How Jackie Robinson and Adam Smith Worked Together to Desegregate Major League Baseball: An Educational Note

Mark C. Schug
University of Wisconsin-Milwaukee

M. Scott Niederjohn
Concordia University of Wisconsin

William C. Wood
James Madison University

Abstract
This educational note provides an example of how to teach students about the economic way of thinking with invisible-hand stories. By making use of the well-known narrative of Jackie Robinson breaking Major League Baseball's color barrier, we encourage students to consider how capitalism and free markets worked with Robinson in bringing about this outcome. This curriculum builds upon Robinson's courageous actions, and the note illustrates the exceptionally high costs borne by those unwilling to employ the most productive workers. Teaching suggestions are also included.

JEL Codes: A21, J78, N32
Keywords: economic education, teaching economics, labor discrimination, economic history

I. Introduction

Today many high school students never encounter the benefits of free markets and individual liberty. Instead, they are frequently overwhelmed by antimarket curricular material and textbooks accompanied by teachers who are poorly informed on economics. We propose that economic educators develop teaching approaches to help potentially resistant students give free markets an intellectual chance. We combine the economic way of thinking with invisible-hand stories to illustrate how the operation of largely free markets promotes positive, even if unintended, social outcomes. Our example of a motivating invisible-hand story is the desegregation of Major League Baseball in 1947, many years before the 1960s civil rights movement helped desegregate other parts of American society. Jackie Robinson had courage and fortitude, and the world would not be the same without him. In this article we also look at some often-overlooked factors with which Jackie Robinson worked: profit mechanisms and market forces. Both Robinson and the invisible hand can be viewed as being on the good side of history in this important move to desegregation.

II. Invisible-Hand Stories

The invisible hand is often ignored or underappreciated, or it gets a bad rap. With a 2019 Gallup Poll finding that capitalism and socialism are equally popular among young adults (Saad 2021) for the first time since the poll began in 2010, it is important for students to learn more about economic freedom. Students' enthusiasm for socialism likely would fade with exposure to the real-world results of market and socialist institutions.

We believe students are best introduced to these differences with invisible-hand stories. These are stories in which the operation of largely free markets promotes good, even if unintended, social outcomes. Thanks to left-leaning curricula such as Howard Zinn and Anthony Arnove's (2015) *People's History of the United States* and the *New York Times*' 1619 Project, they have had plenty of exposure to the supposed ills of economic freedom.

Some questions leading to invisible-hand stories include:

- How could providing indigenous tribes with property rights save the Amazon rainforest?
- How does Adam Smith contribute to wildlife conservation in Rwanda?
- Mother Teresa was a Catholic nun who took a vow of poverty. In 1979 she won the Nobel Peace Prize, which came with $179,000. Did she take the money? Was she selfish, or was she self-interested?
- How do all those roses arrive just on time and in the right quantity every Valentine's Day?

III. Jackie Robinson and the Invisible Hand Working Together for Good

Sports pioneer Jackie Robinson (1919–72) was at the center of an invisible-hand story. In 1947 Robinson was signed to be the first African American baseball player in the major leagues by Branch Rickey, president of the Brooklyn Dodgers. It took courage and determination on Rickey's and Robinson's parts to make the move. After all, racial segregation in 1947 was widespread in the United States. How would fans react? How would players react? These questions may seem odd to today's students, but in 1947 no one knew the answers.

Adam Smith (1723–90) certainly did not play baseball since the game had not been invented yet. Smith wrote *The Wealth of Nations* 143 years before Jackie Robinson was born. Could Smith's ideas have helped to desegregate Major League Baseball?

Consider Smith's contention that individuals acting in their own self-interest, pursuing profits in competitive markets, can produce good outcomes for others. By pursuing his own interest, Smith wrote in *The Wealth of Nations* ([1776] 1981), an individual "frequently promotes [the interest] of the society more effectually than when he intends to promote it."

The explanation for this contention has to do with competition. In free-market competition, producers seek to outdo one another by keeping prices low, providing high-quality goods and services, or both. Society as a whole benefits from these competitive efforts. Individuals seeking their own profit thus promote the economic interest of others, as if they were guided by Smith's invisible hand of the market.

IV. Historical Context of Jim Crow

A half century ago the legal restrictions and hindrances against African Americans were far reaching. Many states and local governments had enacted Jim Crow laws to keep African Americans segregated from white Americans. In southern states especially, nearly every public setting—including schools, buses, railroad passenger cars, restrooms, swimming pools, pool halls, and restaurants—was marked by racial segregation. Racial segregation was also widespread in northern states, enforced more by custom and social arrangements than by Jim Crow laws.

It took many years to repeal some of the worst laws. Several momentous Supreme Court decisions and federal legislation gradually chipped away at some of the deeply embedded Jim Crow laws.

In some economic sectors, however, people abandoned racial segregation more quickly—years ahead of the 1960s civil rights legislation. One of the most impressive examples began in 1947, when Jackie Robinson made his breakthrough.

V. Applying the Economic Way of Thinking to Racial Segregation in Major League Baseball

Inspired by Gwartney et al. (2018), Gwartney et al. (2016), and Heyne, Prychitko, and Boettke (2006), we distill six principles of the economic way of thinking and apply them to the Jackie Robinson story, showing how Major League Baseball moved more quickly than other institutions away from racial segregation.

1. Because resources are scarce, people have to make choices.

Economists show how people manage their lives by making choices. Rickey and Robinson both had very tough choices to make; they were courageous at the time and successful after the fact. After some careful research, Rickey decided to approach Robinson with an offer. Robinson agreed. Both men regarded the choice as the best combination of costs and benefits that they could attain.

2. People's choices involve costs.

Questions of costs loomed large. Before 1947, Major League Baseball club owners worried that white fans would stay away if they signed African American players. They worried that white players would refuse to play with African American players; they feared boycotts, fights, strikes, or worse.

It turned out that many players threatened petitions and boycotts. The tribulations that Robinson endured are numerous and have been well documented elsewhere; they include near-unrelenting racial epithets, spitting, beanballs, and spikings, to name a few. Robinson is the embodiment of moral courage in the face of an unfair setup.

3. People respond to incentives in predictable ways.

It's obvious that racial discrimination caused economic harm to its victims. What is less obvious is that discrimination was bad for business. Profits are incentives to businesses. In these efforts, it is important for business owners to hire the most talented, productive workers they can find. If they do not hire the best workers available, they might wind up losing money and even failing. It would be a disadvantage, therefore, for a business owner to be influenced by racial prejudice or other sorts of bigotry in decisions about hiring. The talented African American not hired by a bigoted employer might get hired instead by a competitor—one looking only for the best available talent, regardless of race. In this way, discrimination on the basis of race (or other considerations unrelated to competence) can impose high costs on bigoted business owners.

Imagine the position of a 1940s Major League Baseball team owner who wants to earn a profit and all the glory that comes from winning. The owner knows great athletic talent is nearby and could help the team win. Further, that talent wants to play and win. Some club owners wanted to hire the best players regardless of race and yet had been previously forced to only sign white players.

As Adam Smith ([1776] 1981) famously wrote, “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self-interest.” Although Branch Rickey may have been partly motivated by benevolence and doing what was morally right, the profit motive and market forces were also pulling in the same direction—toward hiring the best talent available.

4. People create economic systems—rules of the game—that influence individual choices and incentives.

Adam Smith ([1776] 1981) wrote a lot about the rules of the game and how competition is important for restraining bad behavior. Smith famously expressed his skepticism regarding collusion or cartels, writing, “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.” On the flipside, Smith also wrote extensively about the importance of competition: “In general, if any branch of trade, or any division of labor, be advantageous to the public, the freer and more general the competition, it will always be the more so.”

Letting competitors do the best that they can do to win matters. Major League Baseball has in certain ways operated as a cartel enabled by court rulings. It is certainly not a purely competitive field. Yet in other ways competition drives decisions, and one of the biggest areas is club owners’ need to compete with one another for talent. The profit motive came into play: they all wanted to win ballgames and earn income. Competition is a fundamental rule of the economic game. Competition of this sort erodes the power of cartels to avoid sharp competition. Members always have an incentive to break their implicit agreements and cheat. In competing to win and earn a profit, owners had good reasons to think about cheating on the cartel—by hiring the best available ballplayers, regardless of race.

There was ample talent outside the cartel. African American baseball leagues fielded dozens of professional and semiprofessional baseball teams from 1887 to 1950. The Negro National League, founded in 1920, was especially successful.

There were also barnstorming African American teams—the Omaha Tigers and the Miami Giants, for example. Barnstorming teams traveled in circuits, often in the South and Midwest, playing baseball wherever an entrepreneur could rent a ballpark and find fans willing to buy tickets. The most famous barnstormers were the Satchel Paige All Stars (all African American players) and the Dizzy Dean All Stars (all white players). They toured the nation every October from 1934 to 1945; they were watched by thousands of fans.

Life for ballplayers in the African American leagues and the barnstorming circuits was not easy. The work was hard, and the pay was low, except for stars like Satchel Paige. Continual travel, mostly by bus, was exhausting. Players also often had trouble finding hotels, restrooms, and restaurants that would accommodate them. The prospect of moving up to the majors, for better pay and improved working conditions, was highly attractive.

Given the competitive pressure they faced, and given this rich source of talented players not yet hired for the major leagues, did some club owners try to hire African American players? You bet.

Because pay in the African American leagues was much lower than major league pay, club owners knew they could hire excellent African American ballplayers for lower salaries than they were paying white players. As early as 1944, Bill Veeck tried to buy the slumping Philadelphia Phillies. His plan was to sign several African American players—Satchel Paige, Roy Campanella, Luke Easter, Monte Irvin, and many others were available—to turn the club around. Veeck failed in his effort to buy the Phillies, but he later became the owner of the Cleveland Indians. Almost immediately, he signed Larry Doby as the first African American player in the American League, in 1947.

Competition for talented players and loyal fans was especially intense in big baseball markets such as New York City. After World War II, New York City had three professional baseball teams—the Brooklyn Dodgers, the New York Yankees, and the New York Giants. Mass transit in New York would enable fans to shift loyalties easily from a losing club to a winning club. In that market, owners were obliged to do everything they could to attract fans. Having a winning team was one way to do it. Having spectacular players was another. What if an owner could offer both?

Enter Branch Rickey and Jackie Robinson. As Robinson played his rookie season with the Dodgers in 1947, he soon became the biggest attraction in baseball. Huge crowds turned out to watch him play. The Dodgers won the National League pennant in 1947, and they won it again in 1949, 1952, 1953, 1955, and 1956. Robinson was selected as Rookie of the Year in 1947. In 1949 he led the National League with a .342 batting average and was named the National League's Most Valuable Player. He helped the Dodgers win a World Series in 1955.

5. People gain when they trade voluntarily.

Rickey, keenly aware of his overnight success in signing Robinson, quickly signed other African American players including Roy Campanella and Don Newcombe. Between 1947 and 1957, African Americans playing for the Dodgers won five Most Valuable Player awards and four Rookie of the Year awards. The National League pulled ahead of the American League in fielding higher-quality teams, as racially integrated teams electrified National League fans.

Teams that signed African American players were rewarded on the field and in their pocketbooks. Other teams were disadvantaged. James Gwartney and Charles Haworth (1974) studied the impact of African American players in the early years of baseball desegregation. They found that the number of African American players was a significant factor related to the number of games a team won. From 1950 to 1955, the inclusion of an African American player on a major league team resulted, on average, in an additional 3.75 wins per year.

What about revenues? Were club owners correct, early on, to worry that baseball fans might stay away if the clubs signed African American players? Not at all. Gwartney and Haworth (1974) also found a strong, positive relationship between fan attendance and the number of African American players on a team. On average, each additional African American player on a team was associated with between fifty-five thousand and sixty thousand additional home-team admissions annually during the 1950s.

6. People's choices have primary effects and secondary effects.

While the positive outcomes of the racial integration reveal that all sides—players, fans, and owners—were better off, there was an unintended consequence, a secondary effect, in the demise of the Negro Leagues. By 1952, 150 African American players were playing Major League Baseball. The Negro National League disbanded in 1948. A few leagues continued to field teams into the 1950s, but the quality of play just wasn't there. It was all over by the early 1960s.

VI. How Can You Assess the Story of Smith and Robinson for Your Classroom?

We have a few suggestions for you regarding using this story with your students. First, you might wish to follow this link: https://sites.lib.jmu.edu/woodecon/smith-robinson/. Here you will find a set of downloadable PowerPoint slides that guide students through the story. Second, you might wish to adapt section 5 of this article as a handout for your students. Third, chapter 25 in *Economic Episodes in American History* (Schug et al. 2019) also tells the story of Smith and Robinson. You can find the book at most online bookstores.

If you wish to liven things up a little, you might wish to acquire the movie *42: The Jackie Robinson Story*. There are three relevant clips that tell the Adam Smith part of the story. In one scene, Chadwick Boseman, who plays Jackie Robinson, illustrates the cost to a retail business of racial discrimination. Boseman's character is traveling with the Kansas City Monarchs when their bus pulls into a gas station. The attendant refuses to let Boseman use the toilet. Boseman threatens to take his teammates to another station to buy the ninety-nine gallons of gas they wished to purchase. The attendant looks around and then relents. In another scene, Harrison Ford, who plays Branch Rickey, illustrates the incentive part of the story when he explains to two skeptical members of his staff that "all dollars are green." Finally, Christopher Meloni, who plays Leo Durocher (the manager of the Brooklyn Dodgers), makes the point about competition. In a locker room filled with players who are planning to sign a petition against Robinson, he explains that Robinson will be just the first to come. There will be more and more competition as others arrive. He suggests that the players might wish to improve their skills on the field in order to compete with the likes of Robinson.

VII. Conclusions

The heroes of our story—Jackie Robinson, Branch Rickey, and others—worked with Adam Smith's invisible hand to help end segregation in Major League Baseball. Markets punish profit-seeking businesses that discriminate against productive workers. Some of the most insidious forms of racial discrimination requires the force of law to survive in the long term. Elected officials don't bear the financial costs of racist policies, whereas profit-seeking businesses do.

References

Gwartney, James, and Charles Haworth. 1974. "Employer Costs and Discrimination: The Case of Baseball." *Journal of Political Economy* 82(4): 873–81.

Gwartney, James D., Richard L. Stroup, Dwight R. Lee, Tawni. H. Ferrarini, and Joseph P. Calhoun. 2016. *Common Sense Economics*. New York: St. Martin's Press.

Gwartney, James D., Richard L. Stroup, Russell Sobel, and David Macpherson. 2018. *Economics: Private and Public Choice*. Boston: Cengage Learning.

Heyne, Paul T., David L. Prychitko, and Peter J. Boettke. 2006. *The Economic Way of Thinking*. New York: Pearson Prentice Hall.

Saad, Lydia. 2021. "Socialism as Popular as Capitalism among Young Adults in U.S." *Gallup*, April 3.

Smith, Adam. (1776) 1981. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Indianapolis, IN: Liberty Fund.

Schug, Mark C., William C. Wood, Tawni H. Ferrarini, and M. Scott Niederjohn. 2019. *Economic Episodes in American History*. Morristown, NJ: Wohl Publishing.

Zinn, Howard, and Anthony Arnove. 2015. *A People's History of the United States*. New York: HarperPerennial.

The Association of Private Enterprise Education 2021–2022 Officers