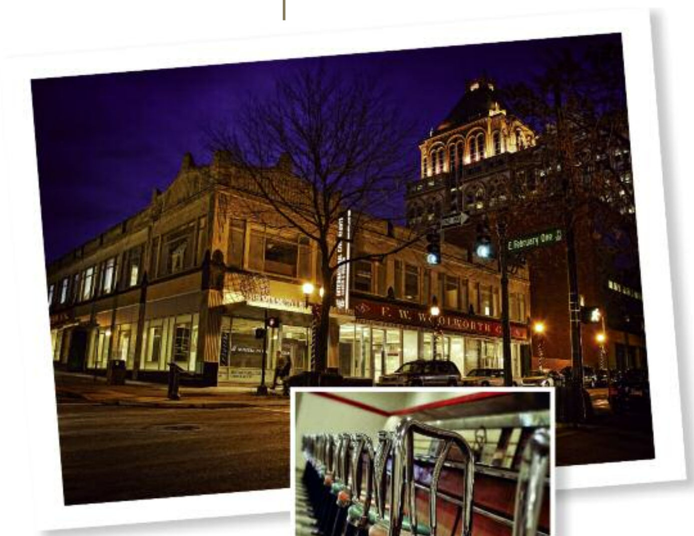
Economic News Across the Region

The 1960 Greensboro Sit-In
Famed Woolworth's Now Houses Civil Rights Center

The five and dime closed in 1993, but the brass letters above the former store are polished to perfection, as is the interior. Fifty years to the day after the first sit-in there, the International Civil Rights Center & Museum opened.



The former store where black students sat at the whites-only lunch counter opened as a civil rights museum in downtown Greensboro, N.C.

PHOTOGRAPHY: INTERNATIONAL CIVIL RIGHTS CENTER & MUSEUM

The museum also may house a proposed Joint Center for the Study of Civil and Human Rights. The effort took 17 years and $23 million in private contributions and historic tax credits sold to private investors. The idea for the museum took hold when news spread that the former store would be razed to make way for a parking deck.

On Monday, Feb. 1, 1960, four black North Carolina A&T University students shopped for toothpaste and school supplies at F.W. Woolworth Co. on South Elm Street, Greensboro's main drag. Then they seated themselves at the lunch counter reserved for whites. They were met with silence. A waitress finally told them the store didn't serve blacks seated at the counter. They stayed anyway and eventually left without incident.

Elsewhere in the South, racial barriers were being tested and protested in schools and on buses. But those actions were less common in private businesses. Historical estimates say Woolworth's lost $200,000 during the five months of on-and-off peaceful demonstrations that disrupted business and likely deterred some shoppers. That amount of money has the same buying power as $1.5 million today.

The actions of the four Greensboro students defined "a pivotal moment in the civil rights movement," according to Melvin "Skip" Alston, chairman of the center and museum. The freshmen who planned and executed the protest were Ezell Blair Jr., Franklin McCain, Joseph McNeil, and David Richmond.

As television and radio stations joined the newspapers in coverage, more students, black and white, from the city's five colleges joined the four and by Saturday of the same week, all seats at the counter were occupied in protest. A picket line stretched down Elm.

The sit-in set off a chain of similar protests at Woolworth's stores in Charlotte, Winston-Salem, Fayetteville, and Durham. By July, after months of negotiation, the Woolworth's and S.H. Kress store, also located on Elm, formally announced their lunch counters would be integrated. The first black people to eat at the now-famous lunch counter were Woolworth's own kitchen workers. — BETTY JOYCE NASH

Exit Signs

The Fed Pulls Back from the Mortgage-Backed Security Market

Along with better weather and the new baseball season, this spring brought the end of the Federal Reserve's agency mortgage-backed securities (MBS) purchase program. Launched in early 2009 to ease financial market conditions, the program's end was no surprise; the Fed announced six months prior its intention to wind down the program as economic and financial conditions improved. The real question has been how mortgage rates would respond.

The Fed originally pledged to purchase up to $1.25 trillion in securities in the troubled MBS market by the end of the first quarter of 2010. The goal was to support the availability of credit in the housing market as mortgage rates shot higher during the economic downturn. Financial institutions failed to find willing buyers for the MBS on their books, and the prices of those assets fell, causing mortgage rates to spike. The Fed's purchase of these securities should have put upward pressure on asset prices and thus downward pressure on mortgage rates.

The program appeared to work: The spread between 30-year fixed-rate mortgages and Treasuries fell significantly after the program went into effect. Brian Sack, head of the New York Fed's Markets group, said in a March speech that he believes the program was indeed responsible. He points out that mortgage spreads remained low even after the Fed began to slow its MBS purchases. In his view, the total amount of MBS held in the Fed's portfolio had eased mortgage market conditions, not the volume of the Fed purchases. If this is true, then the program's end shouldn't have a large effect on mortgage rates since there are no plans to unload that stock of securities from the Fed's balance sheet.

Researchers Johannes Stroebel and John Taylor of Stanford University have a slightly different view. They argue in a 2009 paper that the decline in mortgage spreads since the start of the program stems from other factors affecting the mortgage market, such as declines in prepayment and default risks. But the implication of Stroebel and Taylor's view is much the same: The end of the MBS purchase program shouldn't have a large effect on mortgage rates.

But the jury is still out. Stroebel and Taylor emphasize that the government intervened in a variety of markets during the time period in question. That will make it difficult to isolate the effect of the MBS program.

Mortgage rates exhibited no large reaction to the Fed's announcement that the purchases would cease at the end of the first quarter. Regardless, the mortgage-rate response will also depend on another significant wind-down decision: when and how the Fed will unload the MBS from its balance sheet. A good portion of the securities will mature and thus exit the balance sheet naturally. The Fed will decide when and at what pace to draw down the remainder of its MBS holdings based on how well the economy and financial markets recover. — RENEE COURTOIS

Proposed Training Center Draws Fire

Maryland's Eastern Shore Targeted for Stimulus-Funded Facility

The American Recovery and Reinvestment Act of 2009 included $70 million toward construction of a center to consolidate diplomatic security training, now performed at 19 scattered locations. The Eastern Shore county targeted for this facility currently ranks No. 1 in Maryland in corn, wheat, and soybean production.

A farm near Ruthsburg, Md., has been chosen from 30 sites in five states, although the 2,000-acre site on former grain fields has not yet been purchased as of press time. Proximity to Washington, D.C., at least 150 miles, is a requirement for this proposed Foreign Affairs Security Training Center (FASTC). The site was also chosen because the land is easy to develop, available, and meets mission requirements, according to project literature.

It is also next to the Tuckahoe State Park. An environmental assessment has been delayed until late spring. But the Environmental Protection Agency has recommended that the General Services Administration begin preparing an environmental impact statement because of the center's proximity to sensitive natural areas. The GSA oversees federal construction.

Reactions to the project are mixed. Though it's impossible to determine who will be hired, or where the workers will come from, an estimated 350 to 500 jobs will be created in the first phase of construction. FASTC may employ more than 400 permanent employees in the future, according to project literature.

The campus will feature high-speed driving tracks, indoor and outdoor firing ranges. It will also house improvised explosive device (IED) training ranges, and simulated urban areas for counterterrorist drills. Fences and vegetation would buffer the site. The project's timetable and cost estimates are still being determined, according to spokeswoman Gina Gilliam of the Government Services Administration. As a federal project, the center requires no local government approvals. —BETTY JOYCE NASH