constant but low utilization in the industry prior to the mid-sixties, black males significantly increase their employment in textiles at the same time in each county. If the state of South Carolina is a single homogeneous labor market with no mobility costs for workers, a tight labor market might produce a simultaneous breakthrough in black employment of the type exhibited by Abbeville County.

Since black male textile employment varied somewhat over the sixty-five years, the exact year of the black male breakthrough is difficult to pinpoint. However, since black female employment was near zero prior to the mid-sixties, the breakthrough for black females is easy to pinpoint.
Richard J. Butler, James J. Heckman, & Brook Payner

Fig. 6.26. Employment shares in the South Carolina textile industry: Anderson County.

Fig. 6.27. Employment shares in the South Carolina textile industry: Cherokee County.
Black economic progress in South Carolina

Fig. 6.28. Employment shares in the South Carolina textile industry: Chester County.

Fig. 6.29. Employment shares in the South Carolina textile industry: Greenville County.

South Carolina textile industry: Ander-

South Carolina textile industry: Cherokee
Fig. 6.30. Employment shares in the South Carolina textile industry: Lancaster County.

Fig. 6.31. Employment shares in the South Carolina textile industry: Laurens County.
Black economic progress in South Carolina

Fig. 6.32. Employment shares in the South Carolina textile industry: Oconee County.

south Carolina textile industry: Lancaster

Fig. 6.33. Employment shares in the South Carolina textile industry: Orangeburg County.

south Carolina textile industry: Laurens
Fig. 6.34. Employment shares in the South Carolina textile industry: Pickens County.

Fig. 6.35. Employment shares in the South Carolina textile industry: Spartanburg County.