

ACCESSIBLE ISOLATION: HIGHWAY BUILDING AND
THE GEOGRAPHY OF INDUSTRIALIZATION IN
NORTH CAROLINA, 1934-1984

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ABSTRACT

Between the 1930s and mid-1980s, North Carolina became one of the most industrialized states in the country, with more factory workers, as a percentage of the total workforce, than any other state. And yet, North Carolina generally retained its rural complexion, with small factories dispersed throughout the countryside, instead of concentrated in large industrial cities. This dissertation asks two essential questions: first, how did this rural-industrial geography come to be, and second, what does the creation of this geography reveal about the state of the American political economy in the post-World War II era? I argue that rural industrialization was a central goal of North Carolina's postwar political leaders and economic development officials. These industry hunters, as I call them, wanted to raise their state's per capita income by recruiting manufacturers to develop or relocate operations in North Carolina. At the same time, they worried about developing large industrial cities or mill villages, associating them with class conflict, congestion, and a host of other ill-effects. In the hopes of attracting industry to its countryside, the state invested heavily in its secondary roads and highways, increasing the accessibility of rural communities. In their pursuit of rural industrialization, however, North Carolina also constructed a political economy that anticipated the collapse of the New Deal state. While historians typically see New Deal liberalism as the prevailing form of statecraft in the postwar United States, North Carolina achieved economic growth through a model that state officials termed "accessible isolation." What accessible isolation meant was that North Carolina would provide industries with enough of a state apparatus to make operating a factory in a rural

area possible, while maintaining policies of low taxes, limited regulations, and anti-unionism, to make those sites desirable. Essentially, industry hunters offered industrial prospects access to a supply of cheap rural labor, but isolation from the high wages, labor unions, government regulations, and progressive tax code that defined New Deal liberalism. Accessible isolation was attractive to businesses in postwar America because it offered a “business-friendly” alternative to the New Deal, and factories began sprouting throughout rural North Carolina. But the success of accessible isolation was built on a shaky foundation. Indeed, most of the employers persuaded by its promises were those in low-wage, labor-intensive industries, making North Carolina’s rural communities especially vulnerable to transformations in the global economy by the late twentieth century.

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CHAPTER 1 INTRODUCTION

On the morning of October 14, 1982, not even the steady downpour of rain could dampen John Nelms' spirits. The day was "a dream-come-true for Granville County," he told Governor Jim Hunt, and as executive director of the Granville County-Oxford Planning Commission, Nelms played no small role in making it possible. Nelms and Hunt had gathered in Oxford to celebrate the arrival of the town's newest corporate citizen, California-based Max Factor Cosmetics Company. From an initial list of 539 candidates, the company chose Oxford as the site for a new \$20 million factory, making the northern Piedmont town, "Max Factor's principal domestic manufacturing facility." Nearly 700 locals would soon go to work in the factory, processing and bottling lipstick, mascara, and perfume. The dedication of the new factory brought a crowd of more than 1,000 people, including future employees, company executives, and envious boosters from neighboring counties and towns. Rain threatened to mar the spirit of jubilation in the air, but Nelms was unperturbed. "In my business, you have to be an eternal optimist," he explained. He insisted the rain would stop, and by lunchtime it had. As the skies cleared, local residents enjoyed an outdoor lunch, and listened as Nelms and Governor Hunt spoke about their town's good fortune. For an area that had recently seen unemployment figures in double-digits, it was indeed a day to celebrate.¹

Between the 1930s and mid-1980s, this type of scene was repeated in hundreds of small towns and rural communities in the American South. Indeed, throughout the post-Depression era, southern states aggressively recruited out-of-state manufacturers as a

¹ Jennifer McBride, "New Max Factor Plant Dedicated," *Henderson Daily Dispatch*, October 15, 1982.

means of economic development, hoping to shed decades of poverty and backwardness. Governors travelled to industrial cities at home and abroad to promote their state as a desirable location for new manufacturing. Officials in state Departments of Commerce and similar agencies did the same through glossy brochures and advertisements placed in trade journals and national newspapers. For their part, county commissioners, mayors, and local boosters in chambers of commerce and private development organizations, made direct appeals to industrial prospects on behalf of their communities. Collectively, these industry hunters—as they might be called—helped reshape the economic and political geography of the United States, shifting industrial jobs away from former manufacturing strongholds in the Northeast and Upper Midwest and toward the southern states.²

Though all southern states took part in this endeavor, few were more successful than North Carolina. Tar Heel governors became fixtures at factory ribbon cutting ceremonies, and each year proudly released reports full of statistics showing the state's industrial growth. The numbers were impressive. According to the Census of Manufacturers, North Carolina added approximately 2,000 new factories between 1939 and 1947, one-fifth of the South's total industrial growth.³ Between 1954 and 1967, only California added more manufacturing jobs.⁴ And by the time Oxford welcomed the new Max Factor facility in the early 1980s, 35 percent of North Carolina's labor force worked in manufacturing, a

² The most comprehensive treatment of this phenomenon is James C. Cobb, *The Selling of the South: The Southern Crusade for Industrial Development, 1936-1980* (Baton Rouge, 1982). See below for a more detailed literature review.

³ Joseph K. Heyman, "N.C. Ranks First in Southeast in Rural Industrial Expansion," *Asheville Citizen-Times*, July 17, 1949.

⁴ David E. Bartlett, "Local Development Corporations as a Factor in Industrial Expansion" (M.A. Thesis, University of North Carolina-Chapel Hill, 1970), 7.

higher percentage than any other state in the nation.⁵

While North Carolina became an industrial state, it did so without developing industrial cities. In fact, by the 1980s only one city, Charlotte, exceeded 200,000 in population. To understand the state's industrial geography, a side-by-side comparison of its manufacturing workforce and population density is instructive. By 1980, for example, the foothill county of Alexander was the most factory-dependent county in the state, with 57 percent of the workforce engaged in a manufacturing job. Still, the county claimed no major cities, and its population density was less than 100 persons per square mile. Of the 25,000 Alexander residents, 97 percent lived in Census-designated rural areas. Similarly, in Montgomery County, nearly 56 percent of the labor force worked a factory job, yet the central Piedmont county had a population density of less than 45 persons per square mile. The Census classified 88 percent of Montgomery's 22,000 residents as rural. Moreover, in 1980, eight North Carolina counties (Alexander, Caldwell, Catawba, Davidson, McDowell, Montgomery, Randolph, and Rutherford) had more than half of their labor force working in a factory. Across all eight counties the largest city was Hickory, with barely 20,000 residents. Ruralites accounted for 68 percent of the total population in the eight county area.⁶

Contemporaries who studied North Carolina's industrial development often remarked on the persistence of the state's rural geography. In the early 1980s, an anthropology

⁵ Paul Luebke, *Tar Heel Politics: Myths and Realities* (Chapel Hill: University of North Carolina Press, 1990), 62.

⁶ Employed Persons 16 Years and Over: Manufacturing, 1980. Social Explorer, <http://www.socialexplorer.com/6f4cdab7a0/explore> (based on data from U.S. Census Bureau; accessed September 12, 2016); Population Density Per Square Mile, 1980. Social Explorer, <http://www.socialexplorer.com/6f4cdab7a0/explore> (based on data from U.S. Census Bureau; accessed September 12, 2016); U.S. Census Bureau, Urban and Rural (Persons), 1980. Prepared by Social Explorer, <http://www.socialexplorer.com/tables/C1980/R11382821> (accessed February 13, 2017).

graduate student set out to study “the social transformation of rural industrial workers in Granville County, North Carolina.” He lived in Granville County for several months, and hoped to meet some of the county’s industrial workers “in a casual way...either where they congregated or on neutral territory.” This proved more difficult than he expected. In an industrial city like Detroit or Flint, he might have simply waited in a bar across the street from a factory, or at a bowling alley or union hall a few blocks away. Even an early twentieth century southern textile village would have offered central meeting places like company stores or churches where workers, if not outsiders, could congregate. But other than factory parking lots, he observed, Granville County offered no such places. “It seemed that industrial workers disappeared once they left the plant,” he wrote. “There were no places, institutions, or events that were the domain of industrial workers.”⁷

When Granville’s factory workers “disappeared” at the end of the day, most of them did not return to urban residential districts or suburban developments like their counterparts outside of the South. Instead, as *New York Times* reporter John Herbers discovered, industrial workers came from the state’s “hills and hollows, the towns and villages, old farmhouses, rural subdivisions, mobile home parks, and the assortment of dwellings, old and new, that are strung out along the roads and highways.” Indeed, while two journalists had recently designated North Carolina “the newest megastate,” because of its economic and population growth, much of that growth was not immediately apparent to casual observers. As Herbers drove through eastern Carolina along Interstate 95, for example, he noticed that the state’s landscape “looks pretty much as it has for decades, dark forests and dark field on both sides.” Upon closer inspection, however, that

⁷ Dennis McAuliffe, “The Social Transformation of Rural Industrial Workers in Granville County, North Carolina” (PhD Diss. New School for Social Research, 1984), quotes at 7 and 8.

rural landscape revealed a decentralized industrial sector consisting of “small factories that make furniture, hospital equipment, safety locks, automobile parts, electrical equipment, and multiple other products.” Herbers reported on rural communities throughout the country, but he did not find a comparable example of rural industrial growth. “More than any other state,” he concluded, “North Carolina pioneered scattered growth away from cities and suburbs, and no other state has retained as much of its older landscape in the process of industrialization and economic growth.”⁸

Stated briefly, what “Accessible Isolation” argues is that between the 1930s and 1980s, the State of North Carolina developed an industrial economy that was both geographically distinct and politically prescient. During these years, the state became highly industrialized, yet, as Herbers noted, retained its essential rural complexion. This was by design. The state’s industry hunters recognized the need to create new jobs as a replacement for the declining opportunities in agriculture, but worried about developing large concentrations of population and industry. Reacting to the perceived unrest of Northern industrial cities with unionized, multi-ethnic workforces, and to the real labor upheaval and congested conditions that had existed in Southern textile villages, state leaders sought to create a rural-industrial economy, one where small factories blended into the landscape. Textile strikes during the late 1920s and early 1930s had illustrated that white southerners were growing increasingly class conscious, bearing a closer resemblance to the militant sit-down strikers at Flint than the first generation of farmers-turned-millhands, whose sense of identity remained tied to the land. Those who never

⁸ John Herbers, *The New Heartland: America’s Flight Beyond the Suburbs and How It Is Changing Our Future* (New York: Times Books, 1986), 28-38, quotes at 28, 31, and 28-29. “The newest megastate” comes from Neal R. Peirce and Jerry Hogstrom, *The Book of America: Inside Fifty States Today* (New York: Norton, 1983).

made the transition from the field to the factory, meanwhile, struggled against an array of structural changes to the agricultural economy that precipitated migration out of the countryside—or out of the South entirely. Thus state officials in North Carolina envisioned rural industrialization as a solution to both labor unrest and agricultural depression. Factories placed in small towns and uncrowded rural areas throughout the state, they believed, would modernize North Carolina's economy without the real and imagined ill-effects of industrial cities. Achieving this goal required massive upgrades to the state highway system, building infrastructure to make isolated rural areas accessible to industrial manufacturing. As important, it also required a political economy that ran counter to the prevailing ethos of New Deal liberalism, and that catered to manufacturers looking for government policies that aligned more clearly to their own interests.

The political economy state officials constructed was defined by an arrangement they termed “accessible isolation.” This seemingly contradictory phrase became the official slogan of the Department of Conservation and Development, the state agency tasked with recruiting new employers. Set up shop in North Carolina, industry hunters told factory owners time and again through letters, brochures, and phone calls, and you will find a climate of accessible isolation. On the surface, the message referred to the state's rural geography and lack of big cities, but in the context of post-New Deal America, it had deeper political implications. State officials accurately sensed that manufacturers were growing frustrated with urban America. They complained about vaguely defined problems with “congestion,” but also, and with more precision, about a political climate of New Deal liberalism—a form of statecraft that sought to use high wages, progressive taxation, government regulations, and support for labor unions to ensure economic

security for working- and middle-class Americans. Many factory owners bristled at the higher costs and government scrutiny imposed by this New Deal state, making North Carolina's promise of an alternative political economy all the more attractive. Through its industrial recruitment efforts, officials in North Carolina claimed a role for the state in managing the economy, but on terms fundamentally different from that of the New Deal. North Carolina's primary interest was not in establishing economic security for workers, but in stimulating economic growth through a "business friendly" climate of low wages, low taxes, limited regulations, and antiunionism.

While it offered isolation from the New Deal, North Carolina still promised to use the power and resources of the state on behalf of business interests. Indeed, spreading industry throughout the countryside required building enough of a state apparatus, through investments in transportation infrastructure, to make manufacturing in a rural area logistically viable. Thanks to improvements in rural infrastructure, industry hunters could offer employers access to an abundant supply of cheap, predominantly white, rural labor. Moreover, because many rural communities suffered from limited employment opportunities, and because rural North Carolinians were struggling to cope with ongoing disruptions in the agricultural economy, these employers could enjoy an almost oligopolistic control over the local labor market. In other words, accessible isolation, as a model of economic growth, meant that industries enjoyed continued access to the elements of the state they benefitted from—such as an expanding network of modern infrastructure, connecting them to national markets and local labor supply—but remained isolated from the elements—such as progressive taxation, regulations, and labor unions—that infringed on their bottom line or managerial prerogatives.

By the 1980s, this model of political economy—one in which an active state intervenes on behalf of capital, with little sense of responsibility for the economic security of workers—would become the nation’s new prevailing ethos, displacing what had once seemed like a powerful New Deal state. North Carolina’s economic development shows the underlying weakness of the New Deal, as states pursued alternative forms of political economy for their own ends. From the beginning of the postwar era, North Carolina’s industry hunters looked for a way to industrialize the state while preserving the rurality of both its landscape and its workforce. Accessible isolation made it possible to achieve this goal. In the process, North Carolina illustrated, decades before it gained national recognition and credibility, the blueprint for the political economy ushered in by the Reagan Revolution.

The history of rural industrialization in the South predates North Carolina’s post-World War II development campaign. During the first significant wave, the so-called New South period of the late nineteenth and early twentieth century, local boosters and entrepreneurs built factories for tobacco processing, furniture, and, most prominently, textiles. Hundreds of textile mills sprang up throughout the Piedmont, that region of rolling hills bounded by the Coastal Plains on the East and the Appalachian Mountains on the West. In North Carolina, the vast majority of mills followed the same path as the North Carolina Railroad, extending east to west from Durham to Greensboro, then turning south toward Charlotte, Gastonia, and the South Carolina Upcountry. Like the factories of the postwar era, many of these mills were sited in rural areas and utilized rural labor.

The geography of the textile South, however, was distinct from the model North

Carolina would follow in the postwar era. Whether located on the outskirts of a city or in a rural hamlet, New South era textile villages were highly centralized. Mills owners attempted to build insular communities around their factories, complete with schools, churches, stores, and recreational facilities. They imagined this arrangement would foster loyalty and deference to the company. In practice, as many historians have noted, the close confines of village life helped create a class consciousness among millhands, which culminated in a series of bloody labor battles in the 1920s and 1930s. The labor unrest was indicative of a larger transformation in the social identity of mill workers, from farmers who engaged in part-time factory work to self-identified members of an industrial proletariat. By contrast, North Carolina's post-World War II development campaign set down a clearer line of demarcation between a worker's life in the factory and life on the rural homestead. Essentially, under the geography of the village system, the mill served as a hub for a larger community. The idea behind accessible isolation was to remove the hub. Factory workers lived in more decentralized rural communities, and commuted greater distances to and from work each day. Industry hunters believed this would not only ease congestion around mill facilities, but also ensure labor peace by allowing workers to reclaim an agrarian identity.

Industry hunters also aimed to use accessible isolation as a way to expand the geographic reach of manufacturing job opportunities. With some exceptions, textile mills were concentrated in the Piedmont. At the turn-of-the-century, 90 percent of North Carolina's mills were in Piedmont counties, and by the 1940s, Department of Conservation and Development officials complained that more than two-thirds of the

state's counties were "under industrialized."⁹ The lack of industrial job opportunities, especially for rural people in the eastern and western sections of the state, compounded the problems caused by mid-century structural changes in the agricultural economy and precipitated further outmigration, both to cities and mill villages within North Carolina and to states in the North and West. State politicians, then, especially Governor W. Kerr Scott, set out to expand and improve the system of rural roads and highways. Doing so was crucial to enabling industrial growth in areas that did not have convenient railroad access, thereby alleviating some of the economic pressures that led to rural outmigration.

Finally, the New South era of industrialization was distinct because it was heavily dependent on textiles. While the South of the late nineteenth century became an important center of furniture and cigarette manufacturing, textile mills were the largest source of jobs and economic output. By the post-World War II era, industry hunters had grown concerned about the long-term stability of an economy so dependent on a single industry, and hoped to attract new employers in such diverse fields as pharmaceuticals, automobiles, and microelectronics, among many others. In short, three main features distinguish the postwar era of industrialization through accessible isolation and the more widely-documented New South era. Accessible isolation intended to avoid the congestion and centralization of the mill village system, to balance industrial growth throughout the state, and to diversify the industrial economy beyond textiles. This model, state industry

⁹ Jacquelyn Dowd Hall, et al., *Like a Family: The Making of a Southern Cotton Mill World* (Chapel Hill: University of North Carolina Press, 1987), 26; W.C. Guthrie, "The Need and the Opportunity for North Carolina Industries for North Carolina People in Rural Communities," September 15, 1947, Folder "Rural Industries Reports (1947), Box 4, Division of Commerce and Industry, Department of Conservation and Development Papers (State Archives of North Carolina, Raleigh, N.C.), hereinafter cited as Conservation and Development Papers.

hunters believed, was the surest way to prevent rural outmigration, while modernizing the economy and achieving continued industrial growth.

In at least one way, however, North Carolina's use of accessible isolation represented continuity with the New South era. Textile boosters of the late nineteenth century saw their mission in explicitly racial terms, providing jobs and economic uplift to the South's struggling white yeoman farmers. Not until the Civil Rights Movement and the enforcement of the Civil Rights Act of 1964 did the southern textile industry become integrated in any significant way.¹⁰ Similarly, postwar industry hunters envisioned new factories as benefitting primarily rural whites. In fact, the whiteness of the rural labor supply was part of the reason it was so desirable, recruiters claimed, as brochures and letters touted the supposedly superior work ethic of whites accustomed to long hours in the fields. Rural African Americans, meanwhile, often struggled to find factory work, partly because state leaders did little to challenge discriminatory hiring practices and partly because areas of the state with the highest rural African American populations, namely the Coastal Plain counties in the East, were slowest to industrialize.¹¹

Nevertheless, up until the 1970s, this growth strategy seemed to be effective in bettering the lives of some rural white North Carolinians. To be sure, labor unions failed to make inroads in new factories, and a wage gap between northern and southern workers persisted. Even low-wage, non-union factory jobs, however, provided better returns than agriculture, and the South slowly caught up to the national standard in per capita income.

¹⁰ Timothy J. Minchin, *Hiring the Black Worker: The Racial Integration of the Southern Textile Industry, 1960-1980* (Chapel Hill: University of North Carolina Press, 1999); Mary Frederickson, *Looking South: Race, Gender, and the Transformation of Labor from Reconstruction to Globalization* (Gainesville, FL: University Press of Florida, 2011), 157-183.

¹¹ Adrienne Monteith Petty, *Standing Their Ground: Small Farmers in North Carolina since the Civil War* (New York: Oxford University Press, 2014), 147-162.

But this success was short-lived, as accessible isolation proved ill-suited for a post-industrial economy. The success of accessible isolation as a recruiting strategy hinged almost entirely on its appeal to manufacturers in low-wage, labor-intensive industries. So while the state's industry hunters hoped to diversify the manufacturing sector, in practice textiles and apparel continued to be the leading source of factory jobs through the late twentieth century. By the late 1970s, many employers in those industries began seeking even lower wage climates in the Global South, while others struggled to compete with the rise of cheap imported products. What replaced those jobs—if anything replaced them at all—were jobs in equally low-paying and physically-punishing industries like food processing. Therein lied a bitter irony for many of North Carolina's rural African Americans. When rural industrialization provided a modest boost to the economy, they were mostly denied its benefits. By the time they gained entry to rural factories, it was typically to take jobs in either a dying industry like textiles or apparel, or in poultry processing, a growing industry, but one that paid near poverty level wages and exacted a heavy physical toll.

At the same time, advanced manufacturing firms and high-technology industries began making metropolitan North Carolina into a beacon of Sunbelt prosperity. By the mid-1980s, the best chance a rural North Carolinian had to find a good job was to move to a metropolitan area—exactly what the architects of accessible isolation hoped to prevent. The ultimate failure of accessible isolation can be attributed to its inherent contradictions as a strategy for long-term economic development. Throughout the postwar era, the state embraced a role in the development of the rural economy, but limited itself to sponsoring the bare minimum of infrastructure needed to attract low-

wage, labor-intensive manufacturing firms. The more advanced, higher-paying jobs that created the Sunbelt required a more expansive ecosystem of infrastructure that included not simply roads and highways, but also investments in education, healthcare, and municipal services that contributed to a community's overall quality of life. Under the Jim Hunt administration, the state made its most significant commitments to those types of investments, but the process of good jobs clustering in metropolitan areas was too far gone for rural North Carolina to catch up. As a result, while traditional manufacturing jobs remained dispersed throughout the countryside, a wide divergence in the economy and quality of life opened between rural and metropolitan North Carolina that to this day stubbornly refuses to close. So while the state would continue to pursue rural industrialization into the twenty-first century, by the end of the Hunt administration in the mid-1980s, it was clear that accessible isolation had failed to bring about long-term economic growth or security for rural communities. Instead, accessible isolation as a growth strategy had essentially locked rural North Carolina into a dependency on manufacturing jobs that were only transitory, leaving rural workers by the late twentieth century without even the meager benefits of low-wage factory employment.

The story of industrialization in the modern South has been told before. In his essential book *The Selling of the South*, historian James Cobb provided an enduring framework for the transformation of the region. He showed how state leaders, beginning in the 1930s, used subsidies, tax breaks, and cheap, non-union labor, among other incentives, to attract new industry.¹² More recently, scholars like Jefferson Cowie, Beth

¹² James C. Cobb, *The Selling of the South: The Southern Crusade for Industrial Development, 1936-1980* (Baton Rouge: Louisiana State University Press, 1982); See also Cobb, *Industrialization and Southern Society, 1877-1984* (Lexington, Ky.: University Press of Kentucky, 1984).

English, and Tami Friedman have built on Cobb's findings by connecting capital migration to the South with the labor history of the North. As factory workers in New England and Middle Atlantic states unionized, demanded higher wages, and gained greater regulatory oversight from state governments, companies began to seek out the low-wage, "business friendly" climate of the South.¹³ Other historians, most notably Bruce Schulman, have emphasized the role of the federal government in the South's economic development, arguing that postwar defense spending made the South into an economic power.¹⁴

Despite this scholarly output, the geography of the South's industrial development has received little attention. While historians have documented the causes and consequences of the migration of jobs and industry to the South, they have not paid enough attention to the economic geography within the region. Instead, the existing historiography tends to focus on how the South became the Sunbelt, with the defense- and aerospace-related industries of the Deep South and the high-tech research centers of Texas' Metroplex and North Carolina's Research Triangle serving as the logical endpoint of a decades-long economic development campaign.

The most fundamental premise of this dissertation, however, is that the postwar

¹³ Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor* (Ithaca, N.Y.: Cornell University Press, 1999); Beth English, *A Common Thread: Labor, Politics, and Capital Mobility in the Textile Industry* (Athens, Ga.: University of Georgia Press, 2006); Tami J. Friedman, "Exploiting the North-South Differential: Corporate Power, Southern Politics, and the Decline of Organized Labor after World War II," *Journal of American History* 95 (September 2008): 323-348; Philip J. Wood, *Southern Capitalism: The Political Economy of North Carolina, 1880-1980* (Durham, N.C.: Duke University Press, 1986); Luebke, *Tar Heel Politics*.

¹⁴ Bruce Schulman, *From Cotton Belt to Sunbelt: Federal Policy, Economic Development, and the Transformation of the South, 1938-1980* (New York: Oxford University Press, 1991). For the argument that historians have overstated the role of defense spending in the South's economic development, see David L. Carlton, "The American South and the U.S. Defense Economy: A Historical View," in David L. Carlton and Peter A. Coclanis, *The South, the Nation, and the World: Perspectives on Southern Economic Development* (Charlottesville, Va.: University of Virginia Press, 2003), 151-162.

“crusade for new industry” was, to a greater extent than scholars have appreciated, primarily a rural story. Industry hunters in North Carolina throughout the postwar era remained deeply concerned about the geographic dimensions of their pursuit of industrial development. They invested in infrastructure to make rural industrialization possible, and emphasized a recruiting message that presented the countryside as a uniquely desirable site for manufacturers.

By approaching the Sunbelt era from the perspective of rural history, this project provides a clearer understanding of the significance of the New Deal state, as well as the reasons for its ultimate demise. Since the New Deal era itself, many historians have concluded that the reforms and social programs implemented during the Roosevelt administration constituted a dramatic rupture in the American political economy. FDR’s New Deal was the culmination of a long-running campaign against the ideology of laissez-faire, and finally brought the uncertainties of the free market under control. As historian David M. Kennedy has written, the New Deal inaugurated a new era of a liberal regulatory state, guided by “a set of institutional arrangements that constituted a more coherent pattern than is dreamt of in many philosophies. That pattern can be summarized in a single word: security.”¹⁵ By supporting organized labor and strengthening the social safety net, the New Deal state underpinned an unprecedented era of working- and middle-class prosperity. Keynesian economy policy was nearly hegemonic, as the state and the private sector provided job security, fair wages, and benefits, ensuring high levels of consumer spending and economic growth.¹⁶

¹⁵ David M. Kennedy, *Freedom from Fear: The American People in Depression and War, 1929-1945* (New York: Oxford University Press, 1999), 365.

¹⁶ Most scholarship on the New Deal state emphasizes the limitations of reform—such as the exclusion of women and African Americans from key programs and benefits, and the elevation of mass consumption at

Recent historiography has complicated this view of the postwar era. Renewed attention to business history and the history of capitalism has highlighted the many challenges corporate America and conservative intellectuals made to the tenets of New Deal liberalism. As these scholars have demonstrated, most business elites did not resign themselves to the ascendance of a Keynesian social compact that promised high wages and benefits. Instead, employers used a variety of tools to undermine the New Deal state. Some used organizations like the U.S. Chamber of Commerce and the National Association of Manufacturers to launch public relations campaigns that extolled the virtues of free enterprise and, over time, shifted public opinion away from labor and liberalism. Others co-opted the liberal welfare state with welfare capitalism and a limited form of economic security. Though workers under such regimes were better off than many, modern forms of welfare capitalism undermined the public's view of unions and the state as an engine of prosperity and led many to turn toward the private sector by century's end. Similarly, employers and business organizations funded the think tanks and conservative intellectuals who shaped economic thought by the late twentieth century.¹⁷

the expense of a class-based producerism—but nonetheless adheres to a narrative where the New Deal tames the most dangerous features of capitalism and powers economic growth. See: Kennedy, *Freedom from Fear*; William E. Leuchtenburg, *Franklin D. Roosevelt and the New Deal* (New York: Harper & Row, 1963); Steve Fraser and Gary Gerstle, eds., *The Rise and Fall of the New Deal Order, 1930-1980* (Princeton: Princeton University Press, 1989); Alan Brinkley, *The End of Reform: New Deal Liberalism in Recession and War* (New York: Knopf, 1995); Landon Storrs, *Civilizing Capitalism: The National Consumers' League, Women's Activism, and Labor Standards in the New Deal Era* (Chapel Hill: University of North Carolina Press, 2000); Elizabeth Cohen, *A Consumers' Republic: The Politics of Mass Consumption in Postwar America* (New York: Knopf, 2003).

¹⁷ Elizabeth Fones-Wolfe, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-69* (Urbana, IL: University of Illinois Press, 1994); Kim Phillips-Fein, *Invisible Hands: The Businessman's Crusade Against the New Deal* (New York: Norton, 2010); Sanford Jacoby, *Modern Manors: Welfare Capitalism since the New Deal* (Princeton: Princeton University Press, 1997); Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State* (Princeton: Princeton University Press, 2003); Shane Hamilton, *Trucking Country: The Road to America's Wal-Mart Economy* (Princeton: Princeton University Press, 2008); Elizabeth Tandy Shermer, *Sunbelt Capitalism: Phoenix and*

Collectively, these varied responses to the New Deal have caused historians to reexamine whether or not the era truly transformed the American political economy. The New Deal has begun to look more like what historians Jefferson Cowie and Nick Salvatore call a “fragile juggernaut,” hemmed in by internal contradictions and external pressure from the beginning and, after just a few decades, overtaken by a political economy that bears a close resemblance to that of the Gilded Age.¹⁸ In his book-length treatment of this argument, Cowie provides a path for historians to ask new questions about the New Deal state and its place in American history. While historians debate the causes and consequences of the “rise and fall of the New Deal order,” most continue to see the order itself as “the final product of a long struggle for American reform.”¹⁹ To the contrary, Cowie argues that the policies and reforms that made up the New Deal were only a temporary deviation from the “normal” role of the state in American life. Because the crisis of the Great Depression was unprecedented, so too was the federal government’s response. The severity of the Depression pushed the government to use “its considerable resources in a systematic, if hardly consistent, fashion on behalf of the economic interests of nonelite Americans in ways that it had not done before or since.” Because its success was so contingent on the historical context of its time, the collapse of the New Deal state should seem less surprising to historians and more in-line with the larger trajectory of American political economy. Seen in this light, the Reagan “revolution” looks more like a “restoration,” as the conservative triumph brought about a

the Transformation of American Politics (Philadelphia: University of Pennsylvania Press, 2013); Benjamin C. Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA* (Princeton: Princeton University Press, 2014).

¹⁸ Jefferson Cowie and Nick Salvatore, “The Long Exception: Rethinking the Place of the New Deal in American History,” *International Labor and Working Class History* 74 (Fall 2008): 5; Cowie, *The Great Exception: The New Deal and the Limits of American Politics* (Princeton: Princeton University Press, 2016).

¹⁹ Cowie, *Great Exception*, 13

renewed commitment to the nation's most enduring political tradition: using the power of the state on behalf of capital at the expense of the working class.²⁰

By re-contextualizing the New Deal era as an outlier in the broad sweep of U.S. history, historians can see continuities between the two Gilded Ages, even when the “great exception” was at its strongest. “Accessible Isolation” provides an example of such continuity, and argues that the political economy of rural development from the 1930s to the 1980s provides a link to what Cowie calls the “Reagan restoration.” North Carolina policymakers made the state an attractive site for manufacturers not because they offered small government, but because they offered a business friendly version of big government. The state made investments to modernize the infrastructure of rural areas, but did not intervene on the side of workers to establish economic security. Instead, the state established a social compact with industrial prospects, which involved minimal interference in the private sector, in exchange for job creation in rural areas. In rural communities, manufacturers held control over much of the labor market, and compelled state and local governments to accommodate their needs, an arrangement similar to the power corporations wielded during the Gilded Age. North Carolina thus anticipated the future direction of the U.S. political economy, as the national state by the 1980s would adopt business friendly policies similar to those used to industrialize the postwar countryside.

Before charting the development of the accessible isolation model of growth, this dissertation begins by examining the model that preceded it. Chapter One explores the consequences of North Carolina's “first wave” of industrialization, from the 1880s

²⁰ Cowie, *The Great Exception*, quotes at 13, 9, 29.

through the 1930s. Textile industrialists grappled with the explosion of labor unrest in the interwar decades, in part by breaking up the mill village system. A more decentralized geography of industrial “stringtowns” emerged, as millhands began living farther from the factory and commuting to work each day.²¹ Factory owners envisioned this as a solution to labor unrest, but state officials also found it to be a solution to a simultaneous crisis in the agricultural economy. By the 1930s, farmers, tenants, and sharecroppers struggled against the combined forces of the Great Depression, mechanization, and federally-subsidized agribusiness firms. These factors made it more difficult to earn a living from the land, and in response, millions of southerners left the countryside for cities in the North and South.

As I demonstrate in Chapter Two, North Carolina responded to these dual crises by rethinking the geography of their industrial economy. Specifically, Governor Robert Gregg Cherry launched in 1945 a “rural industries movement,” which attempted to promote a sector of locally-owned, small factories throughout rural North Carolina. This was distinct from the textile mill village system in three primary ways. First, factories would be decentralized, rather than serving as the center of a clearly defined community. Workers would be able to remain on their rural homesteads, and the state would industrialize without developing large concentrations of population—and the perceived problems, such as labor unrest, that came with them. Second, rural industry advocates emphasized the need to develop new manufacturing outside of the Piedmont. In fact, by 1940, half of North Carolina’s manufacturing took place in just ten counties, leaving the

²¹ “Stringtowns” was the description given by the researcher Harriet Herring. Herring, *The Passing of the Mill Village: Revolution in a Southern Institution* (Chapel Hill: University of North Carolina Press, 1949), 13.

vast majority of the state, especially the eastern and western sections, dependent on the increasingly unstable agricultural economy. Finally, Cherry, like nearly every governor who followed him, worried that North Carolina relied too heavily on a single industry. His rural industries movement sought to create a more diversified industrial sector, one that included not just textiles, but industries as diverse as fence posts and dinnerware.

Ultimately, Cherry's vision of locally-owned rural factories never took root in a significant way. Industry hunters spent most of their time and energy in the postwar era recruiting firms from outside of the state. Still, the rural industries movement laid the groundwork for the industrial geography that emerged in North Carolina by the 1980s. The movement committed state policymakers to three central goals, which remained central to the state's economic growth agenda through the Hunt administration: industrialization without urbanization, the spread of new industry beyond the Piedmont, and the development of new industries outside of the state's traditional strengths in furniture, tobacco, and textiles.

Chapter Three highlights the challenges North Carolina's subpar transportation infrastructure created for industry hunters. North Carolina had long regarded itself as the "Good Roads State," but by the late 1940s, it became clear that most of the state's rural highways and secondary roads had fallen behind those connecting cities and towns. Industrial prospects, rural workers, and local boosters all testified to the fact that factories in rural areas often operated inefficiently, because of unpaved and poorly maintained roads. Under Governor W. Kerr Scott, then, North Carolina embarked on a massive road building project. The state spent millions of dollars to improve rural transportation networks, which it framed as an investment in its industrial future. By modernizing rural

roads, Scott and state highway officials argued, North Carolina would make it possible to bring new industries to rural counties, eliminating the need for outmigration.

The rural road building campaign marked a revival of the Progressive Era “Good Roads Movement.” During the late nineteenth and early twentieth century, a loose coalition of farmers, boosters, and urban bicyclists and automobile enthusiasts lobbied state and federal governments for improved roads. As historian Tammy Ingram has argued, road building during this era was crucial to the broader process of state development and modernization in the South. Ingram demonstrates that, rather than reflexively opposing federal intervention, southerners actively “recruited it, shaped it, and enjoyed its fruits.”²² Southerners supported federal-aid road projects like the Dixie Highway, because local citizens could exercise some control over the routing of new roads, and because the use of convict labor allowed them to maintain traditional forms of racial control. By the late 1920s, however, the growing power of state and federal road bureaucracies sparked a populist backlash. Southerners grew resentful of higher taxes and fees, and more importantly, began to feel that their input no longer mattered to distant bureaucrats. “State highway departments,” Ingram concludes, “became favored targets for angry screeds against bloated government and state corruption,” and southern support for government road building efforts did not reemerge until the Interstate Highway Act of 1956.²³

Chapter Three complicates this narrative. The success of Scott’s road building initiative showed that many rural southerners enthusiastically supported government road

²² Tammy Ingram, *Dixie Highway: Road Building and the Making of the Modern South, 1900-1930* (Chapel Hill: University of North Carolina Press, 2014), 2.

²³ Ingram, *Dixie Highway*, 193.

building programs several years prior to the development of the Interstate system. Scott was able to build support for his road program because he appeared to learn several lessons from the rise and fall of the Good Roads Movement. While campaigning for governor, for example, Scott pledged to restructure the State Highway Commission so that local residents would have more input over road building decisions. He also emphasized the economic, social, and cultural benefits good roads provided to rural communities. In a time when many southerners saw roads as abstract symbols of state power and corruption, he reminded voters that they could also be tools for modernizing rural school systems, health care services, and economies. Scott and his supporters reinvigorated the Good Roads Movement, and North Carolina's progress in road building allowed industry hunters to advertise rural areas as ideal factory sites.

As Chapter Four demonstrates, ongoing improvements to the state highway system, and the subsequent growth of the long-haul trucking industry, were central to North Carolina's recruiting pitch to out-of-state manufacturers. Industry hunters argued that the state's modernizing transportation infrastructure made it possible for factories to operate efficiently in the countryside. In making this argument, they showed a keen awareness of prevailing business trends in the postwar era. Manufacturers had begun to seek out new plant sites away from urban areas, part of their larger political project to undermine New Deal liberalism.

North Carolina industry hunters capitalized on this particular aspect of the "crusade against the New Deal," and presented rural areas as spaces that were not governed by the tenants of New Deal liberalism. In the early 1950s, officials in the Department of Conservation and Development perfected this recruiting pitch, by synthesizing the virtues

of the state as an industrial site with the phrase “accessible isolation.” North Carolina’s rurality, recruiters argued, gave manufacturers access to cheap, nonunion labor and assured them of isolation from a regulatory state. For the state, this model of industrial development was a way to reap the benefits of the industrial economy, while avoiding the undesirable spatial arrangements of both northern industrial cities and southern mill villages.

In the postwar era, however, road building became both a manifestation of expanding state power, and a tool manufacturers could use to avoid state involvement in the private sector. North Carolina industry hunters argued for road investments on the grounds that they were necessary to make industrial development possible in isolated rural communities. At the same time, they advertised those rural communities as places largely free from government oversight and the pressures of labor unions. Roads, in other words, were a part of a state apparatus necessary for jump-starting rural economic growth, and once that process began, the state assured industrial prospects, the private sector would be allowed to operate with minimal interference.

While rural North Carolina attracted manufacturing jobs by trading on its isolation, metropolitan areas, beginning in the late 1950s, benefited from their lack of it. As Chapter Five shows, the Interstate Highway System and commercial air travel gave Charlotte and the Research Triangle a level of accessibility that rural areas could not match. Just as important, those metropolitan areas developed cultural amenities and made progress in education that placed them within the mainstream of suburban American life. This made metropolitan North Carolina an attractive place for employers in high-tech industries and advanced manufacturing firms offering higher wages for skilled workers.

The development of metropolitan North Carolina was possible because state leaders and boosters, beginning in the late 1950s, made a concerted effort to attract well-paying, “knowledge-based” industries to the state, seen most clearly in the founding of the Research Triangle Park in 1959. While the state’s long-term development plans for metropolitan areas were forward-thinking, industry hunters in the late 1950s and 1960s failed to show the same level of energy and creativity in their approaches to rural development. The state continued adding more of the same labor-intensive industries to rural areas, hoping that low wages would be offset by the continuation of part-time farming. The new development strategies that did emerge during this time—such as the promotion of food processing industries and the use of War on Poverty-style programs to improve the behavior and work habits of rural people—failed to address the structural deficiencies of the rural economy.

As metropolitan and rural areas continued their unmistakable divergence, Governor Jim Hunt took office in the late 1970s determined to close the gap between the two North Carolinas. Chapter Six examines Hunt’s efforts to modernize the accessible isolation model of growth, by bringing not simply jobs, but high-paying, skilled jobs, to rural areas. Though he is often classified, accurately to a certain extent, as a Sunbelt-era “metropolitan moderate,” Hunt shared the rurally-oriented economic vision of Governor Scott. Hunt promoted a program he called Balanced Growth, a set of policies that would allow people to remain in the country and create industrial jobs outside of the state’s traditional strengths like textiles. That the central goal of his administration was to extend the prosperity of the Triangle to the countryside, rather than bring the people of the countryside to the Triangle, shows the durability of North Carolina’s long-sought after

goal of industrialization without urbanization.

Hunt's administration also showed, however, the contradictions and ultimate failure of accessible isolation as a model of economic growth. Although he attempted to focus more deliberately on finding quality manufacturing jobs for rural North Carolina, those types of employers looked for more than accessible isolation when making relocation decisions. The accessible isolation strategy had been effective in securing low-wage factories in labor-intensive industries, but it mostly failed to attract the skilled manufacturers and high-tech companies that dominated the post-industrial economy. Those employers had higher expectations for local infrastructure, demanding educated and skilled workers, cultural amenities, and an attractive quality of life, in addition to modern highways and commercial truck transportation. Hunt attempted to create a more sophisticated infrastructure in rural North Carolina by increasing investments in education, but he nonetheless failed to achieve Balanced Growth because he maintained the basic contours of accessible isolation's business friendly policies. As a result, rural areas were unable to match the quality of education in metropolitan areas, and by the mid-1980s, even the state's usually strong highway system had begun to crumble. Balanced Growth represented rural North Carolina's last best chance to close the divergence in the economy and quality of life with metropolitan North Carolina. While the policy's failure did not prevent rural areas from continuing to add manufacturing jobs, it left workers vulnerable to global economic forces and furthered their dependency on low-wage, labor-intensive manufacturing.

CHAPTER 2
“THE MOST WHOLESOME DEVELOPMENT POSSIBLE”: THE SHIFT
FROM MILL VILLAGES TO INDUSTRIAL “STRINGTOWNS”

From W.J. Cash’s vantage point, his corner of the southern Piedmont looked like a war zone. In April of 1929, in the textile mills of Gastonia, North Carolina, hundreds of individual acts of resistance merged with a Communist organizing campaign to produce one of the most turbulent labor uprisings in the history of the South. It began when more than 1,000 workers walked off the job at the Loray Mill, an inevitable result, Cash believed, of an industrial system premised on low wages, long hours, and the mill village system, which the young journalist described as “a sort of medieval fief, where every house, every school, every church, every teacher and preacher, nay, every word and thought, is owned by, or subject to...the baron.” Millhands in the nearby town of Bessemer City soon joined the strike, and workers in Marion staged their own walkout in October. Gastonia strikers picketed outside factory gates, held open-air meetings with Communist organizers, and taunted both bosses and co-workers who remained on the job. Mill owners and their political allies did not sit idly by during this insurgency. National Guard troops and local police forces swarmed picket lines, beat up strikers, and escorted strikebreaking laborers to reopen the mills. By the time the dust settled, six strikers in Marion, one in Gastonia, and the Gaston County police chief had been killed. For Cash, this was only the beginning of a much longer war between labor and industrial capitalists in the South. Gastonia, he predicted, would be “the Lexington from which historians of the future will reckon the industrial struggle, the war of a thousand battles, which, so I believe, will convulse the South for the next decade.”²⁴

²⁴ W.J. Cash, “The War in the South,” *American Mercury* 19 (February 1930): 163-169, quotes at 164 and

This chapter examines how North Carolina's economic and political elite sought to avoid Cash's prophesy, as well as a host of other ill effects that had come to be associated with industrial growth. The first wave of southern industrialization, from roughly the 1880s through the 1920s, heralded the beginning of a New South, promising to end economic backwardness and bring modernity to the region. But Gastonia, and the dozens of other conflicts like it, highlighted some of the unsettling consequences of this project. The first generation of mill workers generally managed to avoid total dependence on their factory jobs. They kept one foot remaining in agriculture and used mill work as a supplement to their farm income, or as a temporary salve during hard times. As the industry modernized after World War I, however, demands on mill workers increased. Working conditions deteriorated and wages dropped, provoking the kind of unrest seen in Gastonia. Moreover, the post-World War I years revealed the underlying vulnerability of the South's industrial economy, dependent as it was on out-of-state capitalists and the business cycles of a narrow range of industries.²⁵

163. On the 1929 strikes generally, see John A. Salmond, *Gastonia 1929: The Story of the Loray Mill Strike* (Chapel Hill: University of North Carolina Press, 1995); Glenda Elizabeth Gilmore, *Defying Dixie: The Radical Roots of Civil Rights, 1919-1950* (New York: Norton, 2008), 75-105; Liston Pope, *Millhands and Preachers: A Study of Gastonia* (New Haven, Conn.: Yale University Press, 1942), 207-284.

²⁵ On southern industrialization from the end of the Civil War through 1920s, see: C. Vann Woodward, *Origins of the New South, 1877-1913* (Baton Rouge: Louisiana State University Press, 1951); Edward L. Ayers, *The Promise of the New South: Life after Reconstruction* (New York: Oxford University Press, 1992. Reprint, 2007); Gavin Wright, *Old South, New South: Revolutions in the Southern Economy since the Civil War* (New York: Basic Books, 1986); James C. Cobb, *Industrialization and Southern Society, 1877-1984* (Lexington, Ky.: University Press of Kentucky, 1984); Philip J. Wood, *Southern Capitalism: The Political Economy of North Carolina, 1880-1980* (Durham, N.C.: Duke University Press, 1986); Dwight B. Billings, Jr., *Planters and the Making of the "New South": Class, Politics, and Development in North Carolina* (Chapel Hill: University of North Carolina Press, 1979); David L. Carlton, "Revolution from Above: The National Market and the Beginnings of Industrialization in North Carolina," *Journal of American History* 77 (September 1990): 445-475. For textiles specifically, see: Broadus Mitchell, *The Rise of Cotton Mills in the South* (Baltimore: Johns Hopkins University Press, 1921); Jacquelyn Dowd Hall, et al., *Like a Family: The Making of a Southern Cotton Mill World* (Chapel Hill: University of North Carolina Press, 1987); David Carlton, *Mill and Town in South Carolina* (Baton Rouge: Louisiana State University Press, 1982); Douglas Flamming, *Creating the Modern South: Millhands and Managers in Dalton, Georgia, 1884-1984* (Chapel Hill: University of North Carolina Press, 1992); Bryant Simon, *A Fabric of Defeat: The Politics of South Carolina Millhands, 1910-1948* (Chapel Hill: University of North Carolina

As strains on the industrial economy were becoming more apparent, the South's agricultural economy dealt with its own problems. By the 1930s, small landowners, tenant farmers, and sharecroppers began struggling against an array of external forces: economic depression, mechanization, the boll weevil, and the rise of federally-subsidized agribusiness firms, to name a few. These factors made it more difficult to earn a living from the land, prompting millions of southerners to leave the countryside for cities in the North and South, as well as the textile villages along the outskirts of southern towns. The urban population within the South swelled, and the mill villages, though distinct from the region's cities, became more and more congested, inviting scrutiny from reformers and labor organizers.²⁶ In North Carolina, the agricultural crisis exposed yet another vulnerability of the industrial economy: with the exception of several counties in the mountain region, most of the state's industry was concentrated in the Piedmont Crescent—the semicircular region along the path of the North Carolina Railroad that began in the Raleigh-Durham area, travelled west to Winston-Salem, then turned south

Press, 1998); Beth English, *A Common Thread: Labor, Politics, and Capital Mobility in the Textile Industry* (Athens, Ga.: University of Georgia Press, 2006).

²⁶ On changes in the agricultural economy, see: Anthony J. Badger, *Prosperity Road: The New Deal, Tobacco, and North Carolina* (Chapel Hill: University of North Carolina Press, 1980); Theodore Saloutos, *American Farmers and the New Deal* (Ames: Iowa State University Press, 1982); Pete Daniel, *Breaking the Land: The Transformation of Cotton, Tobacco, and Rice Cultures since 1880* (Urbana, Il.: University of Illinois Press, 1985); Gilbert C. Fite, *Cotton Fields No More: Southern Agriculture, 1865-1980* (Lexington, Ky.: University Press of Kentucky, 1984); Jack Temple Kirby, *Rural Worlds Lost: The American South, 1920-1960* (Baton Rouge: Louisiana State University Press, 1987); Jim Giesen, *Boll Weevil Blues: Cotton, Myth, and Power in the American South* (Chicago: University of Chicago Press, 2011); On southern outmigration and rural-to-urban migration, see: Dwayne E. Walls, *The Chickenbone Special* (New York: Harcourt Brace Jovanovich, 1971); James N. Gregory, *The Southern Diaspora: How the Great Migration of Black and White Southerners Transformed America* (Chapel Hill: University of North Carolina Press, 2005); Luther Adams, *Way Up North in Louisville: African American Migration in the Urban South, 1930-1970* (Chapel Hill: University of North Carolina Press, 2010); Jack Temple Kirby, "The Southern Exodus, 1910-1960: A Primer for Historians," *Journal of Southern History* 49 (November 1983): 585-600; On the conditions of textile mill villages and progressive reform, see: I.A. Newby, *Plain Folk in the New South: Social Change and Cultural Persistence, 1880-1915* (Baton Rouge: Louisiana State University Press, 1989); William A. Link, *The Paradox of Southern Progressivism, 1880-1930* (Chapel Hill: University of North Carolina Press, 1992).

toward Gastonia and Charlotte. Rural people who lived distant from the state's main railroad line, especially those in the far eastern and western sections, suffered from both disruptions in agriculture and a lack of job opportunities in manufacturing.²⁷

In short, North Carolina's leaders in the 1930s and 1940s confronted a series of interrelated economic problems. Structural changes in the agricultural economy pushed thousands of farmers off the land, but many of them lived in isolated rural enclaves lacking industrial employment opportunities. The state's industrial towns and villages, meanwhile, were increasingly prone to overcrowding and labor unrest. Finally, the long-term prospects of North Carolina's industrial economy appeared bleak, suffering from a lack of diversification and dominated by out-of-state interests.

North Carolina attempted to solve these problems through a program that one state official summarized as "the most wholesome development possible."²⁸ This particular form of development began when textile industrialists like Caesar Cone and Spencer Love dismantled the mill village system in the late 1930s, after the General Textile Strike of 1934 made clear that the events of 1929 were no aberration.²⁹ It continued into the late-1940s when Governor R. Gregg Cherry and the state Department of Conservation and Development launched what Cherry called a "Rural Industries Movement." This

²⁷ Allen W. Trelease, *The North Carolina Railroad, 1849-1871, and the Modernization of North Carolina* (Chapel Hill: University of North Carolina Press, 1991); For important examples of New South era industrialization outside of the Piedmont, see: Jacquelyn Dowd Hall, "Disorderly Women: Gender and Labor Militancy in the Appalachian South," *Journal of American History* 73 (September 1986): 354-382; Ronald D. Eller, *Millhands, Miners and Mountaineers: Industrialization of the Appalachian South, 1880-1930* (Knoxville: University of Tennessee Press, 1982); Stephen Taylor Wallace, *The New South's New Frontier: A Social History of Economic Development in Southwestern North Carolina* (Gainesville, FL: University Press of Florida, 2001).

²⁸ Quoted in Cora Stegall, "State Planning More Industry," *News and Observer*, July 15, 1945.

²⁹ Harriet L. Herring, *The Passing of the Mill Village: Revolution in a Southern Institution* (Chapel Hill: University of North Carolina Press, 1949, 11-14; Caesar Cone to Harriet Herring, "Long Range Program for Modernization of Cone Mill's Greensboro Villages," March 1, 1950, Harriet L. Herring Papers #4017, Folder 255, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill.

movement pursued “wholesome development,” which the state defined as steady industrial growth that provided rural people with the benefits of factory jobs without unleashing the destabilizing forces that were on display in Gastonia in 1929.³⁰

State officials believed they could achieve “wholesome development” by reconfiguring North Carolina’s industrial geography. The Rural Industries Movement encouraged workers to remain on their homesteads, rather than pack into mill villages or cities—something textile industrialists themselves pursued in the aftermath of strike waves in the late 1920s and early 1930s. The state wanted to industrialize rural areas without creating centralized spaces, hoping to prevent labor unrest and preserve North Carolina’s rural complexion. Additionally, the state worked to shift the industrial economy away from a reliance on textiles and out-of-state capital. The Department of Conservation and Development attempted to give local people the tools they needed to start manufacturing enterprises in their own communities. They compiled detailed reports on the state’s natural resources, and provided practical advice on how to set up industries as diverse as fence posts, dinnerware, and home insulation. The end goal of the movement was a diversified, decentralized industrial sector, owned by local entrepreneurs and operated by local, rural-dwelling workers. While backers of the Rural Industries Movement wanted to break with the geography of the textile South, they found the industry’s racial discrimination a tradition worth preserving. Like turn-of-the-century textile boosters, postwar rural industry advocates intended their program to lift up struggling whites. They showed little inclination to help black entrepreneurs set up factories in their communities, and they resisted similar rural industry programs at the

³⁰ “The Rural Industries Movement in North Carolina,” *We the People of North Carolina*, May 1947.

federal level, out of a fear that it would lead to scrutiny of prevailing racial hierarchies.

The Rural Industries Movement's long term legacy for economic development in North Carolina is mixed. On one hand, as later chapters will show, state officials spent most of their time and energy in the postwar era recruiting firms from outside the state, and the vision of locally owned and operated rural factories never took root in a significant way. The movement did, however, lay the groundwork for the industrial geography that emerged in North Carolina by the 1980s. Several of the movement's goals—namely industrialization without centralization, the spread of new industry beyond the Piedmont Crescent, and the development of new industries outside of the state's traditional strengths—remained central to the state's economic growth agenda through the late twentieth century.

Town and Mill Building in the New South

Throughout the antebellum era, the slave-holding South lagged behind the North in urban development. As early as the 1820s, 10 percent of northerners lived in cities; the Midwest reached this benchmark in the 1850s. The South, meanwhile, had less than 10 percent of its population living in cities as late as 1880. Port cities New Orleans and Charleston thrived as centers of the domestic slave trade, but the region claimed few interior cities of note. Instead, economic power in the Old South rested in the imposing plantations that stretched from the Coastal Plains of the Upper South through the Black Belt of the Deep South.³¹

In the Carolinas, the Piedmont—the region of rolling hills bounded by the Coastal Plains on the east and the Appalachian Mountains on the west—was populated mainly by

³¹ Don H. Doyle, *New Men, New Cities, New South: Atlanta, Nashville, Charleston, Mobile, 1860-1910* (Chapel Hill: University of North Carolina Press, 1990), 1-14.

small yeoman farmers. A lack of railroad access shaped the commercial world of these farmers, contributing to a subsistence-based agricultural economy.³² In 1840, approximately two-thirds of the nation's 3,000 miles of railroad was concentrated in the New England and Middle Atlantic states, while the South held only 1,000 total miles. In the 1850s, the South underwent a relative boom in railroad construction, and claimed 9,000 miles of track on the eve of the Civil War. Still, the region's rails used a narrower gauge than the national standard, and were poorly constructed compared to northern lines, making interstate and interregional connections difficult.³³ Moreover, the destruction of the Civil War made conditions even worse. As historian John F. Stover has written, "[t]he war had completely destroyed or crippled well over a half of the South's railroads," leaving the region's lines strewn with "twisted rails, burnt ties, disintegrating right of way, destroyed bridges, and dilapidated or lost rolling stock."³⁴

Antebellum North Carolina was once derided as the "Rip Van Winkle state," because its investments in its transportation systems lagged so far behind even other southern states.³⁵ By 1840, North Carolina claimed only 53 miles of railroad, nearly all of it on a single north-south line through the Coastal Plain to the port city of Wilmington. In 1860, the state claimed just over 900 miles, but still trailed neighboring Virginia, Tennessee, Georgia, and South Carolina in total mileage.³⁶ The state's plank roads were not much better. Traveling through North Carolina in a stagecoach, Frederick Law Olmstead found

³² Hall, et al., *Like a Family*, 3-4; Lacy K. Ford, "Rednecks and Merchants: Economic Development and Social Tensions in the South Carolina Upcountry, 1865-1900," *Journal of American History* 71 (September 1984): 302.

³³ John F. Stover, *American Railroads* (Chicago: University of Chicago Press, 1961), 19-29.

³⁴ John F. Stover, *The Railroads of the South, 1865-1900: A Study in Finance and Control* (Chapel Hill: University of North Carolina Press, 1995), 39.

³⁵ Allen W. Trelease, *The North Carolina Railroad, 1849-1871, and the Modernization of North Carolina* (Chapel Hill, 1991), xi.

³⁶ Stover, *American Railroads*, 223.

that the roads were “as bad as anything under the name of a road can be conceived to be.” His coach completed a fourteen mile journey in four hours, detouring around fallen trees and stumps and stopping frequently as its wheels stuck in the mud.³⁷

Because of the limitations of its transportation networks, the Piedmont South developed few trading posts and stores in the antebellum era, making it difficult for yeoman farmers to engage with the world of commercial agriculture. Yeoman turned inward, producing grains and corn to feed themselves and their family, instead of cash crops like cotton or tobacco. Farmers also raised livestock on open lands and hunted game without regard to property boundaries. Piedmont farmers, in short, cultivated a self-sufficient economy, and many came to prize the independence that this way of life afforded them.³⁸

The Civil War and Reconstruction, however, disrupted this pattern of growth. The death of slavery transformed the southern economy, creating a new class of sharecroppers and tenant farmers out of former slaves. The financial mechanism supporting this labor system was a new form of credit known as the crop lien. Written into law on a state-by-state basis, crop liens entitled an agricultural lending agent to a claim on their customer’s crop. Because town-based merchants were one of the few sources of credit in the post-Civil War era, they could dictate the terms of agricultural loans. Farmers in need of seed, tools, or other agricultural supplies had few options but to deal merchants or other middle-class financiers.³⁹

³⁷ Trelease, *North Carolina Railroad*, 9-11.

³⁸ Hall, et al., *Like a Family*, 3-4; Steven Hahn, *The Roots of Southern Populism: Yeoman Farmers and the Transformation of the Georgia Upcountry* (New York: Oxford University Press, 1983).

³⁹ Ford, “Rednecks and Merchants,” 294-318; Hall, et al., *Like a Family*, 5-10; Hahn, *Roots of Southern Populism*, 170-203; Roger Ransom and Richard Sutch, “Debt Peonage in the Cotton South after the Civil War,” *Journal of Economic History* 32 (September 1972): 641-669.

To ensure a profitable repayment on their loans, lenders required their customers to grow cash crops, leading to a dramatic increase in cotton and tobacco production in the Piedmont. By 1880, cotton production in the South Carolina Upcountry was at record levels, having increased by 300 percent from 1860.⁴⁰ In North Carolina, production of cotton bales increased from 145,000 in 1860 to 460,000 in 1900. Over the same time period, tobacco production increased from 33 million pounds to 128 million pounds.⁴¹ For white yeoman farmers, this production took place at the expense of the self-sufficiency and independence they enjoyed during the antebellum era. Black landowners and tenants fared even worse, as their newfound freedom was curtailed by the forced dependency on cash crops.⁴²

While it left many farmers in a cycle of poverty and debt, the crop lien contributed to a broader reshaping of the South's geography. The increased cotton and tobacco production, along with the expansion of railroad lines after the Civil War, led to the rise of larger towns in the Piedmont. The South doubled its total railroad mileage in the 1880s, and by the end of the century, boasted 60,000 miles of track. Just as important, southern lines adopted the standard gauge in 1886, significantly easing transportation between the North and the South. North Carolina, recovering from its antebellum deficiencies, could claim nearly 1,500 miles of railroad track by 1880, and 4,000 by 1900.⁴³ Much of this expansion came from the North Carolina Railroad (NCRR). Built in the 1850s, the NCRR cut through the heart of the Piedmont, traveling east to west from

⁴⁰ Ford, "Rednecks and Merchants," 306.

⁴¹ Hall et al., *Like a Family*, 6; see also Paul D. Escott, *Many Excellent People: Power and Privilege in North Carolina, 1850-1900* (Chapel Hill: University of North Carolina Press), 174-179.

⁴² Hall, et al., *Like a Family*, 5-10; Ransom and Sutch, "Debt Peonage in the Cotton South."

⁴³ Stover, *American Railroads*, 145-155, 223.

Goldsboro through future industrial towns like Durham, Burlington, and Greensboro. At Greensboro, the line turned south toward Charlotte, “a muddy village with barely a thousand people” that soon became the state’s largest city after its railroad connection was established.⁴⁴

As the NCRRT developed, stores and trading posts began to cluster along the line, with towns growing up around these commercial centers. By 1900, five towns had grown to more than 10,000 in population, Greensboro, Winston, and Charlotte most notable among them. The railroad also facilitated the growth of smaller Piedmont towns, such as Durham and High Point. As late as 1870, Durham was not even listed in the U.S. Census, but by the end of the century it had become a vibrant industrial town of 7,000 people. Between 1870 and 1900, the number of towns with more than 10,000 in population increased from one (Wilmington) to six. The number of medium-sized towns of 5,000 to 10,000 residents increased from two to six over the same time period. And the number of towns with populations between 1,000 and 5,000 residents increased from 14 to 52.⁴⁵ In short, the commercialization of agriculture in the Piedmont, along with the expansion of railroads, led to a relative boom in town building and, as historian Jacquelyn Dowd Hall and her *Like a Family* co-authors have written, “tipp[ed] the balance of social and economic power in the Carolinas away from the East and to the Piedmont.”⁴⁶ The region following the path of the NCRRT came to be known as the Piedmont Crescent, to this day the most urbanized and prosperous region of the state.⁴⁷

⁴⁴ Trelease, *North Carolina Railroad*, 342.

⁴⁵ Hall, et al., *Like a Family*, 25.

⁴⁶ *Ibid.*

⁴⁷ Trelease, *North Carolina Railroad*, 335-346; Coy T. Phillips, “North Carolina’s Rich Crescent,” *Journal of Geography* 54 (January 1955): 182-187.

With the emergence of Piedmont towns came an ascendant class of middle-class townspeople—not only merchants but a larger cohort of professionals that included lawyers, bankers, and doctors. Merchants were the chief beneficiaries of the crop lien system, as the growing production of cash crops allowed them to accumulate capital. As historian Lacy Ford has noted, this influx of commercial activity in the Piedmont led townspeople “to identify their interests with those of their particular towns and to believe that a collective effort of all townspeople was necessary to promote their common interests.”⁴⁸ This sense of civic spirit spurred boosterism for projects like continued railroad expansion and improved schools. Most importantly, merchants and their middle-class peers reinvested the profits gained from the crop lien into textile mills. After the 1880s, as the authors of *Like a Family* note, mill building “took on the fervor of a social movement.” Town leaders legitimized their community through the promotion of industry, and the mills became “potent symbols of regional regeneration, yardsticks of a town’s progress, and badges of civic pride.”⁴⁹

Textiles became central to the town building process for several reasons. For one thing, the industry required few start-up costs, especially compared to the iron and steel mills that had begun to emerge in the Deep South. Labor was relatively easy to find, as the crop lien produced a surplus of impoverished farm families willing to work for wages. Moreover, work in textile mills required few skills, and many jobs could be completed with child labor. Finally, the Piedmont boasted an abundance of both rivers and cotton fields, ensuring capitalists of a steady supply of cheap power and raw

⁴⁸ Ford, “Rednecks and Merchants,” 311.

⁴⁹ Hall, et al., *Like a Family*, 24, 26.

materials.⁵⁰

Driven initially by local entrepreneurs and financiers, textile mills sprang up throughout the Piedmont after 1880. Between 1880 and 1910, South Carolina built more than 100 mills, employing at least 40,000 operatives.⁵¹ According to historian David Carlton, more than 80 percent of the mill's directors were local merchants or other white collar professionals.⁵² North Carolina experienced similar growth. Between 1880 and 1900, an average of six new mills were built in the state per year, leading to a total of 177 by the turn-of-the-century.⁵³

The local orientation of the early mill building campaign made the industry a source of pride for the New South. The region's most prominent spokesmen during the late nineteenth century—namely newspaper editors like Henry Grady of the *Atlanta Constitution* and Walter Hines Page of the *Raleigh State Chronicle*—had used their platforms to call for alleviating the region's poverty and backwardness. Among their most common refrains was the need to use local raw materials as a springboard to industrialization. In one widely circulated and often imitated speech, Grady used the metaphor of a funeral to illustrate the South's economic woes. The speech conjured the image of a southern man buried in a suit made in New York, a coffin from Ohio, beneath a tombstone from Vermont, in a grave dug with a shovel from Pittsburgh. "The South didn't furnish a thing on earth for that funeral," Grady concluded, "but the corpse and a hole in the ground."⁵⁴ Textile mills resolved many of Grady's critiques of southern

⁵⁰ Ayers, *Promise of the New South*, 111.

⁵¹ Ford, "Rednecks and Merchants," 312.

⁵² *Ibid*; Carlton, *Mill and Town*.

⁵³ Hall, et al., *Like a Family*, 26.

⁵⁴ Paul M. Gaston, *The New South Creed: A Study in Southern Mythmaking* (New York: Alfred A. Knopf, 1970. Reprint: Montgomery, Al.: NewSouth Books, 2002), 87-88.

society. The first mills used Piedmont-grown cotton, employed Piedmont farmers, and were financed by Piedmont townspeople. As mill construction proceeded, owners depicted themselves as capitalists with philanthropic impulses, celebrating the jobs they created as economic and social uplift for poor white farm families.⁵⁵

After locals demonstrated the viability of the southern textile industry, northern capitalists began making their own investments in the region in the early twentieth century. Some companies, like the Massachusetts-based Dwight Manufacturing Company, relocated their production to the South, in order to escape the regulations and union wages of the Progressive era North.⁵⁶ The South quickly replaced New England as the cradle of the nation's textile industry, as the northern region lost almost half of its mills between 1923 and 1933 alone.⁵⁷

Other northern entrepreneurs moved to the South to start new companies from scratch, or buy out existing ones founded with local capital. Ceasar and Moses Cone, for example, heirs to a Baltimore grocery business, began financing southern mills in 1890. They later established the Cone Mills in Greensboro, which became one of North Carolina's largest mill complexes.⁵⁸ J. Spencer Love, a Massachusetts-raised Harvard graduate, took control of a Gastonia mill owned by his uncle in 1919. In 1924, Love formed the Burlington Mills Company, after moving to the eponymous town in Alamance County. Taking advantage of the growing demand for rayon, a sheer, synthetic fabric popular in Jazz Age clothing, Burlington Mills grew to an empire of 22 plants with

⁵⁵ Mitchell, *Rise of Cotton Mills*.

⁵⁶ English, *Common Thread*.

⁵⁷ Hall, et al., *Like a Family*, 197.

⁵⁸ *Ibid.*, 30-31.

stock sold on the New York Stock Exchange.⁵⁹ Rayon manufacturing in the South was also reliant on international sources of capital. During the 1920s, several European companies built branch plants in Appalachian communities in Tennessee and Virginia; by World War II the two states accounted for half of all rayon produced in the United States.⁶⁰ Finally, the Loray Mill in Gastonia, originally built as a local enterprise, was bought out by the Rhode Island-based Manville-Jenckes Company in 1919. Within the next decade, the Loray Mill would become the largest mill complex in the South—and the epicenter of the region’s labor conflicts.⁶¹

With the aid of local and northern capital, then, the South became the national leader in textile production. Between 1870 and 1900, the region’s share of the nation’s total workforce in textiles jumped from 8 percent to 32 percent. Two-thirds of those workers came from the Carolinas, with a fairly even distribution between the two states.⁶² Befitting the region-wide trend, the vast majority of textile production in the Carolinas took place in the Piedmont. In fact, in 1910 approximately 80 percent of the spindles for South Carolina’s mills were located in Upcountry counties.⁶³ In North Carolina at the turn-of-the-century, 90 percent of the state’s 177 mills were located in the Piedmont. And by 1929, of the twenty North Carolina counties with more than 100,000 spindles, only six were outside of the Piedmont.⁶⁴

Textiles were only the most conspicuous industrial presence in the New South era

⁵⁹ Allen Tullos, *Habits of Industry: White Culture and the Transformation of the Carolina Piedmont* (Chapel Hill: University of North Carolina Press, 1989), 107-116.

⁶⁰ Hall, et al., *Like a Family*, 242-247, 270; see also Jacquelyn Dowd Hall, “Disorderly Women: Gender and Labor Militancy in the Appalachian South,” *Journal of American History* 73 (September 1986): 354-382.

⁶¹ Hall, et al., *Like a Family*, 201.

⁶² Ayers, *The Promise of the New South*, 111.

⁶³ Ford, “Rednecks and Merchants,” 312.

⁶⁴ Hall, et al., *Like a Family*, 26, xxxii-xxxiii.

Piedmont. Furniture and tobacco industries also thrived, bringing into being new towns in the process. Durham and Winston, North Carolina, for example, sparsely populated villages prior to the Civil War, became two of the state's largest cities thanks to tobacco processing. Consumers in the late nineteenth century discovered that the state's bright leaf tobacco featured a milder taste than the burley tobacco grown in Virginia, and a coterie of energetic entrepreneurs used these changing preferences to make North Carolina a national leader in the industry. Durham's Julian Carr launched a pioneering national advertising campaign, spending up to \$300,000 per year to promote his Bull Durham brand tobacco. By 1883, Bull Durham was the nation's top selling smoking tobacco. Carr's chief competitors, Washington Duke and his son James, focused their business on manufactured cigarettes, at the time still a minor subfield within the industry. The popularity of cigarettes increased during the late nineteenth century, as urbanites found the convenience of pre-rolled tobacco better suited to their lifestyles. The Duke family succeeded in the cigarette business by outpacing their competition in mechanization. The company acquired a cigarette rolling machine that had been used unsuccessfully by a Virginia-based manufacturer. By repairing machine, the Dukes were able to produce up to 200 cigarettes per minute, a level of efficiency that gave them an enormous competitive advantage. As the Dukes became more successful, they formed the American Tobacco Company, a powerful monopoly explicitly modeled on the Standard Oil Company.⁶⁵

Eighty miles west of Durham, R.J. Reynolds made similar gains in Winston. Specializing in plug and twist tobacco, Reynolds built a local business empire that

⁶⁵ Sydney Nathans, "The Quest for Progress," in Joe A. Mobley, ed., *The Way We Lived in North Carolina* (Chapel Hill: University of North Carolina Press, 2003), 380-387.

effectively made Winston a company town. By 1890, he had established more than twenty plants in the town, and approximately half of local residents worked for the R.J. Reynolds Tobacco Company.⁶⁶

Tobacco made Winston and Durham into prominent New South towns, and major urban centers by the mid-twentieth century. By the turn-of-the-century, Durham's population was just shy of 7,000. Two decades later, more than 20,000 people called it home, and the population exceeded 60,000 on the eve of World War II. Winston also underwent rapid growth; by 1900, it was one of only six North Carolina towns with more than 10,000 in population. By 1920, after merging with the neighboring town of Salem, its population approached 50,000.⁶⁷

Much of the growth in Durham and Winston came from African Americans migrating from the countryside to the city in search of manufacturing employment. Indeed, while the crop lien ensnared both whites and blacks, its effects were especially pernicious for former slaves and their children, who were locked into a cycle of land tenancy at disproportionate rates. While the Piedmont's textile mills utilized white families almost exclusively, tobacco factories preferred black labor, specifically black women. Tobacco plant managers used black women as a source of cheap labor to complete the arduous, messy work of preparing tobacco leaves for machine processing. White women were assigned the easier and more lucrative tasks of operating machinery, and white men occupied most skilled jobs. The job hierarchy in tobacco factories, in other words, was

⁶⁶ Robert Korstad, *Civil Rights Unionism: Tobacco Workers and the Struggle for Democracy in the Mid-Twentieth Century South* (Chapel Hill: University of North Carolina Press, 2003), 43.

⁶⁷ Jean Bradley Anderson, *Durham County: A History of Durham County, North Carolina* (Durham: Duke University Press, 2011), 449; Hugh Talmage Lefler and Albert Ray Newsome, *North Carolina: The History of a Southern State* (Chapel Hill: University of North Carolina Press, 1973), 512-513.

both racialized and gendered, with black women at the bottom.⁶⁸

Along with textiles and tobacco, furniture was the third major New South industry in North Carolina. Most southerners made their own furniture in the antebellum era, but population growth in the late nineteenth century created demand for new housing and furniture. Moreover, the South's low-wage earning jobs, and the general poverty of both yeoman whites and newly freed blacks, created a demand for cheap furniture. Surrounded by hardwood forests in the Piedmont and Mountain regions, entrepreneurs in North Carolina thus found a niche producing low-cost imitations of popular northern styles and dominated the regional market.⁶⁹

The town of High Point became the center of the North Carolina furniture industry, beginning with the founding of the High Point Furniture Company in 1889. High Point benefited from its proximity to railroad connections, hardwood forests and local sawmills, as well as its community of ambitious entrepreneurs and investors. Indeed, the New South ethos was embodied in the name of the local newspaper, the *High Point Enterprise*. The responsibility of the *Enterprise*, its editor claimed, was not merely to report the news, but to "encourage the manufacturing spirit of the community." That spirit was a vital part of the town's culture, as evidenced by the fact that by 1903, one in six residents had an investment stake in a furniture factory.⁷⁰

After the turn-of-the-century, the industry expanded not only in High Point, but also in surrounding towns like Thomasville, Lexington, and Winston. A second cluster of

⁶⁸ Korstad, *Civil Rights Unionism*; Leslie Brown, *Upbuilding Black Durham: Gender, Class, and Black Community Development in the Jim Crow South* (Chapel Hill: University of North Carolina Press, 2008).

⁶⁹ Ben F. Lemert, "Furniture Industry of the Southern Appalachian Piedmont," *Economic Geography* 10 (April 1934): 183-199.

⁷⁰ David N. Thomas, "Getting Started in High Point," *Forest History* 11 (July 1967): 22-32, quote at 25.

manufacturers emerged in the foothills, the string of counties at the base of the Appalachian Mountains. During the first decade of the twentieth century, the number of furniture plants in the state increased five-fold, and local manufacturers began penetrating national markets. The establishment of the Southern Furniture Exposition Building in High Point in 1921 helped promote the state's furniture, and as early as 1939 North Carolina led the nation in the production of household furniture.⁷¹

By the 1920s, the Piedmont South had experienced almost a half century of industrial growth and geographic change. Increased cash crop production and expanded railroad lines had bolstered the economic power of a growing class of merchants and financiers who, in turn, bankrolled the region's industrial development. In North Carolina, textiles, tobacco, and furniture had created the vibrant towns of Durham and Charlotte, as well as the "Piedmont Triad" of Greensboro, Winston, and High Point. Boosters in these towns had imbued them with a spirit of optimism, as each new factory seemed to confirm the South's progress in overcoming generations of poverty. By the end of the 1920s, however, the growing pains brought on by the region's industrialization had become impossible to ignore. As the following section shows, the spatial arrangement of the South's most important industry, textiles, led to a series of unintended consequences and labor crises. The response of mill owners and state officials to these crises would shape North Carolina's economic geography and political economy throughout the post-World War II era.

Crisis of the Textile South

⁷¹ John James Carter, "The Rise of the Furniture Manufacturing Industry in Western North Carolina and Virginia," *Management Decision* 43 (No. 6 2005): 906-924; Thomas, "Getting Started," 28; Samuel Huntington Hobbs, Jr., *North Carolina: An Economic and Social Profile* (Chapel Hill: University of North Carolina Press, 1958), 119-121.

While the crop lien made merchants into wealthy town leaders, the system produced losers as well as winners. Yeoman farmers accustomed to producing for their own needs were compelled to participate in an open market, and because cash crop production increased so rapidly in the late nineteenth century, the market offered prices that were barely enough to keep a family above water. By the 1890s, cotton prices were so low that it was impossible for farmers to turn a profit, and tobacco offered only meager returns.⁷² One Mecklenburg County farmer told the North Carolina Bureau of Labor Statistics in 1887 that farmers were “poorer than they were fifteen years ago,” thanks to a credit system that was “enough within itself to keep him down to the bottom.”⁷³ Farmers who remained on their land had little hope of escaping the cycle of poverty and indebtedness created by the crop lien. As their debts mounted, many farmers risked having their land dispossessed by the furnishing merchant, forcing them into tenancy or sharecropping. These changes in the agrarian political economy helped spark a massive farmer-led political movement, first with the Farmers’ Alliance in the 1880s and then the People’s Party in the 1890s.⁷⁴

Other farm families believed, however, that their best option was to leave the land for work at a textile mill. The initial wave of farm-to-mill migrants was primarily made up of single and widowed women. As crop prices plunged in the 1880s and 1890s, entire families began making the transition to mill work. For the first generation of southern mill workers, this was rarely a complete transition, however. Some families took on mill work only long enough to earn enough money to return to the land. Others maintained

⁷² Escott, *Many Excellent People*, 178-179.

⁷³ Quoted in Hall, et al., *Like a Family*, 7.

⁷⁴ Hahn, *Roots of Southern Populism*; Ford, “Rednecks and Merchants”; Lawrence Goodwyn, *The Populist Moment: A Short History of the Agrarian Revolt in America* (New York: Oxford University Press, 1978).

their farm and worked part-time hours at the mill to supplement their income. As the authors of *Like a Family*, the classic social history of southern cotton mills, conclude, “By combining farming and factory work, a family could forestall total dependence on either one.”⁷⁵

When farm families did relocate to work at a textile mill they entered a world distinct from both towns and farming communities. This was by design. Textile owners sited their factories along the outskirts of towns, and attempted to build distinct, insular communities around their mills. Besides the actual manufacturing facility, owners also built company housing, schools, churches, and even baseball fields for their workers. Owners touted the mill village as a benevolent overture, a piece of their larger self-image as paternalistic benefactors. According to this line of argument, not only did mill owners provide jobs for struggling white farm families, they also instilled in their workers “the virtues of thrift, regularity, and industrial discipline” through the village system.⁷⁶ In reality, as *Like a Family* and many other studies have made clear, the southern village system was also a calculated attempt to gain control over the workforce. By providing for workers’ needs outside of the workplace, employers hoped to engender loyalty to the company, and by creating an insular community, they hoped to limit the intrusions of labor organizers.⁷⁷

The village system, however, produced many unintended consequences that

⁷⁵ Hall, et al., *Like a Family*, 33-40, quote at 40.

⁷⁶ *Ibid.*, 31; Mitchell, *The Rise of Cotton Mills*; Harriet L. Herring, *Welfare Work and Mill Villages: The Story of Extra-Mill Activities in North Carolina* (Chapel Hill: University of North Carolina Press, 1929).

⁷⁷ Hall, et al., *Like a Family*, 114-180; Simon, *A Fabric of Defeat*, 42; George B. Tindall, *The Emergence of the New South* (Baton Rouge: Louisiana State University Press, 1967), 327-328; Newby, *Plain Folk in the New South*, 260-265; Carlton, *Mill and Town*, 89-90. For a similar argument, albeit one that gives workers a larger role in creating the welfare capitalism of mill villages, see Flamming, *Creating the Modern South*, 120-141.

challenged owners' paternalistic claims and undermined their efforts at labor control. For one thing, far from being the idyllic communities that owners promoted, many villages were marked by squalor and disease. A lack of adequate waste disposal, for example, bred mosquitos and other disease-carrying insects. In the early twentieth century, chronic, debilitating illnesses like malaria, hookworm, and pellagra were common in southern mill villages. One physician in Roanoke Rapids, North Carolina, reported that in the summer of 1910, 75 percent of residents were stricken with malaria. While vaccines greatly reduced instances of malaria and hookworm by the 1920s, pellagra proved more intractable. A disease caused by dietary deficiencies, pellagra spread in mill villages, where low wages often prevented workers from getting three square meals a day. A 1917 study of mill villages in South Carolina documented at least one case of pellagra in almost one-fifth of all households.⁷⁸ Instances of pellagra in Palmetto State tripled between 1920 and 1930.⁷⁹ The factories themselves, of course, also imperiled workers' health. Apart from injuries sustained while operating machinery, workers breathed lint-filled air every day, causing a host of respiratory illnesses, such as brown lung disease and tuberculosis.⁸⁰

Even with these maladies sapping the energy of their workforce, owners found that they could not exert total control over labor relations. Millhands found the fast-paced rhythm of the factory a jarring contrast from their life on the farm, and forced owners to accommodate elements of their rural culture. For example, workers resisted their bosses' strict adherence to the time clock, and maintained their habits of taking long lunch

⁷⁸ Newby, *Plain Folk in the New South*, 356-373.

⁷⁹ Bryant Simon, "The Novel as Social History: Erskine Caldwell's *God's Little Acre* and Class Relations in the New South," *Southern Cultures* 2 (No.3/4 1996): 380.

⁸⁰ Tullios, *Habits of Industry*, 255-285.

breaks, as well as frequent breaks to socialize with co-workers in the middle of the day. Children in particular were known to abruptly take off in the afternoon to play outside or go swimming. When companies attempted to impose more regimented schedules, workers could move to another mill or simply stay home. The large number of employers in the Piedmont, along with the option of returning to the farm, gave workers some bargaining power over the terms of their employment. Workers could also be more directly confrontational, engaging in sporadic walkouts, talking back to supervisors, or deliberately slowing down production. From the millhands' perspective, having a flexible schedule with at least some control over the pace of their work were liberties they were entitled to, part of a larger set of "customary rights." Their insistence on maintaining those rights sparked underlying tensions between workers and managers throughout the late nineteenth and early twentieth century.⁸¹

Adding to these tensions was the fact that many workers, especially second generation millhands who entered the factory after the turn-of-the-century, experienced changes in their social identity and class relations. As mill building accelerated in the 1890s and early 1900s, more and more rural migrants made their way to textile villages on the outskirts of towns, often brushing shoulders with sober, middle-class townspeople. For their part, historian David Carlton writes, townspeople saw these rural migrants as "the injection of a new and dangerous element into community life." Fleeing the deep poverty of the countryside, millhands tended to arrive at the mill in a desperate state, uneducated and suffering from an array of maladies. Townspeople coined the derogatory nickname "lintheads" to refer to this new industrial underclass. Worse, in the minds of

⁸¹ Hall, et al., *Like a Family*, 86-113; Janet Irons, *Testing the New Deal: The General Textile Strike of 1934 in the American South* (Urbana: University of Illinois Press, 2000), 13-19.

many, these migrants were lawless and showed no regard for the manners and customs that guided town life. Rumors of drunken violence and murder in mill villages spread wildly through towns. While reports of millhands' behavior were rooted more in stereotypes about "white trash" people than in reality, the fears among townspeople were real. They did not see millhands as descendant from the hard-working yeoman of agrarian myth, but feared them as a new "cracker proletariat," whose unruly nature threatened to disrupt the "orderly, well-regulated life of town society."⁸²

By the early twentieth century, many millhands also rejected the notion that they were yeoman farmers, though they naturally bristled at the derisive labels given to them by townspeople. Novelist Erskine Caldwell illustrated the changing identities of rural southerners in his 1933 work, *God's Little Acre*. Will Thompson, the novel's main character, comes from rural stock but has worked in a mill his whole life and has no patience for farm living. In fact, he is almost addicted to the energy of the factory floor and the fast-paced rhythm of village life. After his bosses impose a lock-out during a labor dispute, Will feels adrift, even emasculated, without his work. For him, the silence of the village with its shuttered factory is not peaceful, as a farmer might have perceived it, but eerie. When he visits his in-laws in the country, he derides their lifestyle and their commitment to the land as backward and unmanly. Will only feels like himself again at the end of the novel, when he and his co-workers, in defiance of the lock-out, march through their village, force their way into the factory, and turn the machinery back on. (Will's is ultimately a pyrrhic victory, as he is shot dead by a company guard shortly after

⁸² Carlton, *Mill and Town*, 129-170, quotes at 146 and 133; For a contemporary account of this perspective, see Frank Tannenbaum, *The Darker Phases of the South* (New York: G.P. Putnam and Sons, 1924).

the break-in).⁸³ Though a work of fiction, Caldwell's novel revealed some essential truths about changing class relations in the textile South. Caldwell's father served as a minister to the region's millhands, and by tagging along, young Erskine developed a keen sense of the distinctive cultures of the agricultural and industrial South. As one historian has noted, Will was a stand-in for "a new type of southern man different from his country kin." These new southern men—and women, who did not figure prominently as laborers in the novel, even though they constituted at least a third of the textile workforce by the 1930s—shared a common rural heritage, but ultimately thought of themselves as industrial workers.⁸⁴

The formation of this new identity eventually gave way to a broader sense of class consciousness. Ironically, the spatial arrangement of the mill village helped this process along. Because villages were designed to be insulated from town life, mill workers spent almost all of their time together, both inside and outside of the factory. They socialized together, played on the same baseball teams, and attended the same churches. Through this process of socialization, workers shared grievances with one another over wages, working conditions, and poor treatment from supervisors, among other complaints. And because mills excluded African Americans from jobs as operatives, race was not a significant barrier to building a class-based solidarity. The isolated and centralized nature of the mill village, in other words, rather than breeding loyalty to management, fostered a culture of resistance among workers.⁸⁵

Workers used this culture to fight back against intrusions on their "customary rights,"

⁸³ Erskine Caldwell, *God's Little Acre* (New York: Viking Press, 1933).

⁸⁴ Simon, "The Novel as Social History," 375-392, quote at 377.

⁸⁵ Hall, et al., *Like a Family*, 114-183.

which came under assault as manufacturers adjusted to changes in the post-World War I economy. By the mid-1920s, the textile industry was suffering from over-expansion. During World War I, rising demand for cotton fueled an explosion of new mills and increased production, driving up both prices and wages. When demand returned to prewar levels, however, prices collapsed, leaving employers with even narrower profit margins thanks to the wage increases of the previous decade. As the authors of *Like a Family* note, employers responded “by trying to ratchet down wages and by making operatives work harder than ever before.”⁸⁶ They launched a concerted modernization campaign, implementing newer and faster machines and imposing a stricter adherence to the time clock. Millhands, having in their minds earned the right to control the pace of their work, hated the new system, deriding it as a “stretch out.”⁸⁷

The stretch out took many different forms, but all of them served to make mill work more physically demanding and less financially rewarding. By installing more efficient looms, for example, employers forced workers to operate more machines at the same time. One U.S. labor official noted that under normal conditions the typical weaver could operate between 30 and 36 looms; under the stretch out, that same weaver could be expected to look after up to 100 looms.⁸⁸ Many employers switched from offering hourly wages to a piece rate system. Workers were forced to meet quotas for their pay, and could be fired or have their pay docked if they did not meet the often unreasonably high standards set by the company. These new managerial techniques ended the more

⁸⁶ Hall, et al., *Like a Family*, 184.

⁸⁷ *Ibid.*, 197-212; Irons, *Testing the New Deal*, 22-28; Tindall, *Emergence of the New South*, 340-350; Simon, *Fabric of Defeat*, 47-55; Flammig, *Millhands and Managers*, 188-208; Gilmore, *Defying Dixie*, 76-77.

⁸⁸ Irons, *Testing the New Deal*, 23.

leisurely-paced workdays of the late nineteenth and early twentieth century. Millhands of the 1920s worked faster and longer than ever before, without a commensurate increase in their pay. Socializing with co-workers during the day, taking long lunch breaks, or working at a pace they deemed suitable—fairly common practices for the first generation of millhands—were impossible under the stretch out.⁸⁹

Across the South, millhands refused to accept the stretch out without a fight. Throughout the late 1920s and early 1930s, they engaged in a series of intense clashes with their employers over the conditions of their work. One of the most turbulent of these battles came in 1929 in Gastonia, North Carolina, about 20 miles west of Charlotte. In April of that year, an organizing campaign led by the National Textile Workers Union (NTWU), a Communist union committed to organizing both black and white workers, led to a strike. The Communist Party hoped to use the strike as an opening wedge in a larger struggle for black equality in the South. Between the Loray Mill in Gastonia and the American Mill complex in Bessemer City, Gaston County employed 400 African American textile workers, making the area a logical starting place for the NTWU's campaign.⁹⁰

Moreover, the living and working conditions in Gaston County gave the union a fertile ground for organizing, even as the local power exerted by mill owners made their task all the more daunting. At the Loray Mill, more than 2,000 workers endured 12-hour shifts and 60-hour work weeks. Women took home, at most, \$12 a week. Homes were often plagued by mosquitos because of the village's inadequate water and sewer system. Besides the low pay and poor living conditions, Loray millhands worked under a ruthless

⁸⁹ *Ibid.*, 22-25; Hall, et al., *Like a Family*, 200-212.

⁹⁰ Gilmore, *Defying Dixie*, 68-69.

manager in Gordon Johnstone, a man who, as historian Glenda Gilmore writes, “deserved his reputation as one of the hardest driving managers in the South.”⁹¹ To enforce the stretch-out, Johnstone installed “hank clocks” on top of yarn spinners to measure an individual worker’s production. Workers who failed to meet their quotas could be disciplined or docked pay, and even those who worked at a breakneck pace found it difficult to meet the company’s expectations. The stretch out prompted public demonstrations in Gastonia, and the widespread discontent at Loray Mill laid the groundwork for the NTWU campaign.⁹²

The NTWU called for a strike on April 1, 1929. More than half of the Loray workforce walked off the job, soon joined by hundreds more at Bessemer City. Within a couple of weeks, the majority of strikers had returned to work, but a contingent of about 300 remained to walk the picket lines. While race remained a significant obstacle to the union’s organizing efforts, the most devoted strikers began to commit themselves to organizing along class lines.⁹³

The sight of an interracial workforce marching in solidarity, however tenuous that solidarity was, intensified whatever anxieties townspeople already had about millworkers. Local newspapers attacked the union for their commitment to interracial unionism and black equality.⁹⁴ Company spies and mobs of armed citizens ambushed strikers on picket lines and inside their own union hall. To keep the mill running, Governor O. Max Gardner dispatched the state militia to Gastonia to break up picket lines and escort strikebreakers into the factory. The most dramatic moment of the strike

⁹¹ *Ibid.*, 76.

⁹² *Ibid.*, 76-77; Salmond, *Gastonia 1929*, 12-16.

⁹³ Gilmore, *Defying Dixie*, 83-89; Salmond, *Gastonia 1929*, 23-69.

⁹⁴ Gilmore, *Defying Dixie*, 81-82.

occurred outside the Loray Mill. More than 200 strikers began marching toward the mill in protest, where they were met by the local police force and a mob of newly deputized civilians. Police beat up the women at the front of the picket line, and pursued the remaining marchers as they fled to their union headquarters. The confrontation at the headquarters left the town's police chief and a striker dead.⁹⁵

Anti-union violence continued after the end of the strike, when union leaders were tried for the murder of the police chief. During the trial, mobs patrolled the streets, beating up union activists, and targeting especially black strikers and the white women who associated with them. As a part of this campaign of terror, Ella May Wiggins, a mother of nine who became a vocal spokesperson for the union, was chased down and shot to death. Despite several eyewitnesses, a jury acquitted the five men brought to trial for Wiggins' murder, apparently persuaded by the defense argument that they "ought not to be found guilty because the slain woman believed in communism." Defendants in the police chief's murder, meanwhile, were convicted of second degree murder and ultimately fled to the Soviet Union.⁹⁶

Because of its Communist affiliation, the Gastonia strike incited a unique level of fear in the South's elite classes, but it was only one flashpoint in a much larger battle. Dozens of other strikes and labor protests took place throughout the textile South, often without the support of unions. South Carolina, for example, experienced a reported 81 individual strikes in 1929 alone. In October of 1929, with Gastonia still roiling from the aftermath of the Loray Mill strike, another strike met a violent end in Marion, North Carolina, just a few counties over. Strikers had shut down three mills in the mountain town, prompting

⁹⁵ Salmond, *Gastonia 1929*, 69-105.

⁹⁶ Gilmore, *Defying Dixie*, 92-105, quote at 95.

Governor Gardner, as he did at Gastonia, to dispatch the National Guard to put an end to the strike and reopen the mills. In the ensuing confrontation, the state forces opened fire, leaving six strikers dead and another 25 wounded.⁹⁷

Both the stretch out and workers' opposition to it continued after the upheavals of 1929 subsided. As the Great Depression worsened in the early 1930s, workers began to look to labor unions and to more overtly political solutions to their grievances. With obvious exceptions like the NTWU-organized Gastonia strike, much of the labor unrest of the 1920s had been sporadic and without larger institutional support. By 1934, however, the United Textile Workers (UTW) had established a notable presence in the South. Although the union's calculations were likely inflated, the UTW estimated that by 1934 they had 180,000 members in the South's major textile-producing states. North Carolina claimed the largest share of this workforce, with an estimated 80,000 UTW members.⁹⁸ Millhands also began to look to state and federal politicians to champion their economic interests. In particular, they found a potential savior in Franklin Roosevelt and his New Deal programs.

Workers' opposition to the stretch out, and their growing political consciousness, came to a head in the General Textile Strike of 1934. Indeed, the strike—still the largest in the history of southern labor—was inextricably linked to New Deal politics. Like workers across the country, southern millhands were drawn to FDR's optimism and his willingness to speak out against powerful economic interests. But they were also inspired by his policy prescriptions, in particular the National Industrial Recovery Act of 1933. The NIRA called for industry-wide codes to regulate the nation's manufacturing wages,

⁹⁷ Salmond, *Gastonia 1929*, 9-10.

⁹⁸ Irons, *Testing the New Deal*, 188-189.

work hours, and production quotas. The idea was that by establishing uniform codes, the NIRA could eliminate the cutthroat competition that drove down wages and compelled companies to continue their speed-up campaigns. This, as both southern millhands and FDR realized, exacerbated the Depression. When companies instituted the stretch out, for example, they contributed to the problem of overproduction and low prices. In turn, low prices and slim profit margins led to layoffs, which deepened the crisis of unemployment. Southern workers' faith in the NIRA was ultimately betrayed, however, when the federal government proved incapable of enforcing the codes, and when industry leaders exerted outsized influence in shaping them. The General Strike, then, was intended to pressure the FDR administration to step up its enforcement of the codes—to make the promises of the NIRA “a living thing,” as one union leader put it.⁹⁹

The General Strike was national in scope, but the southern campaign produced some of its most dramatic conflicts. At its peak, more than 170,000 southern millhands went out on strike, bringing the national total to 400,000.¹⁰⁰ Because the southeast—particularly the Carolinas and Georgia—had become the heart of the nation's textile industry, both union leaders and company officials believed the region was critical to the success or failure of the strike. In North Carolina, according to the Associated Press, as many as 65,000 workers participated, closing down 210 of the state's 491 mills. Thirty-eight thousand workers went out in South Carolina, leaving 298 mills—more than half of the state's total—shuttered. And the mills were almost entirely silent in Georgia, where 44,000 workers, nearly three-quarters of the state's total, joined the strike.¹⁰¹

⁹⁹ Irons, *Testing the New Deal*, 7-9, union leader quote at 8; Simon, *Fabric of Defeat*, 90-101.

¹⁰⁰ Irons, *Testing the New Deal*, 3.

¹⁰¹ John A. Salmond, *The General Textile Strike of 1934, from Maine to Alabama* (Columbia: University of Missouri Press, 2002), 53.

Despite the size of the strike, the UTW shared the more conservative sensibilities of its umbrella organization, the American Federation of Labor. UTW leaders took pains to distinguish their strike from the Communist-led insurgency in Gastonia, and hoped to build public support by stamping out radicalism. Union vice president Francis Gorman admonished strikers “to be orderly at all times,” and “not to associate with Communists.”¹⁰² While the General Strike did not embrace the radical vision of Gastonia, it could hardly be described as “orderly.” Indeed, union leaders and mill owners alike marveled at the upheaval it had unleashed in the South’s mill villages. To those sympathetic to labor, the strike was “the closest thing I’ve seen to a revolution in this country”; to mill owners, it was “perhaps the gravest emergency which has confronted our people since Reconstruction days.”¹⁰³

Mill owners’ largest source of fear was the union’s most effective organizing tool: the “flying squadron.” Union activists packed into cars and flatbed trucks, essentially forming mobile picket lines, and traveled from mill to mill, encouraging workers to join the strike. The squadrons were especially effective in the South, where, because mills were more decentralized and union membership was lower, workers were less in tune with the happenings at UTW headquarters. Dozens of mills closed down thanks to the work of the flying squadrons, including Gastonia’s Loray Mill, which still held great symbolic importance after the 1929 strike. Squadrons provoked hostility from company officials and unsympathetic community members.¹⁰⁴ The sight of fleets of vehicles roaming state highways with “groups of workers hanging precariously to the staked sides

¹⁰² Quoted in Salmond, *General Textile Strike*, 45.

¹⁰³ Quoted in Irons, *Testing the New Deal*, 3-4.

¹⁰⁴ Irons, *Testing the New Deal*, 128-134; Simon, *Fabric of Defeat*, 113-114; Hall, et al., *Like a Family*, 329-332.

and shouting encouragement to the workers inside” injected an intensity and sense of chaos into the strike that belied Gorman’s stated goals for an “orderly” demonstration. C.C. Moore, the sheriff of Rutherford County, claimed that squadrons “invaded” his peaceful community, and “in a spirit of mob violence took complete charge of twelve mills.” Opponents of the strike, like Sheriff Moore, were convinced that southern mill workers only joined the strike because they were intimidated by union activists. As one Cleveland County resident argued, squadrons had “been going out to peaceful textile plants and compelling those who want work from which to feed hungry mouths, to come out of the mills against their wishes.”¹⁰⁵

To counter the union’s squadrons, companies mobilized mobs of sympathetic workers and community members, while governors dispatched National Guard units to protect strikebreakers and keep the mills running. South Carolina Governor Ibra C. Blackwood sent in troops almost immediately after the strike began, and even authorized them to “shoot to kill” if it was necessary to keep picketers away from the mills. North Carolina’s J.L.B. Ehringhaus followed suit, sending out fifty militia units. Ehringhaus was especially concerned about the UTW’s initial success in Gaston and Alamance Counties. In Gaston County, approximately 90 percent of the workforce had joined the strike, closing down 100 mills; most of Spencer Love’s Burlington Mills facilities in Alamance County were idle as well. As in Gastonia in 1929, confrontations between picketers and state forces turned violent. In Burlington, guardsmen unleashed tear gas on picketers and injured five strikers with bayonets. The Loray Mill in Gastonia reopened without reported injuries, but the company needed a force of 150 guardsmen to hold back angry picketers and

¹⁰⁵ Quoted in Salmond, *General Textile Strike*, 47, 63-64, 64.

protect non-striking workers. The most violent confrontation occurred in Honea Path, South Carolina, where company guards killed seven strikers and left more than 75 others injured.¹⁰⁶

With the aid of state forces, and with workers' resolve crumbling, the South's textile industry resumed its usual operations within a few weeks of the strike's beginning. Union leaders gamely attempted to spin the strike as a victory, but it was a near total defeat. Union demands for stricter enforcement of NIRA codes, most importantly those calling for a shorter work week and the elimination of the stretch out, were ignored, and companies throughout the region refused to rehire strike participants.¹⁰⁷ Despite their clear victory, however, the South's industrialists had been pushed to a point of crisis. The labor upheavals of the late 1920s and early 1930s demonstrated that the New South pursuit of industrialization had made the region, in many undesirable ways, similar to the industrial North—with congested mill villages populated by a growing class of politically engaged, class conscious workers. Companies could rely on sympathetic state actors to help them put down worker rebellions, but it was clear that the village system had not produced the idyllic outcomes promised by the first generation of New South mill builders.

After the chaos of the textile strikes subsided, then, companies began implementing more long-range plans to protect themselves from the threat of worker unrest and organized labor. These plans required rethinking their industry's geography and dismantling the mill village system. Companies in the 1930s began selling off their village properties, either giving workers the option to purchase their homes outright or

¹⁰⁶ Salmond, *General Textile Strike*, 51, 69-70; Simon, *Fabric of Defeat*, 116-119.

¹⁰⁷ Salmond, *General Textile Strike*, 77.

placing them on the open market. Others bulldozed housing units to make way for plant expansions. To be sure, labor relations were not the only consideration in a company's decision to sell off their mill village. For example, many wanted to avoid the costs of maintaining housing, preferring instead to invest in new factory equipment. Moreover, many workers jumped at the opportunity to purchase the houses they had been renting for years. They celebrated their status as homeowners and undertook remodeling projects—repainting exteriors, building new additions—that broke with the uniformity of the company-owned village.¹⁰⁸ Still, with the passing of the mill village, shared spaces and vibrant community life dissipated. As researchers for the Southern Oral History Project discovered, despite many unpleasant memories of village life, many former millhands “remembered the unravelling of social relations as a personal loss.”¹⁰⁹

While the reasons for selling off village properties were complex and varied, company concerns over labor unrest were at or near the center of the process. Indeed, the dismantling of the village system became popular because mill owners believed that it would be “a more attractive means of labor control than village paternalism,” as geographer Toby Moore has put it.¹¹⁰ Several textile owners admitted to sociologist Harriet Herring that they hoped ending the system “might also lessen interest in unions and strikes.”¹¹¹ As one explained, “when you get a lot of people living in one community, living in one mill village, they’re naturally objects of concern—and, of course, exploitation—by labor unions.” “But scattering these people out all over the county,” he

¹⁰⁸ Harriet L. Herring, *The Passing of the Mill Village: Revolution in a Southern Institution* (Chapel Hill: University of North Carolina Press, 1949), 8-34.

¹⁰⁹ Hall, et al., *Like a Family*, 356.

¹¹⁰ Toby Moore, “Dismantling the South’s Cotton Mill Village System,” in Scranton, ed., *Second Wave*, 118.

¹¹¹ Herring, *Passing of the Mill Village*, 16.

added, “turned out to be a very healthy concept.”¹¹² Caesar Cone, president of Greensboro’s Cone Mills Corporation, claimed that when members of a community all work for a single employer “it is easy for them to condemn” the company’s practices and build solidarity. Cone hoped that selling company housing and having “employees live among the general citizenry of the community” would create a clear demarcation between their working and personal lives and dilute their sense of community with other workers.¹¹³ Similarly, employers believed that encouraging home ownership would, as several explained to Herring, “make for more responsible citizens and better communities.”¹¹⁴

The shift away from the mill village system was most pronounced in North Carolina. In fact, Spencer Love of Burlington Mills is often credited as one of the pioneers of the trend. Love began selling his company’s village homes shortly after the 1934 General Strike.¹¹⁵ As Burlington Mills expanded and bought out mills in neighboring towns, the *Southern Textile News* later noted, Love “established a pattern of separation of mill manufacturing with real estate that eventually became the industry’s policy.”¹¹⁶ Most of the company’s workers began living at a greater distance from their workplace, an arrangement made possible by expanding highway systems and increased automobile ownership. “We have people now who drive 40 and 50 miles to work in our plants and

¹¹² Interview with John Raymond Shute by Wayne Durrill, June 25, 1982 #B-0054-1, in the Southern Oral History Program Collection #4007, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill. Shute’s interview was also quoted in Hall, et al., *Like a Family*, 356-357.

¹¹³ Caesar Cone to Harriet L. Herring, “Long Range Program for Modernization of Cone Mill’s Greensboro Villages,” March 1, 1950, Harriet L. Herring Papers #4017, Folder 255, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill.

¹¹⁴ Herring, *Passing of the Mill Village*, 16.

¹¹⁵ *Ibid.*, 8-10.

¹¹⁶ Mildred Gwin Andrews, “The Mill Village—Its Place in Economic and Social Planning,” *Southern Textile News*, December 25, 1978, Burlington Industries Records, Folder 1328, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill.

think nothing of it,” one company executive observed.¹¹⁷ Companies throughout the South followed Burlington’s lead. According to Herring’s research, on the eve of World War II, a total of 67 villages had been sold in Virginia, North Carolina, South Carolina, and Georgia. Fifty-four of those sales took place in North Carolina.¹¹⁸ Partly as a result, the state’s homeownership rates aligned with national norms. In 1940, approximately 42 percent of North Carolinians owned their own homes, and that figure increased to 53 percent by 1950. Nationwide, 55 percent of Americans were homeowners by 1950.¹¹⁹

As the Burlington Mills executive noted, improving highway networks accelerated the demise of the mill village system. By the 1920s, North Carolina had shed its reputation as the “Rip Van Winkle State” for a more flattering one: the “Good Roads State.” A statewide voter referendum in 1921 approved a \$50 million bond issue to build a system of primary highways connecting all 100 county seats. Within a decade, the State Highway Commission controlled a network of 10,000 miles of highways, 88 percent of which were hard-surfaced.¹²⁰ The highways helped facilitate the development of what Herring called “veritable ‘stringtowns.’” Rather than living in centralized mill villages, workers returned to a decentralized pattern of homeownership, with new homes dotting the Piedmont countryside. They no longer lived in tight-knit communities where co-workers came to feel like family members—and, at times, comrades. Instead, they moved farther into the country, where the factory was no longer the center of community life,

¹¹⁷ “You Could Rent a Five-Room Home for \$1 a Week,” news clipping, n.d., Burlington Industries Records, Folder 1328, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill.

¹¹⁸ Herring, *Passing of the Mill Village*, 12.

¹¹⁹ Toby Moore, “The Unmaking of a Cotton Mill World: Place, Politics, and the Dismantling of the South’s Mill Village System,” (Ph.D. Diss. University of Iowa, 1999), 169.

¹²⁰ Paul V. Betters, ed., *State Centralization in North Carolina* (Washington, D.C., 1932), 63-64; Harry McKown, “Roads and Reform: The Good Roads Movement in North Carolina, 1885-1921” (M.A. Thesis, University of North Carolina at Chapel Hill, 1972).

and where family mostly referred to blood relations.¹²¹

At the dawn of the post-World War II era, North Carolina's political leaders and economic planners would look to this emerging model of stringtowns as an example for the future. Stringtowns, state leaders believed, would provide all of the benefits of industrial employment without creating the kinds of labor crises that had come to plague mill villages. They also believe that industrial stringtowns could alleviate an ongoing crisis in southern agriculture.

Crisis of the Agricultural South

While labor unrest spread throughout the industrial South, a different sort of crisis created havoc in the agricultural South. The rise of textile mills had pulled many rural people into the industrial world, but into the 1930s and 1940s, many remained on the land. Economic, political, and technological changes, however, conspired to squeeze small landowners, tenant farmers, and sharecroppers out of the only life they had known. The Great Depression of the 1930s dramatized the plight of America's underclass, but southern farmers began to feel its effects in the 1920s.¹²²

The seeds of the 1920s farm crisis were planted in the heady years of World War I. For farmers not called into service, the war years were profitable. Military and international relief efforts created high demand for American crops, and farmers

¹²¹ Herring, *Passing of the Mill Village*, 13.

¹²² On rural poverty and the challenges facing southern farmers during these years, see: Theodore Saloutos, *American Farmers and the New Deal* (Ames: Iowa State University Press, 1982); Pete Daniel, *Breaking the Land: The Transformation of Cotton, Tobacco, and Rice Cultures since 1880* (Urbana: University of Illinois Press, 1985); Gilbert C. Fite, *Cotton Fields No More: Southern Agriculture, 1865-1980* (Lexington: University Press of Kentucky, 1984); Jack Temple Kirby, *Rural Worlds Lost: The American South, 1920-1960* (Baton Rouge: Louisiana State University Press, 1987); Jim Giesen, *Boll Weevil Blues: Cotton, Myth, and Power in the American South* (Chicago: University of Chicago Press, 2011); David L. Carlton and Peter A. Coclanis, *Confronting Southern Poverty in the Great Depression: The Report on Economic Conditions of the South with Related Documents* (Boston: Bedford/St. Martin's, 1996), 1-37.

responded. By 1919, farmers claimed 25 percent of the national income. As southern textile manufacturers had also discovered, however, wartime demand was unsustainable. Farmers struggled to adjust to smaller peacetime markets, leaving them with crop surpluses and rapidly falling prices. Farmers' share of the national income fell steadily throughout the decade, reaching 10.4 percent in 1929. Conditions were worse in the South, where farmers earned a per capita income of between \$200 and \$400 by the end of the 1920s.¹²³

Many federal policies in the 1930s exacerbated the plight of small American farmers. To combat the problem of low crop prices during the Great Depression, the Roosevelt administration instituted a program of planned scarcity through the newly-created Agricultural Adjustment Administration (AAA). AAA provided subsidies to farmers who agreed to reduce acreage and limit production, hoping to stimulate higher prices by reining in crop surpluses. Large commercial farmers benefited from the program, while tenant farmers and sharecroppers suffered. With AAA subsidies in hand and a mandate not to produce, large landowners found that they had little use for their tenants and evicted them in masse. Policymakers expected subsidy recipients to share their benefits with tenants, but with no enforcement mechanism, planters kept at least 90 percent of payments for themselves. During the 1930s, the number of sharecroppers in the South declined by almost 30 percent. The AAA program was especially harmful to African Americans, who constituted a disproportionate share of the tenant and sharecropping workforce.¹²⁴

¹²³ Saloutos, *American Farmer and the New Deal*, 12.

¹²⁴ David M. Kennedy, *Freedom From Fear: The American People in Depression and War* (New York: Oxford University Press, 1999), 209; Nell Irvin Painter, *Creating Black Americans: African-American History and its Meanings, 1619 to the Present* (New York: Oxford University Press, 2006), 206.

Other government policies, such as subsidies for labor-saving equipment like tractors and mechanical cotton harvesters, further depleted the farm population. Prior to World War II, the South lagged far behind the rest of rural America in agricultural technology. As late as 1940, only 7.9 percent of southern farmers and 4.3 percent of North Carolinians owned a tractor. By way of comparison, tractor ownership rates exceeded 50 percent in Iowa and Nebraska.¹²⁵ Mechanization accelerated in the 1940s, however. During the war years, the number of tractors in the South doubled. Planters found investing in new equipment, rather than maintaining tenant housing or hiring day laborers, more cost-effective. Meanwhile, small landowners who could not take advantage of new technologies struggled to stay competitive with highly capitalized farms. As a result, by the 1940s, while the total number of southern farms was in decline, the average size of individual farms had greatly increased. Larger farms needed fewer laborers, and while sharecropping and tenant farming were almost uniformly inequitable arrangements, they were replaced by landlessness and unemployment.¹²⁶

Compounding the problems of unemployed farm laborers and landless farmers was the fact that the industrial development of the South remained geographically uneven. Southern historians have often remarked that the textile industry was decentralized, spread throughout dozens of growing cities like Charlotte and Atlanta, but also rural hamlets that remained obscure to most Americans: Haw River, North Carolina; Honea Path, South Carolina; Dalton, Georgia.¹²⁷ But in the minds of many state officials in the region, factories were still too highly concentrated in a small number of counties.

¹²⁵ Fite, *Cotton Fields No More*, 154.

¹²⁶ *Ibid.*, 168-169.

¹²⁷ See for example: Hall, et al., *Like a Family*; Simon, *Fabric of Defeat*; Flamming, *Creating the Modern South*.

By 1939, according to the U.S. Census of Manufacturers, North Carolina claimed 3,225 manufacturing firms, trailing only Texas among southern states. Between 1939 and 1947, North Carolina added another 2,000 factories, a larger growth than any other southern state and one-fifth of the region's total.¹²⁸ The impact of this industrial growth, however, was not shared evenly across the state, and despite the evolving highway system, railroads continued to dictate North Carolina's industrial geography. Indeed, as a state Department of Conservation and Development report noted, industrial development in the 1940s gravitated to "those same communities which are already highly industrialized." This meant that most industrial growth occurred in the Piedmont Crescent—the semicircle following the NCR from Raleigh to Charlotte, passing through Durham, Greensboro, and High Point along the way.¹²⁹ In 1939, ten counties claimed nearly 40 percent of the state's total factories. Of those ten, only two (Catawba and Buncombe) were not located on either the NCR line or bordering an NCR county.¹³⁰ This pattern of growth only accelerated in the early post-World War II years. In 1945, Guilford (home of Greensboro) and Mecklenburg County (Charlotte) alone accounted for a quarter of all new factories. By the following year a Conservation and Development report lamented that North Carolina's industry was "too highly concentrated in a few urban counties." The report found that 66 of the state's 100

¹²⁸ Joseph K. Heyman, "N.C. Ranks First in Southeast in Rural Industrial Expansion," *Asheville Citizen-Times*, July 17, 1949.

¹²⁹ W.C. Guthrie, "The Need and the Opportunity for North Carolina Industries for North Carolina People in Rural Communities," September 15, 1947, Folder "Rural Industries Reports (1947), Box 4, Division of Commerce and Industry, Department of Conservation and Development Papers (State Archives of North Carolina), hereinafter cited as Conservation and Development Papers.

¹³⁰ Historical Census Browser, 2004, University of Virginia, Geospatial and Statistical Data Center, <http://mapserver.lib.virginia.edu/>. Even Catawba and Buncombe counties owed much of their industrial growth to the NCR, as they were served its tributary, the Western North Carolina Railroad. Trelease, *North Carolina Railroad*, 344.

counties had fewer than 25 percent of their labor force engaged in manufacturing work, a figure the department classified as “under-industrialized.”¹³¹

Officials in the Department of Conservation and Development worried that this uneven spread of industry was creating a drag on the state’s per capita income and precipitating rural outmigration. The average income for a North Carolina family in 1940 was \$1,386, well below the national average of \$2,133. In 80 of the state’s 100 counties, the per family income was lower than the state average, suggesting that without the relative prosperity of urban industrial counties, North Carolina would have been even further behind. As Conservation and Development officials concluded, “Sections of the nation, as well as sections of the state, have the largest per capita income where there are industrial and commercial interests.”¹³²

With few job opportunities in either agriculture or industry, millions of rural southerners, both black and white, fled the countryside during the 1940s. African Americans, of course, migrated with a unique sense of urgency, escaping the violence and oppression of the Jim Crow South, as well as the inhospitable economic climate. White southerners migrated more strictly for economic reasons, but actually constituted a larger portion of the South’s total migrants. In total, around 4.1 million people left the South during the 1940s.¹³³ Many rural migrants had no ambition to reach northern or western states, and instead sought out factory work in nearby cities and towns. As a result, the urban population within the South increased 33 percent during the World War

¹³¹ L.D. Baver to Governor Robert Gregg Cherry, June 7, 1946, Folder "Rural Industries Committee," Box 71, Subject Files 1945-1948, Governor R. Gregg Cherry Papers (State Archives of North Carolina), hereinafter cited as Cherry Papers; Guthrie, “The Need and the Opportunity for North Carolina Industries,” September 15, 1947, Folder "Rural Industries Reports (1947)," Conservation and Development Papers.

¹³² Guthrie, “The Need and the Opportunity for North Carolina Industries,” September 15, 1947, Folder "Rural Industries Reports (1947)," Conservation and Development Papers.

¹³³ Gregory, *Southern Diaspora*, 15.

II years.¹³⁴ In North Carolina, these trends led to further growth in Piedmont Crescent counties. By 1955, the Crescent's urbanized areas contained only 9 percent of the state's land, but 25 percent of its population and almost half of its manufacturing workforce.¹³⁵ In the years following World War II, then, state officials and prominent agricultural leaders searched for ways to stem outmigration by making it economically feasible for North Carolinians to remain in the country.

The Rural Industries Movement

In 1945, North Carolina Governor R. Gregg Cherry and the state Department of Conservation and Development launched a concerted effort to deal with the problems besetting both the agricultural and the industrial economy. Dubbed the “Rural Industries Movement” by Cherry, the program promoted locally-owned manufacturing enterprises as a catch-all solution to a number of economic ills. Of course, because of the rise of the textile industry in the New South period, rural industrialization was nothing new by the postwar era. But plans for rural industries in postwar North Carolina differed in several ways. First, the state aimed to promote new industries in counties outside of the Piedmont Crescent—areas that had been mostly untouched by the first wave of industrialization from the 1880s through the 1920s, and that relied on the increasingly dim prospects of agriculture. Second, advocates for the movement believed that North Carolina relied too heavily on the “big three” industries of textiles, tobacco, and furniture, and planned to make better use of the state's other raw materials. Finally, the Rural Industries Movement conceived of a different structure to the manufacturing economy, one that, according to

¹³⁴ James C. Cobb, *The South and America since World War II* (New York: Oxford University Press, 2011), 55; Adams, *Way Up North in Louisville*.

¹³⁵ Trelease, *North Carolina Railroad*, 345.

Department of Conservation and Development chairman Paul Kelly, constituted “the most wholesome development possible.”¹³⁶ Whereas the New South’s most important industry, textiles, had become dominated by out-of-state capitalists, Cherry’s plan stressed the importance of locally-owned enterprises, led by people with a vested interest in the well-being of the community. Because they were locally-owned, moreover, factories could employ local labor without relying on an industrial village system. Workers could remain on their rural homesteads and still benefit from manufacturing wages. In short, supporters of the Rural Industries Movement hoped to raise the per capita incomes of North Carolina’s rural, agriculture-dependent counties, while avoiding the congestion and unrest that plagued textile villages.¹³⁷

Some of the South’s most prominent agricultural spokespeople helped lead the charge for rural industrialization. Clarence Poe, the longtime editor of the *Progressive Farmer*, spent most of his adult life advocating for southern farmers and preaching to them a message of self-help. He became editor of the magazine in 1899, when he was only 18 years old. For more than a half century, Poe used his platform to urge farmers to diversify their crops and embrace modern methods of scientific farming. During the Depression, when boll weevil infestations and low prices plunged thousands into poverty, the *Progressive Farmer* published uplifting and educational stories about farmers who survived by converting crop lands into orchards and livestock pastures.¹³⁸ Over time, however, Poe recognized that the mechanization and government subsidies of modern agriculture placed nearly insurmountable obstacles in front of most small landowners,

¹³⁶ Cora Stegall, “State Planning More Industry,” *News and Observer*, July 15, 1945.

¹³⁷ “Rural Industries Movement,” *We the People of North Carolina*, May 1947.

¹³⁸ Kirby, *Rural Worlds Lost*, 130-132.

tenant farmers, and sharecroppers. With the playing field tilted so heavily in favor of large agribusiness firms, Poe acknowledged that farmers needed more than diversified crops. They needed a more diverse economy, one that balanced agriculture with industrial manufacturing, and gave rural people an opportunity to stay on their land and supplement their declining farm revenues.¹³⁹

In North Carolina, his home state, Poe took his ideas to political leaders. In the summer of 1945, he began soliciting state support for an investigation into the opportunities in rural manufacturing, citing a recent conference held in Georgia as a model. In a July 1945 letter, he urged Governor Cherry, the Agriculture Commission, and the Department of Conservation and Development, to hold a rural industries conference of their own to promote manufacturing development in the countryside. Given “the strong possibility that North Carolina tobacco production may shrink sharply after the war and cotton production be cut still further,” he wrote, “it seems to me highly important for North Carolina to set out to develop rural industries that will provide employment for more of our rural population.”¹⁴⁰

In addition to the jobs created, a rural industries program could also diversify North Carolina’s manufacturing base. As Harriet Herring noted in a report for the State Planning Board, 91 percent of all manufacturing workers in the state worked in either textiles, tobacco, or furniture as of 1939. Herring argued that this made the state vulnerable by placing “too many eggs in one basket”—and a low-paying, low-skilled basket at that. She added that existing farm and livestock resources should be further used

¹³⁹ On Poe’s advocacy for scientific farming, see: Fite, *Cotton Fields No More*, Chapter 4.

¹⁴⁰ Clarence Poe to multiple recipients, July 30, 1945, Folder “Rural Industries Conference,” Box 4, Conservation and Development Papers.

as a source of manufacturing development. Poultry, hogs, and peanuts, for example, were widely available in North Carolina, but too frequently they were manufactured outside of the state. Processing more of those products at home, Herring argued, would help North Carolina develop a stronger manufacturing base that could endure economic downturns in its most dominant industries.¹⁴¹

Prominent agricultural leaders agreed. L.D. Baver and T.E. Browne, two administrators at the North Carolina State College of Agriculture, lamented that, with the exception of tobacco, too many “products of the soil in North Carolina are processed outside of the State.” They warned that this would have painful consequences when World War II ended. Returning soldiers and wartime industrial workers would seek employment in other states, especially if prospects in agriculture did not improve. Baver and Browne stressed the linkages between the agricultural and the industrial economies, arguing that diversification of North Carolina farm products could generate more industrial jobs and prevent outmigration.¹⁴² In a letter to Poe, Browne highlighted the example of soy beans. North Carolina was a fertile land for the crop that, among other uses, made “a fine material for plastics.” What little soy bean crop the state produced, however, was typically shipped to other states for processing. Locally grown soy beans, Browne believed, presented employment opportunities in small plastic factories that could easily be set up in rural North Carolina.¹⁴³

These ideas for a more diverse manufacturing sector in the countryside began to come

¹⁴¹ Harriet L. Herring, *North Carolina's New Industrial Opportunity* (Raleigh: N.C. State Planning Board, August 1945).

¹⁴² L.D. Baver to Clarence Poe, August 6, 1945, Folder "Rural Industries Conference," Box 4, Conservation and Development Papers.

¹⁴³ T.E. Browne to Clarence Poe, August 3, 1945, Folder "Rural Industries Conference," Box 4, Conservation and Development Papers.

to fruition when Governor Cherry announced a statewide Rural Industries Conference for November 29-30, 1945. Around 100 business and agricultural leaders convened at the Sir Walter Hotel in downtown Raleigh to discuss the need of, and opportunity for, rural industries in the state. The conference hoped to not only convince attendees to embrace manufacturing as a way forward, but also to provide practical steps for establishing rural factories. The first day of the conference consisted of keynote addresses and presentations on rural industrialization by experts in specific fields. Speakers explained the opportunities available in the manufacturing of crops and livestock, forest products, minerals, and other raw materials. On the second day, attendees divided into sub-committees to develop concrete plans for specific industries.¹⁴⁴

For its promoters, rural industrialization was a solution to the ongoing crises in agriculture. With the onset of mechanization, sharecroppers were thrown out of work and small landowners struggled to compete with highly capitalized growers. Rural people were either striking out for new opportunities in cities in the north and south, or remained impoverished on their homestead. Governor Cherry summarized the goals of the conference by saying that rural industries would “create more jobs, increase the per capita earning power, raise the standard of living, decrease the exodus of labor from the State, and thereby contribute to the stabilization of the farm population, and make North Carolina a much better balanced State from an economic standpoint.”¹⁴⁵

While Cherry set lofty goals for rural industrialization, in the short-term, the conference hoped to first inspire enthusiasm about reshaping the rural economy. In the

¹⁴⁴ “Rural Industries Urged by Conference Speakers,” *Raleigh News and Observer*, November 30, 1945; “Rural Industries Meeting Urges Home Operations,” *Raleigh News and Observer*, December 1, 1945.

¹⁴⁵ “Rural Industries Movement,” *We the People of North Carolina*, May 1947.

minds of conference organizers, many long-time farm families and leaders in rural communities had failed to conceive of any alternative to farming. Conference organizers, then, hoped to “stimulate the imagination of people throughout the state as to [the] possibilities” of manufacturing, replicating the boosterism of New South era towns in the postwar countryside.¹⁴⁶ Judging from the responses of attendees, the conference was a success in this regard. “There was a real live interest manifested by those who attended,” recalled one attendee in a letter to Governor Cherry. “I fell [sic] as if I have been to college again after listening to so many professors talk over a period of two days.”¹⁴⁷ Poe was similarly encouraged by the initial response, telling Cherry that he was “constantly receiving evidence of the eager interest of the people in our Rural Industries program.”¹⁴⁸ Despite this enthusiasm, rural industry advocates knew that one two-day conference was not enough. They would need to use the conference as a springboard toward a more sustained commitment to developing rural industries. Otherwise, as one conference attendee noted, “I am afraid that possibly we just attended another meeting.”¹⁴⁹

To continue the momentum generated by the conference, Cherry established a Rural Industries Branch within the Department of Conservation and Development. In effect, this made the conference’s goals a full-time fixture of the department’s agenda. One of the Branch’s first actions was to hold a series of eleven regional meetings across North Carolina to spread the gospel of rural industry more directly to the people. The series of

¹⁴⁶ “Subcommittee Report to the Executive Committee on Rural Industries,” n.d., Folder “Rural Industries Committee,” Box 71, Cherry Papers.

¹⁴⁷ T.V. Rochelle to R. Gregg Cherry, December 3, 1945, Folder “Rural Industries Committee,” Box 71, Cherry Papers.

¹⁴⁸ Clarence Poe to R. Gregg Cherry, March 22, 1946, Folder “Rural Industries Committee,” Box 71, Cherry Papers.

¹⁴⁹ T.V. Rochelle to R. Gregg Cherry, December 3, 1945, Folder “Rural Industries Committee,” Cherry Papers.

meetings took place in November and December 1946, and were tailored to the specific needs of each area.¹⁵⁰

The informational meetings were a reflection of the methods the branch used to promote rural industrialization. Rather than provide direct financial aid to would-be entrepreneurs, branch officials mainly served as advisors to prospective industrialists. They conducted economic surveys to help locals better understand the natural resources and manufacturing opportunities in their community. They also identified specific individuals who they believed were well-suited to establishing a new industry, and provided these “new enterprisers with know-how in the establishment of the new business.” This included advice on obtaining financing and equipment, as well as marketing and staffing their plant. Essentially, Branch officials served in a similar capacity as county agricultural agents did to farmers. They did not provide direct financing or subsidies for rural industries, but they provided the technical details and served as an information clearinghouse for potential industrial entrepreneurs in rural counties.¹⁵¹

Branch officials repeatedly emphasized the importance of utilizing local raw materials. At the original Rural Industries Conference, for example, a subcommittee highlighted minerals as a possible growth industry. The subcommittee reported that North Carolina possessed many of the minerals needed to manufacture bricks, cinder blocks, insulation, and floor and wall tiles. Given the rising rate of home ownership, they noted, these products were in high demand and factories could provide stable employment. And

¹⁵⁰ “The Rural Industries Movement,” *We the People of North Carolina*, May 1947.

¹⁵¹ “A Statement of the Pertinent Facts on the Problems and Possibilities of Rural Industrial Development in North Carolina,” n.d., Folder “Rural Industries Committee, Box 71, Cherry Papers.

because plants in these industries required little start-up costs—typically an initial investment of no more than \$100,000—factories for home building materials could easily be built in a rural area. The subcommittee also suggested that North Carolina’s native minerals made it an ideal site for dinnerware factories. They calculated that the South purchased at least \$4 million in dinnerware each year, giving North Carolina an opportunity to dominate that market as one of the few southern-based manufacturers. Like plants for home building materials, dinnerware plants were cost efficient; a plant employing hundreds of people could cost as little as \$200,000 to build.¹⁵²

The conference also developed plans for making better use of North Carolina’s forest products. Though the furniture industry had long been a staple of the state’s industrial landscape, the forestry subcommittee worried that there was not “widespread appreciation of the value of the forest resource and the opportunity for industrial expansion which it offers.” Outside of the furniture hub in High Point, the subcommittee believed that farmers could be harvesting more wood on a seasonal, part-time basis, and using that product to manufacture “handles, tools, picker sticks,” or fence posts.¹⁵³

Fence post plants became one of the most popular suggestions to emerge from the Rural Industries Conference. According to Conservation and Development officials, North Carolina farmers needed around 15 million fence posts per year, creating the opportunity for a plant in every county. Fence post plants would do more than saw up the wood; they would apply a treatment of creosote and petroleum that would increase the

¹⁵² “Report of the Committee on Opportunities for North Carolina Industries in the Field of Minerals,” North Carolina Collection Subject Clipping File (Wilson Library, University of North Carolina at Chapel Hill), vol. 147, 681-83.

¹⁵³ “Preliminary Report of the Forestry Committee, Rural Industries Conference,” North Carolina Collection Subject Clipping File (Wilson Library, University of North Carolina at Chapel Hill), vol. 147, 678-79.

life of a post from two to fifteen years to as much as twenty-five. A small plant could be built with only about \$3,000 in equipment and could produce up to 300 fence posts per day. While the industry may have been easy to enter into, however, its economic prospects were hardly inspiring. "Such a plant, operating by 2 or 3 men working full time should provide an income of \$20 or more per day," one report concluded.¹⁵⁴ Despite the relatively meager economic prospects, the simplicity of the industry made fence post manufacturing popular among aspiring entrepreneurs. Conservation and Development noted in 1947 that their guide to fence post manufacturing was the most highly requested rural industries pamphlet, with 73 separate requests.¹⁵⁵

Rural industry advocates also insisted that the program be a local movement. Owners and plant managers were expected to emerge from the population of the factory's local community. Financing would come from local and state banks. The jobs created would be filled by local people. To emphasize the program's local orientation, officials in the Rural Industries Branch used the term "home industries" interchangeably with "rural industries."¹⁵⁶ Branch officials saw home industries as important because it allowed communities to reject the often excessive demands of out-of-state firms. Beginning in the 1930s, state and local governments in the South provided generous tax concessions and subsidies to entice manufacturers to relocate to the South. While these deals could create jobs, they also placed heavier burdens on the rest of the tax base and diverted revenue away from other public services, which were already stretched thin in most rural southern

¹⁵⁴ W.R. Smith and R.A. Hertzler, "North Carolina Offers Opportunities for Small Industries: The Preservative Treatment of Fence Posts," February 7, 1946, Folder "Highway Public Works and Prisons," Box 15, Cherry Papers.

¹⁵⁵ "Report of the Rural Industries Branch of the Division of Commerce and Industry of the N.C. Department of Conservation and Development," June 13, 1947, Folder "Rural Industries Committee," Box 71, Cherry Papers.

¹⁵⁶ Cora Stegall, "State Planning More Industry," *News and Observer*, July 15, 1945.

communities.¹⁵⁷

To highlight the problem of dealing with out-of-state manufacturers, one official in the Rural Industries Branch used the recruitment efforts of a group of boosters in the southeastern community of Rockfish as a cautionary tale. The Rockfish boosters were engaged in talks with a New York-based shirt manufacturer to construct a new plant in their town. To finalize the deal, however, the manufacturer insisted that the town pay for the construction of the building, the shipping costs of sewing machines from New York, and to provide other pieces of specialized equipment. As a small rural town, Rockfish could not meet such high demands without significantly depleting their coffers. The fact that garment factories paid low wages for mostly unskilled work made the deal even less appealing. Thus, town leaders faced a difficult choice; they could either forego the opportunity to add new manufacturing jobs, or they could accept what a Branch official called, “the worst proposition we have had offered to a community in recent years.”¹⁵⁸ The rural industry program existed so that community leaders would not feel compelled to accept such offers.

Many local leaders shared the Branch’s qualms about attracting outside industries. W.D. Herring, mayor of Rose Hill, another small town in the southeastern part of the state, expressed concerns with “the whims of absentee ownership” and viewed “with considerable disdain the practice of offering extravagant inducements to large mill owners to establish plants in the community.” Such a “large, impersonal enterprise” would be a negative force in the community, he believed.¹⁵⁹ Likewise, the Chamber of

¹⁵⁷ Cobb, *Selling of the South*.

¹⁵⁸ Milton M. Croom to G.F. Dempsey, January 30, 1948, Folder "Miscellaneous 1946-1950," Box 12, Division of Commerce and Industries, Conservation and Development Papers.

¹⁵⁹ W.D. Herring to Philip Schwartz, August 20, 1948, Folder "Rose Hill," Box 2, Division of Commerce

Commerce in Swain County asked for assistance from the Department of Conservation and Development in securing new industry, but only if that industry would become “a permanent part of the community.” “We are not so greatly interested in the more ‘fly-by-night’ concerns,” the chamber emphasized.¹⁶⁰ These local leaders valued home industries because, as Miles Smith of Salisbury put it, they “keep their money at home to help build up the state.” Those industries not only could assist struggling farmers seeking an additional source of income, but would also inject more revenue into the local economy by keeping profits within the state.¹⁶¹

While it was intended as a program to improve the rural economy and stem outmigration, advocates for the Rural Industries Movement meant for whites to be the primary beneficiaries. In fact, the state rebuffed federal efforts to enhance rural industrialization out of fears that it might aid some African Americans. In 1946, for example, a U.S. Senate bill proposed to create a program similar to North Carolina’s Rural Industries Branch. The bill would fund a staff of federal investigators to go to impoverished rural areas and help local residents implement new economic development strategies, including locally-owned manufacturing enterprises. L.D. Bayer, an active supporter of North Carolina’s rural industries program, however, worried that this federal initiative could bypass state and local efforts that had greater “knowledge of local conditions.” Bayer clarified the “local conditions” that federal officials might not appreciate. “It is not inconceivable that an agent...would be sent to a section heavily

and Industry, Conservation and Development Papers.

¹⁶⁰ Philip Schwartz, "Office Memorandum: RE: Swain County," May 16, 1947, Box 1, Division of Commerce and Industry, Conservation and Development Papers.

¹⁶¹ Miles Smith to George Ross, August 1, 1949, Folder "Rural Industrial Branch," Box 8, Subject Files 1949, Governor W. Kerr Scott Papers (State Archives of North Carolina).

populated with colored people and working through a committee might find that that section was underdeveloped because the state failed to see that these people had their legal or proper rights,” he warned Governor Cherry. Having federal agents working in black communities, he feared, was “fraught with the danger of creating disorder and lack of harmony and order procedure where such matters are presently being satisfactorily administered.”¹⁶² In other words, while supporters of rural industries wanted to modernize the economy in the North Carolina countryside, they did not want industrialization to unleash disruptive forces like demands for racial equality.

The concern over the potential disruption (or the mere scrutiny) of racial hierarchies was a piece of North Carolina’s larger anxieties about modernization. The wave of industrialization during the New South period had brought many positive changes to the region. While the work in textile mills was hard and physically punishing, the steady paycheck it provided gave many rural people a level of economic security that agriculture could not match. At the same time, however, the geography of that industrial growth, though distinct from northern cities, had led to crowded population centers and, by the 1930s, explosive class conflict. When envisioning the second wave of industrialization after World War II, then, North Carolina’s political leaders and economic officials searched for ways to provide factory wages without the side effects of congestion and labor unrest. Industrial geography was central to achieving this goal. Replacing the mill village system with a series of “stringtowns” would enable workers to remain in the country, helping to prevent the transformation into class conscious industrial workers that previous generations of millhands had undergone. And by aiding local entrepreneurs and

¹⁶² L.D. Baver to R. Gregg Cherry, June 18, 1946, Folder "Rural Industries Committee," Box 71, Cherry Papers.

encouraging the development of new, diverse industries, the state hoped to create an industrial sector that would provide more long-term economic stability for local communities. The state's commitment to an industrial geography defined by stringtowns would continue even after the Department of Conservation and Development began focusing more on the recruitment of out-of-state factories than the encouragement of "home industries."

Importantly, North Carolina's rural industries advocates also wanted to extend the stringtown model of development beyond the Piedmont Crescent, where much of the first wave of industrial growth had taken place. Achieving this goal, however, required the continued evolution of the state's transportation system. After languishing behind most other southern states in railroad development, North Carolina took on the mantle of the "Good Roads State" when transportation technology shifted to automobiles and highways. Primary highways connecting major towns facilitated the demise of the mill village system, but by the late 1940s, the shoddy condition of the state's rural secondary roads emerged as a major barrier to industrial growth in the more isolated counties. Thus, in 1949, North Carolina embarked on a massive rural road building project, which good roads advocates argued was necessary to implement the state's rural industries agenda.

CHAPTER 3

REPEALING THE MUD TAX: RURAL ROAD BUILDING AND RURAL INDUSTRIALIZATION

When Governor R. Gregg Cherry and the Department of Conservation and Development pushed for an expansion of rural industries, the Davises of Rutherford County were the kind of people they had in mind. Ben Davis and his wife lived on a small piece of land in the foothills of the Appalachian Mountains and identified themselves as farmers. They also depended on work at a local textile mill to make ends meet. The balance the Davises struck between the worlds of agriculture and industry embodied what Conservation and Development officials meant when they called for a program of “wholesome development.” The Davises lived on the land instead of in a crowded city or mill village, and they did not appear to think of themselves as members of an industrial working class, even though factory wages were a crucial supplement to their income. But wholesome development was impossible to achieve if workers could not get to the factory, and the shoddy condition of roads in Rutherford often kept the Davises’ “little Ford” stuck “in a mud hole up over the finders [sic],” forcing them to stay home. “If the condition of the road don’t get better,” Ben Davis predicted, “we will have to hitch up our horses [and] wagon to get to work and back.”¹⁶³

As the Davises’ arduous commute suggests, underdeveloped roads had wide-ranging economic consequences in the South, even in the post-World War II years. This chapter examines how North Carolina confronted its primitive system of rural roads, how its tradition of good roads progressivism evolved during the first half of the twentieth

¹⁶³ Ben Davis to W. Kerr Scott, December 29, 1948, Folder “State Highway and Public Works Commission—Requests for Roads,” Box 14, Subject File 1949, Governor W. Kerr Scott Papers (State Archives of North Carolina), hereinafter cited as Scott Papers.

century, and the role of road building within the state's larger rural development agenda. The main focus of this chapter is North Carolina's 1949 secondary road bond, a \$200 million initiative to build new hard-surfaced rural roads. That voters approved such a massive investment was no small thing, as good roads activism had laid dormant throughout most of the South since the Progressive era. The campaign for the secondary road bond was successful, I argue, because its supporters—led by Governor W. Kerr Scott—framed road building as a necessary tool for industrialization. State officials and local boosters recognized that bad roads placed obstacles in their path to a rural industrial society. For their part, workers like Ben Davis supported better roads because they could not take advantage of the growing industrial economy without them.

The 1949 road bond was only the latest manifestation of a tradition of good roads progressivism in the South. In the early twentieth century, increased automobile ownership and the transformation of the southern countryside had created the conditions for a Good Roads Movement. Urban motorists demanded better highways so they could enjoy leisurely drives into the country, and farmers, now dependent on cash crop production, realized that the growing concentration of commercial activity in towns made better roads a necessity. Together, these urban and rural interests formed a loose coalition of good roads activists, and they successfully pressured state and federal governments for increased investments in highways. Activists coined the term “mud tax” to summarize the effects of bad roads, and to rally support among farmers in particular. Limited state investment in roads might have allowed for low taxes, they argued, but the lack of decent roads imposed higher transportation costs, punishing farmers in less tangible ways. One of the movement's most important achievements was convincing southern farmers that

paying an actual tax could save them money in the long run by funding the infrastructure needed to repeal the metaphorical “mud tax.”

North Carolina, known in the nineteenth century as the “Rip Van Winkle” state for its sluggish railroad development, became one of the nation’s leading good roads states in the twentieth. Dozens of local good roads associations operated in the state, and the North Carolina Good Roads Association published *Southern Good Roads*, one of the movement’s most influential magazines. Tar Heel good roads activists won their most significant victory in 1921, when the state initiated a \$50 million project to build a statewide system of primary highways. The 1920s, however, proved to be the peak of southern support for road building. State and federal highway agencies had grown into massive bureaucracies, and rural southerners felt they had little input in such institutions. The backlash to what many southerners saw as governmental overreach effectively ended the Good Roads Movement, and road building progress was further interrupted by the Great Depression and World War II.

While the end of the Good Roads Movement pushed road building off of the state government’s agenda, the problems associated with bad roads only intensified in North Carolina. Despite the victories of Progressive era activists, many outlying rural areas remained poorly serviced well into the late 1940s. Unpaved roads, for example, frequently cut off rural North Carolinians from access to medical care and schools, as well as prevented many rural counties from developing and maintaining an industrial economy. Rural workers and their employers complained that unpaved roads made regular work attendance difficult, especially during periods of rain or winter weather. Not only did this threaten the success of the Cherry administration’s campaign for home-

grown rural industries, but it also prevented counties from convincing employers from outside the state to relocate to their area.

By tapping into rural voters' frustrations with the state highway bureaucracy, and by connecting secondary road building to the industrial future of rural communities, Governor Scott was able to reinvigorate good roads progressivism in North Carolina. Like Progressive era good roads activists, Scott rallied supporters around the idea of repealing the "mud tax." By the late 1940s, however, the mud tax referred to more than the additional costs farmers incurred when delivering their crops to market. Now, the mud tax was a scourge of the broader rural community, hindering its industrialization and contributing to the economic stagnation that compelled so many to seek better opportunities in cities and towns. Improved secondary roads, then, were an essential companion to the ongoing campaign for rural industrialization. Communities needed better roads for their manufacturing industries to function, and the economic improvements associated with better roads promised to stem outmigration. In other words, North Carolina pushed for better rural roads because, like industries, they offered the state a way to modernize its economy while preserving its rural complexion.

The Good Roads Movement

As late as 1904 only 4 percent of the South's public roads were hard-surfaced.¹⁶⁴ Due to scarce public financing throughout the region, road building was the responsibility of county governments. While some wealthy counties financed expansions and improvements through bond issues, most poor and middling folks were unable or unwilling to invest in local infrastructure. In North Carolina, for example, prosperous

¹⁶⁴ Howard Lawrence Preston, *Dirt Roads to Dixie: Accessibility and Modernization in the South, 1885-1935* (Knoxville: University of Tennessee Press, 1991), 13.

Mecklenburg County levied a small property tax as early as 1885 to finance road building. By 1900 the county claimed 75 miles of macadam roads (a combination of crushed rock and either asphalt or tar), built at a cost of around \$4000 per mile. Similar county-level improvements followed in the 1890s, but as Cecil Brown, an economist at Davidson College noted, “Almost all of this early road building centered around the towns of largest population.”¹⁶⁵

Road building in farm counties and sparsely populated areas lagged behind, and in the absence of sufficient tax revenues, relied on the less productive “statute labor system.” This system required all able-bodied men to devote at least one day a year to road maintenance in their community. Though it kept tax burdens to a minimum, statute labor proved inefficient and rife with corruption. Men selected for road work lacked training in modern road building techniques, and others were able to use connections with local politicians to exempt them from the duty.¹⁶⁶ As Brown summarized in his early history of North Carolina’s highway system, the “accomplishments of this ancient labor tax method of road maintenance were distressingly meager.”¹⁶⁷

Without a concerted road building effort, farmers delivering crops to market navigated a patchwork system of unpaved roads that became impassable with even moderate rain or snow storms. Even when markets were accessible, unpaved roads often could not bear the weight of heavy loads, leaving wagons stalled or forcing farmers to discard some of their product. In short, poor roads imposed severe economic constraints on farmers in the late nineteenth and early twentieth century. According to one good

¹⁶⁵ Cecil Kenneth Brown, *The State Highway System of North Carolina: Its Evolution and Present Status* (Chapel Hill: University of North Carolina Press, 1931), 18-30, quote at 27.

¹⁶⁶ Preston, *Dirt Roads*, 20-22.

¹⁶⁷ Brown, *State Highway System*, 9.

roads organization, transportation costs on a typical dirt road were 60 percent higher than one with hard surfacing.¹⁶⁸ A 1906 U.S. Department of Agriculture study found that American farmers lost at least \$600,000 that year due to inaccessible roads.¹⁶⁹

Not surprisingly, then, farmers became crucial actors in the emerging good roads movement, joining a loose coalition of Progressive reformers, intellectuals, and urban bicycle enthusiasts. Many in the Populist movement demanded improved public roads, and two of the earliest federal interventions into the modern highway system—the creation of the Office of Road Inquiry in 1893 and Rural Free Delivery in 1896—came after extensive lobbying from the National Grange and other farmer organizations. The central message of good roads advocates was that dirt roads, though inexpensive, exacted a steep “mud tax” in the form of higher transportation costs and stunted economic development.¹⁷⁰ The movement gained momentum after 1900, as growing automobile use demonstrated the need for more and better roads, and as the exploitation of prison labor made road construction more cost feasible.¹⁷¹ Good roads associations proliferated throughout the country, lobbying all levels of government for new road legislation and educating the public about the benefits of good roads. The message resonated in the South, and by 1912 60 percent of the nation’s 450 good roads associations were based in the former Confederate States.¹⁷²

¹⁶⁸ Christopher W. Wells, “The Changing Nature of Country Roads: Farmers, Reformers, and the Shifting Uses of Rural Space,” *Agricultural History* 80 (Spring 2006): 152.

¹⁶⁹ Preston, *Dirt Roads*, 15.

¹⁷⁰ Tammy Ingram, *Dixie Highway: Road Building and the Making of the Modern South, 1900-1930* (Chapel Hill: University of North Carolina Press, 2014), 13-43; Wells, “The Changing Nature of Country Roads.”; Joseph Interrante, “You Can’t Go to Town in a Bathtub: Automobile Movement and the Reorganization of Rural American Space, 1900-1930” *Radical History Review* 21 (Fall 1979): 151-168.

¹⁷¹ Alex Lichtenstein, “Good Roads and Chain Gangs in the Progressive South: ‘The Negro Convict is a Slave,’” *Journal of Southern History* 59 (February 1993): 85-110.

¹⁷² Preston, *Dirt Roads*, 30.

Some of the strongest advocates for good roads progressivism, North or South, came from North Carolina. At the movement's height, the Tar Heel State claimed at least 65 good roads associations, more than any other southern state. Its flagship group, the North Carolina Good Roads Association, publicized the cause throughout the region with its magazine, *Southern Good Roads*. Under the leadership of Joseph Hyde Pratt and Harriet Morehead Berry, the NCGRA pushed for a more centralized approach to road planning and building. Thanks in part to their efforts, the General Assembly passed legislation—originally drafted by Berry—to create a State Highway Commission in 1915, which was authorized to work with counties to develop a statewide highway system.¹⁷³

Though sparse funding prevented much tangible progress, the Commission developed plans for a highway system that connected the state's 100 county seats. Berry drafted legislation in 1919 that would have funded the completion of the proposed system, but it was rejected by the General Assembly. Over the next two years, Berry, later remembered as the "Mother of Good Roads," traveled throughout the state, generating public support for the highway system. By 1921 membership in the NCGRA had increased to 5,500 from 272 in 1919, more than 25,000 had signed petitions supporting new road legislation, and Berry had delivered speeches in 89 counties. With strong grassroots support, and the backing of Governor Cameron Morrison, the 1921 legislature passed a robust state highway law with little opposition. The law incorporated much of what Berry and the NCGRA had demanded, calling for a primary highway system that connected all 100 county seats and principal towns, paid for with a \$50 million bond issue and a one-cent

¹⁷³ Jeffrey J. Crow, "Yesteryear: Mother of Good Roads," *Southern Exposure* 5 (no. 4, 1977): 22-23; Brown, *State Highway System*, 30-124; Craig quoted in Brown, *State Highway System*, 41.

per gallon gasoline tax.¹⁷⁴ General Assemblies in the 1920s continued to authorize spending measures for the primary system, and by 1931 the state had issued a total of \$155 million in road bonds, receiving an additional \$16 million in federal aid.¹⁷⁵

The 1921 highway law solidified North Carolina's position as a pioneer in what historian George Tindall called "business progressivism." Beginning in the 1920s, "neo-whiggish trends" swept through southern politics, as states began to embrace public services and efficient government as a path to modernization. Under business progressive regimes in North Carolina, tax revenues increased 554 percent between 1913 and 1930, and state expenditures grew 847 percent between 1915 and 1930.¹⁷⁶ An expanded and improved highway system gave tax payers considerable returns on their investments. By 1931 the State Highway Commission controlled approximately 10,000 miles of highway, 88 percent of which was hard-surfaced.¹⁷⁷

Under centralized control after 1921, the inter-city and -town roads making up the primary highway system saw consistent progress. Secondary roads—those routes emanating off of the primary system, often referred to as 'farm-to-market' roads—remained the province of county governments and saw little improvement during the 1920s. In 1931, however, Governor O. Max Gardner, acting on advice from the Brookings Institution, signed legislation to place the responsibility for building and maintaining secondary roads with the State Highway Commission. Issued at the height of the Great Depression, the new highway law spared struggling county governments from

¹⁷⁴ Crow, "Mother of Good Roads"; Harry McKown, "Road and Reform: The Good Roads Movement in North Carolina, 1885-1921" (M.A. thesis, University of North Carolina-Chapel Hill, 1972).

¹⁷⁵ Paul V. Betters, ed., *State Centralization in North Carolina* (Washington D.C.: Institute for Government Research of The Brookings Institution, 1932), 63.

¹⁷⁶ George B. Tindall, *The Emergence of the New South, 1913-1945* (Baton Rouge: Louisiana State University Press, 1967), 219-254, statistics for North Carolina at 225-227.

¹⁷⁷ Betters, *State Centralization*, 63-64.

heavy financial obligations, and immediately brought 45,000 miles of farm-to-market roads under state jurisdiction.¹⁷⁸

Ironically, however, the greatest success of the Good Roads Movement—its ability to pressure state and federal governments into taking a more activist role in road building—helped bring about its undoing. Indeed, the movement ultimately became derailed when its rural participants revolted against the growing state and federal highway bureaucracies, the increasing taxes and fees required to maintain them, and the perception that they paid disproportionate attention to urban streets and intercity highway routes. Though rural southerners were initially supportive of government-sponsored road building projects, by the 1930s, as historian Tammy Ingram has written, “state highway departments became favored targets for angry screeds against bloated government and state corruption.”¹⁷⁹ In Georgia, for example, Eugene Talmadge won the governorship in 1932 thanks in large part to popular discontent over the state highway department. Sensing rural voters’ anger at automobile tag fees, which could run as high as \$25 per vehicle, Talmadge pledged to limit all fees to a mere 3 dollars. The proposal, along with demagogic attacks on government bureaucrats and appeals to white supremacy, gave Talmadge a durable base of support among rural voters.¹⁸⁰ Popular anger at state highway departments played out in a similar fashion in South Carolina. The Palmetto State highway department operated with an annual budget of \$8 million, but millworkers in the upcountry felt that too little construction was taking place in their communities. Moreover, because of its ability to dole out patronage, the department was one of the

¹⁷⁸ *Ibid.*, 60-80.

¹⁷⁹ Ingram, *Dixie Highway*, 193.

¹⁸⁰ *Ibid.*, 194-195.

most potent sources of political power in the state—power that lay mostly in the hands of wealthy low-country state senators and business elites. In 1935, Governor Olin Johnston attempted to install his own political allies in the highway department, in order to give himself lasting political influence and better represent the populist groundswell that put him into office. When he was blocked through legislative means, however, Johnston dispatched the National Guard in an attempt to forcibly remove his political opponents. The ensuing battle for control of the department further endeared Johnston to his white working-class supporters, and intensified popular resentment of the state highway bureaucracy.¹⁸¹

Before it fractured, the Good Roads Movement managed to not only build thousands of miles of road, but also forced governments to take on a greater role in sponsoring the nation's infrastructure, laying the groundwork for the modern Interstate Highway System. North Carolinians in particular took pride in their expanding highway system, and state politicians proclaimed themselves—with some justification—"The Good Roads State." Economist Cecil Brown endorsed the boast, arguing in his 1931 study that previously isolated and impoverished counties had been "redeemed from their long bondage to mud."¹⁸²

The Mud Tax Survives

For rural-dwelling North Carolinians, however, such pronouncements were premature. Bad roads still plagued rural communities, and travelers on the state's secondary road system still paid a "mud tax" in the post-World War II years. Rural people noted that not only did road conditions hinder their agricultural development, but

¹⁸¹ Simon, *Fabric of Defeat*, 167-187.

¹⁸² Brown, *State Highway System*, 247.

also their access to medical care and schools. For rural North Carolinians, the lack of progress on roads in their communities compounded larger frustrations about the growing bureaucracy and power of government road building agencies. The State Highway Commission, it seemed, was not working on their behalf, despite the taxes it demanded. The survival of the mud tax, then, was a continuing source of resentment among rural North Carolinians, even after the Good Roads Movement died out as an effective political force. By the late 1940s, W. Kerr Scott, a dairy farmer-turned-politician, would harness that anger on his way to the Governor's Mansion. Unlike Depression era demagogues like Talmadge, Scott challenged rural anger into a forward-looking agenda. As a candidate and later as a governor, Scott proposed to increase spending on the state highway system, while realigning the Highway Commission's priorities so that it better responded to the transportation needs of rural people.

To be sure, North Carolina's status as the "Good Roads State" was not entirely unearned. Highway travel improved greatly in the early twentieth century, and tourist routes like the Blue Ridge Parkway brought visitors and economic growth to some mountain towns. But the secondary farm-to-market roads that country people most depended on remained unpaved and, especially in winter months, inaccessible well into the 1940s. According to the State Highway Commission's Engineer of Statistics and Planning, by 1947 the state was responsible for 49,752 miles of secondary roads, "roughly equivalent to a distance twice around the world," but only 2,856 of those miles were hard-surfaced. By contrast, of the state's 10,342 miles of primary highways, 9,076 were paved.¹⁸³

¹⁸³ James S. Burch to A.M. Arnett, May 22, 1947, Folder "J.S. Burch," Box 8, Division of Administration Central File, State Highway Commission Papers (State Archives of North Carolina), hereinafter cited as

With so little hard-surfacing, rural infrastructure was especially vulnerable to extreme weather and increased traffic in the late 1940s. A severe flood in September of 1945, for example, destroyed at least 230 bridges across the state. According to State Highway Chairman Alexander H. Graham, the flood also washed away “thousands of tons of surfacing material.” Worse, the winter following the 1945 flood was one of the harshest in decades, forcing some rural schools to close for as long as five to six weeks and denying many residents access to medical facilities. Surveying the damage in the spring of 1946, Graham warned that North Carolina faced a “grave emergency” from the substandard network of rural roads.¹⁸⁴ Even as conditions worsened, however, North Carolinians, like postwar Americans generally, were taking to the roads more frequently. In 1947, North Carolina experienced its highest traffic volume on record, increasing 20 percent from its pre-war high.¹⁸⁵ The increased demands being placed on a system of mostly unpaved rural roads soon became impossible for state officials to ignore.

Recognizing the divergence between primary and secondary road systems, the Cherry administration shifted its focus to improving the state’s farm-to-market roads. Near the end of his term, the Highway Commission’s Engineer of Statistics and Planning reported that “far more money is currently being expended on the County Road System (Farm-to-Market) than on the main State Highways.”¹⁸⁶ After four years in office, Cherry had overseen the paving of more than 4,000 miles of state roads, approximately 80 percent of which took place on the secondary system. More miles of secondary roads were paved

Highway Commission Papers.

¹⁸⁴ Alexander H. Graham to John D. Small, March 26, 1946, Folder “Civilian Production Administration, Box 8, Highway Commission Papers.

¹⁸⁵ James S. Burch, “Traffic at Record High,” January 12, 1948, Folder “J.S. Burch,” Box 8, Highway Commission Papers.

¹⁸⁶ James S. Burch to J.A. Davis, July 22, 1948, Folder “J.S. Burch,” Box 8, Highway Commission Papers.

during the Cherry administration than in all years prior to 1945.¹⁸⁷

Still, the pace of progress was not fast enough to satisfy the demands of most Tar Heel farmers and other rural citizens. By the end of World War II, in fact, a second wave of good roads progressivism had emerged, intent on securing paved secondary roads. Like advocates in the late nineteenth century, good roads supporters in the 1940s noted that farmers remained burdened by high transportation costs due to bad roads. In the mountain county of Mitchell, for example, the local agent for the state Agricultural Cooperative Extension reported that more than 2,000 farmers relied on only 32 miles of hard-surfaced road, a number “about as small as you will find in any county in the state.” The agent urged Governor Cherry to use “any influence you might have in helping us to get more and better roads.”¹⁸⁸ Likewise, State Agriculture Commissioner W. Kerr Scott lobbied federal agencies for new road building equipment, noting that “our agriculture machine in North Carolina is such that it functions in direct proportion to the condition of our secondary roads.” The 1945 Federal Agriculture Census, Scott pointed out, found that North Carolina had more than 290,000 farms, second only to Texas for the most in the United States. “A state with thousands of small, independent farm operators,” he argued, “must have hundreds of sound rural roads to serve them.”¹⁸⁹

While concern for the state’s farms undoubtedly motivated many postwar good roads advocates, rural people saw farm-to-market roads as more than just tools for agricultural development. Greater ease of transportation was central to improving the overall quality

¹⁸⁷ John William Coon, “Kerr Scott, the ‘Go Forward’ Governor: His Origins, His Program, and the North Carolina General Assembly” (M.A. Thesis, University of North Carolina-Chapel Hill, 1968), 31-32.

¹⁸⁸ L.J.P. Stone to R. Gregg Cherry, December 20, 1944, Folder “Highways, Public Works, and Prisons,” Box 15, Cherry Papers.

¹⁸⁹ W. Kerr Scott to John D. Small, March 26, 1946, Folder “Civilian Production Administration,” Box 8, Scott Papers.

of life in rural counties, particularly in access to medical care. Mary Andrews Brooke, who lived several miles from the nearest town in Orange County, for example, reported that “Doctors from Hillsboro and Chapel Hill in winter have been known to refuse calls in this district when these roads are in this condition.”¹⁹⁰ A resident of Yadkinville, along the western edge of the Piedmont, also complained in the spring of 1949 that families in the area could not get medical care due to inaccessible roads, even though her sister-in-law had been “real sick with a heart ailment for over a year,” and several others were stricken with the flu.¹⁹¹ Perhaps the most evocative illustration of this fact came from a Rutherford County woman named Catherine E. In a letter to the newly inaugurated Governor W. Kerr Scott in 1949, Catherine told the story of her “little boy,” who had taken ill the previous winter. With the dirt roads in her community either washed out or snowed in, Catherine was unable to take her son to the hospital and doctors were unable to reach her home. The boy died before receiving medical care. After his death, neighbors hauled in rocks to make a makeshift road, “so the undertaker could get in and out.” “I believe if we had a road that we could have got in and out over he would have been living today,” Catherine lamented, urging Scott to take action on secondary road building.¹⁹²

Like farms and hospitals, schools also depended on quality roads, making students, teachers, and administrative officials some of the most influential good roads advocates. Since the late nineteenth century, North Carolina had been a regional leader in education reform. In the 1880s and 1890s, graduates of the University of North Carolina and the

¹⁹⁰ Mary Andrews Brooke to W. Kerr Scott, July 30, 1949, Folder “Highways B,” Box 15, Subject File 1949, Scott Papers.

¹⁹¹ R.L. Bell to W. Kerr Scott, March 30, 1949, Folder “Highways B,” Box 15, Subject File 1949, Scott Papers.

¹⁹² Catherine E. (last name illegible) to W. Kerr Scott, February 26, 1949, Folder “Better Schools and Roads,” Box 2, Department of Public Relations Correspondence, Highway Commission Papers.

Normal and Industrial School for Women pushed the state and its localities to embrace graded school pedagogy, which emphasized standardization in instructional methods and testing, professionalization of teachers, and a full academic year of at least eight months. Such changes, reformers argued, were necessary for individuals to compete in a modern commercial economy. Ironically for a group of self-styled “progressives,” education reform for whites advanced hand in hand with the marginalization of blacks. After a brutal white supremacy campaign ousted a biracial government of Populists and Republicans in 1898, Democratic Governor Charles Brantley Aycock promoted disfranchisement and segregation as a means of preserving social order and government stability, thereby allowing for the advancement of progressive initiatives. As historian James Leloudis has argued, disfranchisement also helped win the support of poor whites for education reform, offering to protect their right to vote from literacy tests and make them “full partners in the New South.”¹⁹³

The shift toward graded school pedagogy required changes to the educational system’s physical landscape. One-room schoolhouses of the antebellum era needed to be replaced and consolidated into larger buildings that allowed for multiple grade levels of instruction. Under Governor Aycock, this process began in 1900. Partnering with private foundations, the Aycock administration presided over what two recent historians have called “a school-building campaign of staggering proportions.” During Aycock’s term in office, North Carolina built on average at least one new school building per day, giving him a dubious legacy as the father of both institutionalized white supremacy and the

¹⁹³ James L. Leloudis, *Schooling the New South: Pedagogy, Self, and Society in North Carolina, 1880-1920* (Chapel Hill: University of North Carolina Press, 1996), see especially chapters 1 and 5, quote at p. 137.

modern public school system in North Carolina.¹⁹⁴

Without simultaneous progress on the state's road systems, however, the future of its consolidated schools remained uncertain. Despite growing automobile ownership statewide, students in outlying areas relied heavily on bus transportation. In fact, according to Clyde Erwin, State Superintendent of Public Instruction, by 1946 the state operated a fleet of nearly 5,000 school buses, traveling an estimated 166,000 miles and transporting more than 340,000 students each day. More rural school children, Erwin claimed, rode the bus in North Carolina than any other state in the nation.¹⁹⁵

Most school bus routes, however, were along rough, unpaved sections of road that damaged buses and created unsafe travel conditions. "Hundreds of buses have been junked," Erwin reported, due to the unusual wear and tear caused by bad roads. One county-level superintendent complained that "school transportation equipment had been in worse condition during this year than it has been during any for the past ten years." Another admitted that his county operated 35-40 buses that should have been discontinued but were still being used due to a lack of available replacements.¹⁹⁶

Even with proper equipment, narrow bridges and unpaved roads made for dangerous driving conditions. The Dutchman's Creek Bridge in Gaston County, for example, was the "worst hazard in North Carolina," according to one resident. Hundreds of students

¹⁹⁴ Robert R. Korstad and James L. Leloudis, *To Right These Wrongs: The North Carolina Fund and the Battle to End Poverty and Inequality in 1960s America* (Chapel Hill: University of North Carolina Press, 2010), 59; Leloudis, *Schooling the New South*, Chapter 5.

¹⁹⁵ Clyde A. Erwin to John D. Small, March 28, 1946, Folder "Civilian Production Administration," Division of Administration Central File, Box 8, Highway Commission Papers. According to the Southern Education Reporting Service, by 1959 North Carolina transported more students on buses than any other southern state, and its 500,000 daily riders were exceeded by only four other states in the nation. Southern Education Reporting Service, *Southern Schools: Progress and Problems* (Nashville: SERS, 1959), 57.

¹⁹⁶ Clyde A. Erwin to John D. Small, March 28, 1946; W. Henry Overman to Clyde A. Erwin, March 27, 1946; T. Ward Guy to Clyde A. Erwin, March 27, 1946; all in Folder "Civilian Production Administration, Box 8, Division of Administration Central File, Highway Commission Papers.

crossed the bridge each day on their way to school, but because it was so narrow “they actually have to climb on the rails to keep away from the cars, and hardly a week passes without an accident.”¹⁹⁷ Similarly, the Jack Creek Road leading to the mountain region’s Clearmont School left buses, in the words of one student, “shaken to pieces” and riders fearing for their safety. More than 100 Clearmont students responded with a letter-writing campaign to Governor Cherry, demanding the hard surfacing of the road and a new highway commissioner.¹⁹⁸

Heavy rains and snow storms exposed the hazards of unpaved bus routes. During the especially brutal winter of 1945-46, rural schools faced what State Superintendent Erwin called “an emergency...without parallel in the history of highway transportation in this country.” Buses were unable to reach students in outlying areas. Many schools closed for weeks at a time. Catawba, Chatham, and McDowell Counties, for example, lost 26 days, 23 days, and six weeks of school, respectively. Even after the inclement weather subsided, snow and ice left ruts and holes in the roads’ surfacing that prevented efficient transportation throughout the year. Moreover, school closures in January and February were especially hard on rural districts. Many rural students helped out on the family farm, so when winter closures forced a delayed summer recess, they could not finish the school year.¹⁹⁹

For school administrators, then, transportation was not ancillary to their larger pedagogical goals. “When schools are suspended for such a long period of time,”

¹⁹⁷ C. Edwin Hutchison to W. Kerr Scott, November 22, 1948, Folder “State Highway and Public Works Commission—Requests for Roads,” Box 14, Subject File 1949, Scott Papers.

¹⁹⁸ Clearmont School students to R. Gregg Cherry, September 12, 1947, Box 28, Cherry Papers.

¹⁹⁹ Clyde A. Erwin to John D. Small, March 28, 1946; M.C. Campbell to Clyde A. Erwin, March 27, 1946; J.S. Waters to Clyde A. Erwin, March 28, 1946; and N.F. Steppe to Clyde A. Erwin, March 27, 1946, Folder “Civilian Production Administration, Box 8, Division of Administration Central File, Highway Commission Papers.

McDowell County's superintendent noted, "the morale and spirit of the student body is affected." Another warned that without improvements to secondary roads, the "total collapse of our school program in many large consolidated rural areas" could follow. Turn-of-the-century reformers had viewed education as the key to making southern children competitive in a national economy. By the end of World War II, however, North Carolina's infrastructure hampered the progress made in the early twentieth century. As Erwin put it, the cost of bad roads, "if evaluated in terms of dollars and cents, would amount to millions of dollars, and if evaluated in terms of limited opportunities for training to face the postwar world the consideration is more serious."²⁰⁰

Whether motivated by concerns about agriculture, health care, or education, a common refrain among rural road advocates was the belief that the State Highway Commission gave disproportionate support to intercity highways and tourist routes. This perception was captured quite clearly in the poetry of farmer Robert S. Woody:

As a farmer, I'm impressed with farm and school bus roads;
Many times I've been stuck while hauling heavy loads
Of milk, chicken, bacon, lard, butter, eggs, and turnip greens.
While our tax money built thoroughfares to beach and mountain scenes.

We farmers went to the highway boards—stood around like goats,
The pressure groups were also there, who controlled many thousand votes,
There we all made our case and each one did it well,
Which one was heard as you can see, the roads themselves tell.²⁰¹

Though Woody's rhyme may not have won literary acclaim, many of his fellow ruralites registered similar complaints with state politicians. A farmer from the

²⁰⁰ N.F. Steppe to Clyde Erwin, March 27, 1946; T. Ward Guy to Clyde Erwin, March 27, 1946; and Clyde A. Erwin to John D. Small, March 28, 1946, Folder "Civilian Production Administration," Box 8, Division of Administration File, Highway Commission Papers.

²⁰¹ R.S. Woody to W. Kerr Scott, n.d., Folder "Better Schools and Roads, Inc.," Box 2, Department of Public Relations Correspondence, Highway Commission Papers.

southeastern town of Whitesville, for example, observed that tourists enjoyed “big wide roads to get through our state,” even as farmers struggled to navigate the farm-to-market roads within the state.²⁰² Using similar language, one Alamance County doctor lamented that North Carolina’s “superhighways often helped the man from New York to get to Florida,” but country folks had only limited access to “the county church, school, and doctor.”²⁰³

Rural people often blamed underdeveloped roads on their local highway commissioner. The Highway Commission divided the state into ten geographic divisions, each with its own commissioner. Division commissioners, appointed by the governor to six year terms, were responsible for surveying roads in their division, relating community needs and requests to highway engineers, and making recommendations on future routes and road improvements. They received only a 7 dollar per diem for their work, which according to the Highway Commission, adhered to “the principle of public service inherent in the Commission’s work.” In practice, however, the lack of pay meant that only those with wealthy backgrounds—typically, business leaders in the cities and towns of their division—could afford to serve as division commissioners.²⁰⁴

The elite makeup of the Highway Commission may have fueled ordinary highway users’ frustration with substandard road conditions. Indeed, many rural people believed commissioners were inattentive to the needs of outlying areas. “If the commissioner of this district has ever been here in the county I do not recall it,” one Taylorsville man

²⁰² C. Lacey Tate to W. Kerr Scott, October 19, 1948, Folder “State Highway and Public Works Commission,” Box 14, Subject File 1949, Scott Papers.

²⁰³ Dr. S. Floyd Scott to Robert Gregg Cherry, June 14, 1946, Folder 2, Box 29, Cherry Papers.

²⁰⁴ William D. Snider, “Highway Commission Will Launch Bond Program this Autumn,” August 12, 1949, Folder “Secondary Road Program Press Releases,” Box 2, Department of Public Relations, Highway Commission Papers; Brown, *State Highway System of North Carolina*, 133-152.

complained. Writing to Governor-elect Scott in November 1948, the man encouraged him to “fire a great many that are in authority over the road system,” and appoint officials who would not bend to the “political pressure” of wealthier communities.²⁰⁵ Ruth Peeling, editor of the *Carteret County News-Times*, related similar complaints about the “incumbent highway commissioners” in the northeastern section of the state. Although bad roads kept children from regular school attendance, Peeling informed Scott shortly after his election, the area’s commissioners had “not seen fit to give help where it is most needed.”²⁰⁶ Peeling’s colleagues at the *Pamlico County Herald* also editorialized that, while highway officials had long promised the county road improvements, “all the automobiles and trucks have been traveling on to date are these promises.”²⁰⁷

Many frustrated citizens lobbied for the removal of their commissioner. Students at Mount Pleasant School in the foothill community of Champion organized a letter-writing campaign to Governor-elect Scott, petitioning for the immediate removal of their highway commissioner, among other demands.²⁰⁸ Likewise, the superintendent of Rowan County schools requested the appointment of “a good farm person” to represent his district at the Highway Commission. Like counties across the state, Rowan’s schools struggled to stay open during periods of bad weather, and according to the superintendent, their current commissioner “does not appear to be familiar with the problems of the rural people and their needs.”²⁰⁹

²⁰⁵ Carl Allen to W. Kerr Scott, November 22, 1948, Folder “State Highway Commission—Requests for Roads,” Box 14, Subject File 1949, Scott Papers.

²⁰⁶ Ruth Peeling to W. Kerr Scott, December 18, 1948, Folder “State Highway Commission—Requests for Roads,” Box 14, Subject File 1949, Scott Papers.

²⁰⁷ “Cars Can’t Travel on Promises,” undated, *Pamlico County Herald*, news clipping in Folder “State Highway Commission—Requests for Roads,” Box 14, Subject File 1949, Scott Papers.

²⁰⁸ Mount Pleasant School students to W. Kerr Scott, December 30, 1949, Folder “State Highway Commission—Requests for Roads,” Box 14, Subject File 1949, Scott Papers.

²⁰⁹ Charles C. Erwin to W. Kerr Scott, July 9, 1948, Folder “State Highway Commission—Requests for

Rural Roads and Rural Industrialization

The resentment of the Highway Commission among rural North Carolinians, and their frustration with the persistence of the mud tax on roads in their communities, provided a political opening for Governor W. Kerr Scott. During his campaign for the governorship in 1948, Scott placed roads at the center of his agenda for rural North Carolina. Not only did he pledge to increase the state's commitment to rural road building, he also promised to give rural people a clearer voice in the state's highway bureaucracy. Scott's roads-based populism helped put him in the Governor's Mansion, and assured the success of a major secondary road building initiative in his first year in office. That initiative—a public referendum on a \$200 million bond issue—was successful because Scott and his supporters recognized that good roads were crucial to the economic future of rural areas. Specifically, they were crucial to building and maintaining a viable rural industrial economy. Scott, like Governor Cherry and advocates of the Rural Industries Movement, wanted to provide rural people with access to better-paying manufacturing jobs. But he was also leery of large concentrations of population, and believed that industrial development should not disrupt North Carolina's rurality. Scott promoted secondary road building, then, as a way to preserve rural North Carolina in the face of economic change and outmigration, even as more manufacturing enterprises entered the countryside.

Despite North Carolina's large rural population, the state had not elected a farmer as governor since 1893. After the defeat of Fusion government in the 1890s, political elites forged a symbiotic relationship with financial and industrial elites, creating what V.O.

Roads," Box 14, Subject File 1949, Scott Papers.

Key memorably called a “progressive plutocracy.” The most recent political machine to thrive in this climate, the so-called “Shelby Dynasty,” rose to power in 1928, when O. Max Gardner, a textile industrialist from the eponymous mill town, won control of the statehouse. A series of handpicked candidates—all of whom proved amenable to business interests—followed Gardner into office.²¹⁰

In 1948 the Shelby Dynasty united behind state treasurer Charles Johnson, but met an unexpected primary challenge in W. Kerr Scott. Described by historian Numan Bartley as a “rurally oriented, if a less colorful, liberal” than fellow left-leaning southerners like Alabama’s Jim Folsom or Louisiana’s Earl Long, Scott’s personal and professional biography put him in position to benefit from the frustration of rural voters.²¹¹ Hailing from Haw River, a small mill town in Alamance County, Scott spent his pre-political career as a dairy farmer with, in his words, “a life time experience of mud roads.”²¹² Scott also served as a regional director of the Farm Debt Adjustment Administration, a New Deal program that helped farmers avoid foreclosure by refinancing their mortgages. He began his tenure as State Agricultural Commissioner in 1936, and by the 1948 governor’s race he had developed a keen sense of the rural economy’s need for good roads.²¹³

Secondary roads and the perceived ineffectiveness of the State Highway Commission

²¹⁰ V.O. Key, *Southern Politics in State and Nation* (New York: Vintage, 1949), Chapter 10.

²¹¹ Numan V. Bartley, *The New South, 1945-1980* (Baton Rouge: Louisiana State University Press, 1995), 70.

²¹² Scott included some variation of this quote in his stock responses to citizens requesting road repairs. See the correspondence in: Folder “State Highway Commission—Requests for Roads,” Box 14, Subject File 1949, Scott Papers.

²¹³ Julian M. Pleasants, *The Political Career of W. Kerr Scott: The Squire from Haw River* (Lexington, Ky.: University Press of Kentucky, 2014); Rob Christensen, *The Paradox of Tar Heel Politics: The Personalities, Elections, and Events that Shaped Modern North Carolina* (Chapel Hill: UNC Press, 2008), 109-153; Coon, “Kerr Scott.”

became a key element of Scott's campaign strategy. Taking advantage of the Commission's unpopularity in rural areas, Scott "romped all over" the agency during campaign speeches, the Raleigh *News and Observer* later recalled, often singling out Chairman Alexander Graham for rebuke.²¹⁴ Attacks on the Highway Commission were a piece of Scott's larger campaign message, which, as an early study of his political career summarized, "narrowed to one central idea: wealth in the state had increased and should be turned into more services such as better roads, schools, and health facilities" for rural people.²¹⁵ Scott also built support among industrial workers by calling for a higher minimum wage and the repeal of the state's right-to-work law. Riding a wave of rural support, Scott defeated Johnson in the 1948 Democratic primary, the de facto general election in the one-party South. To demonstrate his commitment to rural road building, the governor promptly replaced Chairman Graham and nine of the Highway Commission's ten division commissioners. Only Henry Jordan, Scott's first cousin, who he promoted to Chairman of the Highway Commission, survived the housecleaning.²¹⁶

Scott focused his administration around a fifteen-point agenda that he labeled his "Go Forward Program." Underpinning the program was his belief that the state lacked adequate public services for the postwar era. Frugal spending throughout the 1940s, Scott explained in his inaugural address, had closed the state's budget deficit and placed it in "sound fiscal position." But in "amassing a hoard of tax dollars," he continued, "we accumulated a vast backlog of urgent public service needs. We must conclude that we do not have a real surplus, but actually a deficit in public services." Wiping out those public

²¹⁴ Jim Chaney, "Tar Heel of the Week: Henry Jordan," *Raleigh News and Observer*, August 17, 1952; "N.C. Highway Commission's Command to Change Hands Today," *Asheville Citizen*, February 1, 1949.

²¹⁵ Coon, "Kerr Scott," 21.

²¹⁶ Chaney, "Tar Heel of the Week: Henry Jordan."

service deficits, especially in rural areas, was the central goal of the Go Forward program. On education, he called for higher teacher pay and increased spending to build new schools and modernize existing buildings. He also continued a Cherry administration health care initiative that provided state aid to county hospitals and rural clinics. And, concerned that the lack of electricity and telephone service was accelerating rural outmigration, he pledged to alleviate the desperate need of public utilities in the countryside.²¹⁷

Good secondary roads, though, were the centerpiece of the Go Forward program. Scott had campaigned on the issue, and in the interim between his election and inauguration, received a deluge of letters from citizens requesting road improvements and pressuring him to fulfill his promises. As one woman advised in a letter to Scott's Haw River home, "A promise is a sacred thing, be not in haste to make it; but when a promise you have made, be sure you do not break it."²¹⁸ Thus, Scott claimed a mandate for action on the secondary road system, and made "repealing the 'mud tax' just as a rapidly as possible" the top priority on his agenda.²¹⁹

When Scott took office in January 1949, North Carolina contained more than 62,000 miles of public roads, but less than 16,000 miles—nearly all of them on the primary highway system—were hard-surfaced. To correct this imbalance, Scott called for a special election referendum on a \$200 million bond issue and a one-cent per gallon increase in the gasoline tax, with the money earmarked for improving secondary roads.

²¹⁷ W. Kerr Scott, "Inaugural Address," January 6, 1949, in David Leroy Corbitt, ed., *Public Addresses, Letters, and Papers of William Kerr Scott, Governor of North Carolina, 1949-1953* (Raleigh: State Department of Archives and History, 1957), 3-15, quotes at p. 4.

²¹⁸ Pearl Harrelson to W. Kerr Scott, June 28, 1948, Folder "State Highway Commission—Requests for Roads," Box 14, Subject File 1949, Scott Papers.

²¹⁹ Scott, "Inaugural Address," in Corbitt, ed., *Public Addresses*, 4.

His stated goal was to pave at least 12,000 miles of road during his four-year term in office (the State Constitution at the time barred governors from seeking re-election). He also called for a separate \$25 million bond issue to finance new school construction in rural areas.²²⁰

With both referendum elections set for June 4, Scott formed a non-profit organization, Better Schools and Roads, Inc., to drum up support. Composed of school officials and business and civic leaders, Better Schools and Roads held rallies, wrote op-ed articles, and financed radio and newspapers advertisements to encourage voters to approve the bond issues. For his part, Scott delivered radio addresses and campaigned throughout the state during his first six months in office. His public remarks on the issue were often marked by a distinct populist tone, incorporating odes to North Carolina's agricultural traditions and Progressive Era rhetoric of bringing farmers "out of the mud." Farmers, he insisted, needed to "use their cultural institutions of church and school all the year and to get their crops to market."²²¹ He also drew upon the images of school buses and children mired in mud to dramatize the need for swift action. In one radio address, for example, Scott urged "everyone who lives on a good road and whose children have an opportunity to attend the better schools without interruption to be bear in mind the plight of a large percentage of our people who live on roads that are impassable part of the time, and who suffer inequalities and disadvantages in school equipment and school service."²²² In short, a key theme of the good roads campaign was, as Scott put it, "directed to the hearts

²²⁰ W. Kerr Scott, "Secondary Road Bond Issue," Special Message to the General Assembly, January 17, 1949 in Corbitt, ed., *Public Addresses*, 21-25; W. Kerr Scott, "School and Road Bond Election," Public Address over Radio Station WPTF Raleigh, May 10, 1949, in Corbitt, ed., *Public Addresses*, 114-120.

²²¹ W. Kerr Scott, "No Change in Policy in Road Construction," Address to the Carolina Road Builders Association, May 4, 1949, in Corbitt, ed., *Public Addresses*, 113-114.

²²² Scott, "School and Road Bond Election," in Corbitt, ed., *Public Addresses*, 115.

of the people,” framing the bond issue as an investment in human capital that would strengthen the state’s education system and agricultural economy.²²³

As the phrase “farm-to-market roads” suggests, the secondary highway system and the agricultural economy had long been linked, both in the public imagination and in reality. By the late 1940s, however, ongoing transformations in the agricultural economy meant that fewer farmers were available to take advantage of improved secondary roads. As Chapter One explained, the mechanization of agriculture and the rise of government-subsidized agribusiness firms made living off of the land impossible for many southerners in the postwar years. The concentration of manufacturing jobs in the Piedmont Crescent, moreover, compelled many to leave the countryside altogether, and rural migrants began making their way toward cities in both the South and the North. Given the changing agricultural economy, then, the Progressive Era Good Roads Movement provided only an imperfect blueprint for Scott’s secondary road campaign. Instead, Scott tied his road building plans to the economic trends of the postwar United States, the ruralization of manufacturing chief among them. Not only were state leaders in North Carolina trying to encourage home-grown industries in rural counties, but manufacturers based in northern cities were beginning find rural areas more attractive sites for their factories. Community leaders throughout the rural South hoped to take advantage of footloose industries, but many lacked the infrastructure necessary to make their communities attractive plant sites. With this in mind, Scott promoted his secondary roads agenda as a way to bring new industry to rural areas, providing the more diverse and modern economy that would give North Carolinians a reason to stay in the

²²³ *Ibid.*

country.²²⁴

Leaders in many rural communities discovered that substandard infrastructure prevented them from attracting and keeping industrial employers. Factory owners often could not depend on rural people to make it to work on a regular basis, a fact the Davises of Rutherford County attested to when they complained that muddy roads forced them to stay home from their jobs at a textile plant. Factory owners themselves expressed similar concerns, with one telegraphing Governor Cherry in 1946 to urge him to make good on his “announced object of building secondary roads for year round use. Many employees absent due to impassable roads.”²²⁵ Concerns about the reliability of rural commuters could have disastrous effects for entire economies, as the plight of Duplin County, in the southeastern part of the state, illustrates. The Lansdale, Pennsylvania-based Dexdale Hosiery Mills had established a branch plant in Duplin, but due to significant labor turnover, the company could not operate efficiently and moved production back to Lansdale in October 1948. Company officials cited poor roads as the chief cause of labor turnover, as rural-based workers were frequently unable to get to work. As Dexdale president L. Schierenbeck explained, “Good roads would have meant accessibility to the labor markets, and then the mill could have developed into a real organization.” But without good roads, one town clerk lamented, Duplin lost “the only industry we have been lucky enough to secure, in a community in which industry is so badly needed.”²²⁶

²²⁴ I address the ruralization of post-World War II manufacturing in more detail in Chapter 4. For secondary sources on this trend, see: Gene F. Summers, et al., *Industrial Invasion of Nonmetropolitan America: A Quarter Century Experience* (New York: Praeger, 1976); Richard E. Lonsdale and H.L. Seyler, *Nonmetropolitan Industrialization* (Washington, D.C.: V.H. Winston & Sons, 1979).

²²⁵ J.H. Crossingham (Mount Airy Knitting Company) to R. Gregg Cherry, January 8, 1946, Box 30, Cherry Papers.

²²⁶ L. Schierenbeck to W.N. Rose, October 22, 1948 and W.N. Rose to W. Kerr Scott, November 8, 1948, Folder “State Highway Commission—Requests for Roads,” Box 14, Subject File 1949, Scott Papers.

Leaders in Saluda, a small community in the southwestern part of the state, told a similar story. Throughout the late nineteenth and early twentieth century, Saluda was a small but thriving town that, thanks to its location on a railroad line, supported a post office, general store, and a canning factory. With the coming of highways and automobile transportation, the community was unable to maintain decent local roads. Without convenient highway access, the canning factory closed, sending Saluda on an economic decline, unable to attract new development. According to resident E.K. Moore, by the late 1940s Saluda had become “a blind alley...relegated to the limbo of forgotten things.” Moore related his community’s transportation-imposed struggles to Governor Scott, in order to dramatize the importance of improving rural roads. As Moore summarized, quite astutely, “where transportation is poor, industry and enterprise die.”²²⁷

Stemming the tide of outmigration from rural communities like Duplin and Saluda was one of the central goals of the Scott administration. Responding to the question posed by the World War I era song—“How You Gonna Keep ‘Em Down on the Farm?”—Scott argued that there was “but a single answer, and that answer is to spread the advantages of living and wage earning traditionally associated with urban dwelling to the country.” By making industrial development viable in rural areas, his road building initiative promised to do exactly that. Highways built with the \$200 million bond issue would allow farmers and farm laborers to supplement their income with factory work while remaining in the country. By keeping one foot in agriculture, Scott reasoned, farmer-workers could endure lean economic times because they “still had their farms and were neither in danger of starvation nor totally dependent upon public welfare.” In short,

²²⁷ E.K. Moore to W. Kerr Scott, December 9, 1948, Folder “State Highway Commission—Requests for Roads,” Box 14, Subject File 1949, Scott Papers.

commuting to factories from rural homesteads was, in Scott's view, a more beneficial spatial arrangement for workers than an urban-centric model.²²⁸

Other state officials shared his Scott's optimism about what good rural roads would mean for North Carolina's industrial economy. Since 1945 the Department of Conservation and Development had pursued a program of industrial development in economically distressed rural areas. The Rural Industries Branch within the Department of Conservation and Development sought to stimulate local capital and natural resources to create small industrial plants that would employ displaced farm workers. Prospects for these types of businesses appeared brighter as transportation infrastructure began to improve. As the *Raleigh News and Observer* noted shortly after the road bond election, rural industries "may be the thing to watch for as North Carolina seeks to 'go forward' along the \$200,000,000 miles of secondary roads she has decided to buy for herself." Relaying the hopes of many Conservation and Development officials, the *News and Observer* argued that better roads could allow local capital to thrive and thus provide stable industrial employment for rural Tar Heels.²²⁹

While improved roads certainly would have helped local industries operate more efficiently, the Department of Conservation and Development never lost sight of industrial prospects from outside of the state. Indeed, despite some concerns over manufacturers playing impoverished communities against one another to demand greater concessions, North Carolina officials devoted considerable resources to recruiting

²²⁸ W. Kerr Scott, "How You Gonna Keep 'Em Down on the Farm?," address delivered at the opening of the Carolina Power and Light Company steam plant in Lumberton September 30, 1949, Corbitt, ed., *Public Addresses*, 127-138, quotes at p. 128 and p. 132.

²²⁹ "Those \$200,000,000 Roads May Lead to Riches," *Raleigh News and Observer*, n.d., 1949, in North Carolina Collection Subject Clipping File (Wilson Library, University of North Carolina at Chapel Hill), Reel 37, Volume, 147, p. 686.

established firms from other states. Governor Cherry, for instance, mailed a form letter to northern industrialists praising his state's potential as an industrial site. "Our labor is efficient, loyal, and most adaptable," Cherry promised, "and our people will be pleased to cooperate with you in every way possible." With his emphasis on the "loyalty" of North Carolina workers, Cherry's message was in line with other southern leaders of his time, who, as we will see in Chapter Four, sold their workforce as a deferential alternative to their unionized counterparts in the North. Cherry also previewed the arguments that state boosters would perfect in the 1950s by noting that manufacturers could operate "without the crowded conditions of large metropolitan cities" thanks to North Carolina's abundance of wide open rural spaces.²³⁰

Based on some of their early ventures in industrial recruitment, Conservation and Development officials realized that promoting North Carolina's rurality could be an effective strategy. In 1947, for example, the department dispatched engineer W.C. Guthrie to the northeast to promote the state as a site for industrial relocation. Over a two-week period, Guthrie met with manufacturers in Patterson, New Jersey, Philadelphia, and New York City, among other cities. Though he failed to convince anyone to move their factory to North Carolina, his trip was useful in that he made note of northern manufacturers' most commonly cited complaints. "The manufacturing operations are concentrated in highly populated and industrialized areas," he noted, adding that this forced them to contend with labor unions and a workforce comprised of "all elements of nationality." Guthrie concluded that "This is a headache in more ways than one to these

²³⁰ R. Gregg Cherry to John T. Brady, January 26, 1946, Box 22, Agencies Commissions Departments and Institutions 1945-1948, Cherry Papers.

firms and they are all interested in the Southern states.”²³¹ Guthrie’s observation would prove prescient. In the following decade, manufacturers would flock to rural North Carolina, seeking an escape the from the urban northeast. Like Cherry’s promises of a “loyal, and most adaptable” workforce, however, Guthrie’s observations about the “headache” of multi-ethnic populations in northern cities revealed some of the limitations that would plagued North Carolina’s industrial recruitment campaign throughout the postwar era. Indeed, in the state’s recruitment message, the loyal and deferential rural people benefiting from industrial growth were understood to be white. The state placed the rural white working-class at the center of their appeals to industrial prospects, and, like textile boosters of the New South period, envisioned African Americans as, at best, junior partners in progress.

As one of the nation’s least-urbanized states, North Carolina was well-positioned to take advantage of the growing desire of manufacturers to set up their operations in less crowded locations. Aside from Charlotte, no North Carolina city exceeded 100,000 in population, and according to the 1950 Census, roughly two-thirds of the state’s population lived in rural areas. In selling his road building plan, then, Governor Scott frequently remarked on the ongoing trend of rural industrialization. He argued that if North Carolina could make its rural population accessible to new employers it had “a great future as an industrial state,” and could better manage the shift away from an agricultural economy. In an article for the *Charlotte Observer*, he warned that farm mechanization, combined with the dearth factories outside of the Piedmont Crescent,

²³¹ W.C. Guthrie to Paul Kelly, "Report on Field Trip Made July 16 through July 26," July 29, 1947, Folder "New Industries (1947), Box 5, Division of Commerce and Industry 1923-1959, Conservation and Development Papers.

would further entrench rural unemployment. “The mud tax is doing more than any other single factor to block...industrial expansion,” he wrote, recasting the rallying cry of Progressive era farmers as a burden on manufacturers and industrial boosters. Only swift action on the secondary road system, he maintained, would make the countryside a viable place to do business.²³²

In other words, though the images of farmers and school children mired in mud proved effective emotional selling points for the road bond issue, Scott gave the needs of out-of-state manufacturers just as much emphasis. In his inaugural address, Scott again noted the connections between rural transportation and the ruralization of industry. By improving rural roads, he argued, “we increase our attraction for new industry to locate here. In getting workers to the factory, we have a service of importance almost equal to that of getting the child to school, and getting the farmer’s product to market in good condition.”²³³ A few weeks later, when outlining the specifics of the \$200 million bond issue, Scott emphasized that North Carolina could be an attractive site for new industries, as its “many small towns—no large cities—and its thickly populated countrysides, is among the ideal areas for decentralized industry.” “Dependable secondary roads leading to the homes of this good labor supply,” he added, “should attract more industry to the state.”²³⁴

While these arguments were ultimately effective, the sticker price of Scott’s plan, which the *Raleigh News and Observer* called “the most ambitious ever taken into office

²³² “Statement from W. Kerr Scott for Use in the *Charlotte Observer* Annual Farm and Poultry Digest,” February 7, 1949, Folder “1949—Press Releases and News Items,” Box 2, Department of Public Relations Main Offices, Highway Commission Papers.

²³³ Scott, “Inaugural Address,” in Corbitt, ed., *Public Addresses*, 5.

²³⁴ Scott, “Secondary Road Bond Issue,” in Corbitt, ed., *Public Addresses*, 23.

by a North Carolina governor,” made its passage far from assured.²³⁵ Most North Carolinians acknowledged the need for better rural roads, but many urban voters asserted that taking on state debt or higher gas taxes to pay for them was unnecessary. Carrying this logic to its most extreme conclusion, Lindsay Russell of Wilmington opposed the initiative by citing “the historical fact that Moses led the Children of Israel out of the Wilderness, through mud and water, without a bond issue.”²³⁶ Alexander Graham, the recently ousted chairman of the Highway Commission, also joined the opposition. Though as chairman he had warned that the condition of rural roads constituted a “grave emergency,” as a private citizen he now claimed that existing highway revenues were sufficient to expand and improve the system. In a public forum days before the election, Graham blasted the “selfish administration” of Governor Scott, and warned that the bond issue would “impair the credit of North Carolina for a quarter of a century.”²³⁷

Most rural North Carolinians, however, found such arguments unpersuasive. According to Pitt County native Calvin Venters, the undue wear and tear on cars traveling on unpaved roads more than outweighed the proposed spending and tax increases. Shortly before the election, Venters challenged his urban counterparts to be “philanthropic enough to consider the welfare of their less fortunate citizens who helped to pave their roads.” In northeastern Bertie County, J.T. Williams reported that neglected roads created unsafe driving conditions, even while the “swivel chair officials” in the Highway Commission continued to “build roads to the big men’s homes.” Rural voters,

²³⁵ Marjorie Hunter, “Unpredictable, Scott Keeps Them Guessing,” *Raleigh News and Observer*, January 2, 1949, Section IV, p. 1.

²³⁶ Lindsay Russell, “Highways and By-Ways,” Letter to the editor, *Raleigh News and Observer*, June 1, 1949, p. 4.

²³⁷ Dan Hodges, “Scott Asks Bond Passage; Issue Durham Debate Topic,” *Raleigh News and Observer*, June 2, 1949, p. 1.

Williams predicted, would “be willing to pay the extra taxes cheerfully” in exchange for better roads.²³⁸

Williams was right. On June 4, 1949, voters approved both the road and school bond issues, passing the roads initiative by a comfortable thirteen-point margin. Despite the victory, voting was sharply polarized along geographic lines. Rural counties in the east and west—areas that had largely missed out on the first wave of industrialization, and where roads were especially primitive—were the most enthusiastic backers of the bond issue. Urban counties in the Piedmont rejected the measure. As one historian put it, “the more isolated the county, the larger the affirmative vote.”²³⁹ For example, in four of the most urbanized Piedmont counties (Durham, Forsyth, Guilford, and Mecklenburg) more than 75 percent of voters rejected the ballot measure. By contrast, in rural Duplin County, where industrialists complained that bad roads hindered their operations, the measure passed with 92 percent of the vote. And in Polk County, home of the “blind alley” of Saluda, 83 percent voted in favor of good roads.²⁴⁰

With the road bond in effect, the mileage of dependable secondary roads and the accessibility of rural people increased rapidly in the early 1950s. By 1953 the number of paved rural highway miles had increased to 18,182, up from 2,856 in 1947. By 1956 more than 97 percent of rural North Carolinians lived within one mile of a paved highway.²⁴¹ Even critics of the bond initiative like Alexander Graham acknowledged its

²³⁸ Calvin Venters, “Road Bonds,” Letter to the editor, *Raleigh News and Observer*, June 1, 1949, p. 4; J.T. Williams, “The Road Bonds,” Letter to the editor, *Raleigh News and Observer*, June 1, 1949, p. 4.

²³⁹ Coon, “Kerr Scott,” 63.

²⁴⁰ Approximate percentages calculated by the author, based on vote totals tabulated in: “How State Voted,” *Raleigh News and Observer*, June 5, 1949, p. 6. Wake County was the only urban county to approve the bond, by a 54 to 46 percent margin.

²⁴¹ James S. Burch, “Rural North Carolina Served Well by Paved Roads,” November 1956, Folder “Secondary Road Program Press Releases, News Items,” Box 2, Department of Public Relations, Highway Commission Papers.

success. “Muddy carts are rarely seen in this state,” Graham said in a 1956 address. “Tire chains are no longer sold as a regular item by filling stations.”²⁴² Paved roads made immense improvements to rural life. As residents of Hendersonville later wrote, “It is a joy not to have our furniture covered in dust from the road, and certainly it is a pleasure to drive over the paved road instead of a rough gravel one.”²⁴³ The road improvements made Scott a hero to many rural people for generations to come, and future governors, most notably Terry Sanford and Jim Hunt, used his program as inspiration for their own efforts to extend economic growth to rural areas.²⁴⁴

Secondary road progress made a noticeable impact on the state’s industrial recruiting efforts. Boasting of their accomplishments in a 1951 article in the *Engineering News-Record*, the state Highway Commission claimed that freshly paved rural roads were already proving to be a “most profitable investment,” as new industries could now tap the “great reservoirs of labor” in the countryside.²⁴⁵ Those sentiments were echoed in a 1950 speech by Highway Chairman Henry Jordan. Addressing a local Lion’s Club, Jordan argued that a “balanced road program,” one with comparable quality between its primary and secondary routes, was key to creating a balanced economy for the state’s future. “The Yankees are invading North Carolina as they never did during the 19th Century—but instead of rifles and cannons they are bringing new manufacturing plants,” he noted. With many of those manufacturing plants actively seeking rural areas, improved rural

²⁴² A.H. Graham, “Road Progress,” *We the People*, November 1956, 34.

²⁴³ Multiple Hendersonville, North Carolina Residents to Dan Moore, August 21, 1965, Folder “Highways—General,” Box 44, General Correspondence 1965, Governor Dan K. Moore Papers (State Archives of North Carolina).

²⁴⁴ Korstad and Leloudis, *To Right These Wrongs*, 23-24, 45-46; Gary Pearce, *Jim Hunt: A Biography* (Winston-Salem, NC: John F. Blair, 2010), 18.

²⁴⁵ “Letter from North Carolina,” *Engineering News-Record*, May 11, 1950.

transportation was one of the state's most pressing economic imperatives.²⁴⁶

The 1949 road bond issue did not permanently solve the problem of rural transportation in North Carolina. Population growth and the influx of more manufacturing enterprises continually placed new strains on rural infrastructure, and the state responded with varying degrees of success in the post-Scott era. The bond issue did, however, provide a sufficient down payment on North Carolina's industrial progress. Scott promoted his secondary road agenda as integral to the state's hopes for rural industrialization. Without a modern system of rural roads, he argued, neither local entrepreneurs nor out-of-state firms would find it logistically feasible to site factories in the countryside. The miles of road paved during Scott's administration began making rural industrialization possible on a larger scale, and it signaled to out-of-state manufacturers that North Carolina was serious about assisting their efforts to relocate away from the nation's cities. As the next chapter shows, this was not an altogether positive development. The manufacturers that sought out rural plant sites did so because they were looking for an escape from the pressures of the New Deal state, and when this agenda converged with North Carolina's pursuit of rural industrialization, the result was a political economy where the state achieved industrial growth by catering to business desires for low wages, limited regulations, and anti-unionism.

²⁴⁶ Henry W. Jordan, "A Balanced Road Program for North Carolina," January 23, 1950, Folder "Correspondence 1950," Box 1, Department of Public Relations Correspondence, Highway Commission Papers.

CHAPTER 4 “PUT IT DOWN IN A SMALL TOWN”: THE GEOGRAPHY AND POLITICAL ECONOMY OF ACCESSIBLE ISOLATION

Like boosters in hundreds of southern communities during the post-World War II era, the Nebo Men’s Club of McDowell County, North Carolina, wanted to bring new industry to their town. As a rural county in the Carolina foothills, they believed the structural changes in the agricultural economy and the expansion of roads and highways made McDowell an attractive site for manufacturing enterprises. As one of their promotional brochures insisted, “small towns offered big opportunities.” The brochure touted the advent of mechanized farming, for example, for “[making] available in many areas a supply of intelligent, high caliber, native-born men and women who can be quickly and economically trained to the skills of industry.” Moreover, the club argued, thanks to public investments in the state’s highway system, rural North Carolina was no backwater. Factories could locate far from large cities without sacrificing access to national markets or local labor supply. As if to highlight the ease of relocating to McDowell, the advertisement featured an image of a well-dressed businessman striding confidently forward with a briefcase in one hand and a model of a factory held aloft in the other. The headline accompanying the image asked, “Want To Put It Down In A Small Town?”²⁴⁷

For many business owners operating in the traditional manufacturing strongholds of the urban Northeast and Upper Midwest, the answer was a resounding yes. The Nebo Men’s Club’s promotion of rural, small town McDowell was a piece of a statewide effort

²⁴⁷ Nebo Men’s Club brochure, Folder “Commerce and Industry—G,” Box 71, General Correspondence 1956, Governor Luther H. Hodges Papers (State Archives of North Carolina), hereinafter cited as Hodges Papers.

to sell rural North Carolina as a desirable place for manufacturers. States throughout the South had, since the 1930s, aggressively sold themselves to out-of-state industries, hoping to shed legacies of poverty and backwardness. By trading on their rurality, North Carolina was uniquely successful in this “crusade for industrial development.”²⁴⁸ By the late twentieth century, the state had become one of the most industrialized in the country, all while maintaining its rural complexion. The state laid the groundwork for this rural-industrial geography with a development campaign launched in 1951.

As this chapter shows, North Carolina’s industry hunters—the governors, local boosters, and officials in the Department of Conservation and Development who recruited new employers to the state—wanted to fulfill many of the goals established by the Rural Industries Movement initiated by Governor R. Gregg Cherry in 1945. They wanted to industrialize the state without developing large concentrations of population, associating cities and mill villages with labor unrest and economic instability. They wanted to stem the tide of rural outmigration, allowing factory workers to remain on their homesteads and keep one foot in agriculture. And industry hunters wanted to recruit new employers to communities outside of the Piedmont Crescent, where much of the first wave of industrialization had been concentrated. With fresh pavement being laid in rural counties, and with prevailing business trends leading many manufacturers to seek out rural areas, North Carolina began in the early 1950s a concerted effort to sell its countryside as an ideal place to do business.

Industry hunters sold rural North Carolina by stressing the investments it had made in transportation infrastructure, as well as the emergence within the state of a nationally

²⁴⁸ Cobb, *Selling of the South*.

renowned long-haul trucking industry. For their part, trucking executives involved themselves directly in the state's industrial recruitment efforts, seeing an opportunity to both expand their client base and enhance their reputation as contributors to economic modernization. Touting the growing ease of rural transportation allowed industry hunters to convince prospects that relocating to the North Carolina countryside was logistically viable. At the same time, industry hunters crafted a recruiting message that presented North Carolina's rurality as an inherent benefit to manufacturers. In 1951, the state summed up the benefits of rural factory sites with a single phrase: "accessible isolation." The phrase became the official slogan of the Department of Conservation and Development, and featured prominently in overtures to industrial prospects. Accessible, this slogan implied, meant that the expanding highway system allowed employers to maintain access to national markets, while gaining access to an abundant supply of cheap rural labor. And as the Nebo Men's Club's nod to the "high caliber, native-born" McDowell workforce indicates, the selling points of rural labor were deeply racialized. The rural North Carolinians especially equipped for factory work, industry hunters argued, were those descendant from the nineteenth century yeomanry, hearty Scots-Irish farm families accustomed to long hours of manual labor. The promise of isolation, meanwhile, meant that the same highways that gave manufacturers access to a desirable labor supply also gave them an escape from the scrutiny of labor-liberal regimes in the North by opening rural counties to industrial development. There, the state promised to insulate businesses from the pressures of New Deal liberalism by maintaining an anti-union climate and implementing "business friendly" policies regarding taxes and regulations.

This development campaign was successful because it coincided with, and took advantage of, the desire of many manufacturers to escape urban America and its labor-liberal political climate. In fact, recent historiography has shown how political actors hostile to the New Deal—mainly conservative activists, intellectuals, and business elites—launched a decades-long counter-mobilization, laying the groundwork for the triumph of the Reagan Revolution.²⁴⁹ Taking this argument further, Jefferson Cowie has urged historians to think of the New Deal era not as “the final product of a long struggle for American reform,” but as a “great exception.” While the New Deal used governmental power to support the economic interests of working- and middle-class Americans, Cowie argues, it did so only as a response to the unprecedented nature of the Great Depression, and thus represented only a temporary deviation from the “normal” role of the state in American life. Seen in this light, the Reagan “revolution” looks more like a “restoration,” as the conservative triumph brought about a renewed commitment to “a strong Hamiltonian state actively interven[ing] on behalf of capital,” the nation’s most enduring political tradition.²⁵⁰

Incorporating the rural South into Cowie’s “great exception” framework illustrates how industry hunters in North Carolina crafted an alternative to New Deal liberalism,

²⁴⁹ Elizabeth Fones-Wolfe, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-69* (Urbana, IL: University of Illinois Press, 1994); Kim Phillips-Fein, *Invisible Hands: The Businessman’s Crusade Against the New Deal* (New York: Norton, 2010); Sanford Jacoby, *Modern Manors: Welfare Capitalism since the New Deal* (Princeton: Princeton University Press, 1997); Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America’s Public-Private Welfare State* (Princeton: Princeton University Press, 2003); Shane Hamilton, *Trucking Country: The Road to America’s Wal-Mart Economy* (Princeton: Princeton University Press, 2008); Elizabeth Tandy Shermer, *Sunbelt Capitalism: Phoenix and the Transformation of American Politics* (Philadelphia: University of Pennsylvania Press, 2013).

²⁵⁰ Jefferson Cowie, *The Great Exception: The New Deal and the Limits of American Politics* (Princeton: Princeton University Press), quotes at p. 13, p. 29, and p. 17; Jefferson Cowie and Nick Salvatore, “The Long Exception: Rethinking the Place of the New Deal in American History,” *International Labor and Working Class History* 74 (Fall 2008): 3-32.

even at the height of the New Deal era. Guided by a commitment to accessible isolation, policymakers used the power of the state to aid capital. The state built roads to make rural manufacturing possible, and promised a business-friendly climate to make operating in a rural area desirable. From the perspective of the state's political leaders, this strategy was the most effective means of achieving economic growth, and, just as important, preventing the development of large industrial cities and allowing rural whites to remain on the land. This strategy of industrial recruitment, I argue, anticipated the collapse of the New Deal state. By the late twentieth century, using the power of the state on behalf of capital would once again be the prevailing model of the American political economy. In North Carolina, however, this model had remained constant throughout the New Deal era, and was the driving force behind the state's rural development agenda.

“Partners in Progress”: The Trucking Industry and Economic Development

However attractive the political climate of rural North Carolina might have seemed to manufacturers, the state's industry hunters depended on the improvement of the highway system and the growth of the commercial trucking industry to lure factories away from major cities. During the 1950s, with the competition for footloose industries in full swing across the South, North Carolina became one of the leading trucking states in the region, claiming some of the largest companies in the nation. Industrial recruiters in the state Department of Conservation and Development touted the services of these truckers to bolster their argument that locating a factory in an isolated rural area was a viable option. As important, trucking companies and their executives often involved themselves directly in the industrial recruitment process, joining Conservation and Development's recruiting trips and developing advertisements on behalf of the state. In short, North Carolina's top

trucking companies cultivated an image as responsible corporate citizens and considered themselves vital partners in the state's progress.

Although several trucking companies would eventually occupy an important place in North Carolina's business community, the industry itself had humble origins. In fact, the same economic forces that pushed many rural southerners toward cities—the farm crisis of the 1920s, the Great Depression, and agricultural mechanization—pushed others behind the wheel of a truck. As one trucking executive in North Carolina recalled, driving became an attractive occupation because “so many of the men graduating the universities and all could not find anything else to do.”²⁵¹ A university education, of course, was not a prerequisite for becoming a truck driver. So long as a farm boy owned or had access to a truck, he could establish himself as a for-hire driver with relative ease. Farmers had been some of the automobile industry's most reliable customers, using trucks whenever possible to deliver crops to market and avoid the high freight rates of railroads. By 1935 more than 3.5 million trucks were registered in the United States. When hit with hard economic times, then, many farmers already possessed the one requirement needed to start their own trucking business.²⁵² Technological advancements like the pneumatic balloon tire, sleeper cabs, and refrigerated trailers further aided the growth of commercial trucking by making it easier to transport goods over long distances.²⁵³

The early years of the trucking industry produced a handful of Horatio Alger-type

²⁵¹ Interview with John Thomas Outlaw by Allen Tullos, June 5, 1989 (H-0277), in the Southern Oral History Program Collection #4007, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill.

²⁵² Federal Coordinator of Transportation, *Hours, Wages, and Working Conditions in the Intercity Motor Transport Industries* (Washington, D.C.: GPO, 1936), 5.

²⁵³ Robert F. Karolevitz, *This Was Trucking: A Pictorial History of the First Quarter Century of Commercial Motor Vehicles* (Seattle: Superior Publishing, 1966), 83-114; William R. Childs, *Trucking and the Public Interest: The Emergence of Federal Regulation, 1914-1940* (Knoxville: University of Tennessee Press, 1985), 10-13.

stories, as some entrepreneurs managed to rise from rural poverty to build impressive corporate empires. Arkansas sharecropper J.B. Hunt, for example, began with a single truck in the 1940s and remains one of the industry's most prominent brand names. Likewise, Arno Dalby of Texas started T.I.M.E. Freight, Inc. with a single truck in 1927, and by the 1960s had grown into one of the largest trucking companies in the nation.²⁵⁴

Although such success stories were extremely rare, owning and operating one's own truck remained an appealing dream for young rural men. For many, part of the attraction of trucking was that it allowed them to maintain their agrarian identity in the face of dramatic changes to the agricultural economy. Rural-to-urban migrants often found city life and factory work an unwelcome contrast to the independence of farm life. As historian Shane Hamilton has shown, truck driving offered a compromise by providing rural people with both a stable income and the freedom of the open road. Early truckers forged a distinct culture among drivers, one that celebrated their freedom from a rigid time clock and direct oversight from bosses. Though their independence was frequently circumscribed by larger companies and the Interstate Commerce Commission, truckers, Hamilton writes, developed a "sense of separateness" from mainstream society, as the "experience of being behind the wheel of an enormous machine empowered truckers as a social group riding high above 'civilians.'"²⁵⁵

The rural culture of the early trucking industry spawned an enduring stereotype of the truck driver as a poorly educated, rough-hewn man, an image propagated even by sympathetic writers and country music singers who hailed them as modern-day "asphalt

²⁵⁴ Hamilton, *Trucking Country*, 50.

²⁵⁵ *Ibid.*, 200-201.

cowboys” of the open road.²⁵⁶ As the reporter Mark Murphy argued in the *New Yorker*, however, “The standard portrayal in fiction of the truck driver as a stupid fellow, a roughneck...is perhaps the most inaccurate a job of type casting as has occurred in American letters.” After riding shotgun with a driver in New York, Murphy concluded that truckers were actually “as competent and intelligent a group of skilled workers as one could find anywhere.”²⁵⁷ As industry leaders in North Carolina would have eagerly pointed out, Murphy could have drawn similar conclusions had he filed his report from The Tar Heel State. Indeed, the large companies that dominated commercial shipping in North Carolina worked to present a professional, business-like attitude that would have made them as comfortable at the local Chamber of Commerce as the rural truck stop. This ethos meshed well with an ongoing project of the state’s economic boosters, which sought to modernize the state by attracting new industrial development.

Two of North Carolina’s most prominent trucking executives embodied the professional image the industry tried to convey. John McCorkle Akers, for example, in contrast to the rough-around-the-edges persona of rural truckers, was a dapper, highly educated businessman. He had earned a degree in economics from the University of North Carolina, and began a doctoral program at Princeton before moving to Charlotte in 1937 to help his two brothers manage their struggling company, Akers Motor Lines. Prior to John’s arrival, according to his biographer, the company’s day-to-day operations were chaotic and poorly managed. His brothers were sloppy bookkeepers and allowed lower-level employers to purchase equipment without managerial authority, leading to an inexact accounting of the company’s finances and unnecessary expenditures. Trained as

²⁵⁶ *Ibid.*, 108-111.

²⁵⁷ Mark Murphy, “Over the Road, Legal,” *New Yorker*, November 19, 1949, p. 88.

an economist, John brought more attention to the details of the company's finances, giving himself sole authority over spending and insisting on more accurate record keeping.²⁵⁸

Akers also tightened control over his employees. The company was allegedly losing money because drivers created an underground economy in tires. Akers drivers apparently sold their tires to other truckers or junkyards, pocketed the cash, then wired company headquarters for replacements, blaming a blowout or a flat tire. How widespread this practice was, or how much money it cost the company, is unknown, but Akers' simple yet effective solution was to brand all tires with the company logo. Drivers were then required to provide proof of a defective tire before receiving money for a replacement. Akers found similar solutions to the company's problem with gasoline theft. Drivers allegedly convinced gas station owners to fill out false receipts, charging the company for more fuel than was necessary and splitting the additional amount when the company paid the bill. Akers responded by traveling along his company's interstate routes, stopping at strategic points to find "good, honest service station operator[s]." After he had assessed the character of local owners, drivers were allowed to fill up only at stations he personally approved.²⁵⁹

Whether the solutions to the tire and gasoline problems had a significant impact on the company's finances is hard to determine, but the company was undeniably better off with John Akers in charge. By 1943 the new-look Akers Motor Lines operated 193 trucks, with 375 employees and an annual revenue of \$1.3 million. By 1948 they had

²⁵⁸ Richard Rankin, *John McCorkle Akers: A Life of Enterprise and Service* (Charlotte, N.C.: Heritage Printers, 1991), 23-27.

²⁵⁹ *Ibid.*, 28.

grown to 399 trucks, 593 employees, an annual revenue of \$5 million, and had opened terminals in Philadelphia and New York City.²⁶⁰ Akers himself became one of the trucking industry's most prominent national spokesmen. He served as president of the American Trucking Associations from 1963-64, and was known among colleagues for his "dapper and genteel" manner and "his classy sport and dinner jackets at every ATA function."²⁶¹

North Carolina's most celebrated trucking magnate was Malcolm McLean. Born in 1913 in the tiny southeastern town of Maxton, McLean later revolutionized commercial transportation—and in many ways, the global economy—by perfecting the use of the shipping container. He began his career, however, as a gas station manager during the height of the Great Depression. Noticing that oil shipping was a lucrative venture for the drivers delivering to his station, McLean founded the McLean Trucking Company in 1934, using only a junkyard trailer given to him by the gas station owner. At the time, the Interstate Commerce Commission checked the growth of many young companies by limiting the number of approved routes they could travel on. Companies could appeal to the ICC for expanded route authority, but rather than waste time arguing with regulators, McLean simply purchased truck lines that already had desirable routes. This strategy required taking on considerable debts, but between 1945 and 1953, McLean bought out nine different trucking companies, and established a footprint in southern New England, Philadelphia, and New York.²⁶² By the late 1950s McLean Trucking had an annual

²⁶⁰ *Ibid.*, 33-35.

²⁶¹ J.R. Halladay, *Partner in Progress: The Story of the American Trucking Associations* (Alexandria, VA: American Trucking Associations, 1994), 33.

²⁶² Marc Levinson, *The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger* (Princeton: Princeton University Press, 2006), 38-39.

operating revenue of at least \$16 million and ICC approval to operate in a thirteen state area, ranging from Georgia to Massachusetts. In 1958 McLean became the first trucking company in the nation with shares traded on the New York Stock Exchange.²⁶³

According to a company brochure, McLean Trucking by this time was the nation's second largest trucking firm and operated 33 terminals on the east coast.²⁶⁴

As the company grew, McLean remained concerned about the public image of its drivers, and he responded by imposing strict standards of safety and professionalism. Before being allowed on the highways, all McLean drivers underwent an extensive apprenticeship program that included classroom work and hours of hands-on training on a driving range. After completing their training, new drivers served as trainees for three to six months with an experienced driver before making solo trips. McLean also maintained a fleet of field supervisors who patrolled the highways to monitor drivers and report instances of misconduct or unsafe driving to management.²⁶⁵ Other companies, like the Charlotte-based Johnson Motor Lines, also encouraged their drivers to consider how their actions on the road could shape public opinion. The company's newsletter, for example, praised drivers who assisted with accident victims and maintained spotless safety records, encouraging other drivers to follow their example. Other articles like "The Value of a Smile" and "Be Interested in Yourself, Your Job" encouraged drivers to maintain a favorable public image with customers and automobile drivers.²⁶⁶

Combined with ongoing expansions to the state highway system, large companies like

²⁶³ Harold Ellison, "McLean Boosts Local Economy," *Winston-Salem Journal and Sentinel*, March 8, 1959.

²⁶⁴ *McLean Trucking Company* (Winston-Salem, N.C.: McLean Trucking Company, 1953), North Carolina Collection, Wilson Library, University of North Carolina at Chapel Hill.

²⁶⁵ *Ibid.*

²⁶⁶ "The Value of a Smile," *The Johnson Reporter*, January 15, 1957; "Be Interested in Yourself, Your Job," *The Johnson Reporter*, February 15, 1958. North Carolina Collection, Wilson Library, University of North Carolina at Chapel Hill.

Akers and McLean made North Carolina a national leader in commercial transportation. According to one study, North Carolina's twenty largest companies increased their gross revenues by 650 percent between 1946 and 1955, well above the national increase of 350 percent. Likewise, the annual mileage of North Carolina's leading companies increased by 350 percent during those years, compared to 180 percent nationwide.²⁶⁷ By the end of the decade, the state claimed 550 domiciled motor carriers, more than fifty of which were classified by the ICC as Class I Motor Carriers (earning a gross revenue greater than \$200,000 per year), the most of any other southern state.²⁶⁸

Most of the top firms clustered in the Piedmont Crescent. In Forsyth County, Winston-Salem became a magnet for truck lines, thanks to the city's manufacturing output and a location with easy access to Interstates 77 and 40. By the mid-1950s, the county registered more than 3,000 commercial trucks.²⁶⁹ By the 1960s, the county's trucking industry employed more than 12,000 people, paying out \$49 million in annual wages and salaries.²⁷⁰ Charlotte and the surrounding Mecklenburg County also became one of the nation's most prominent trucking hubs. As one executive recalled, "It was hard for people to believe all over the country, but Charlotte was the spot for the trucking industry...There was just everything in the world hauled north- and south-bound."²⁷¹ In Mecklenburg County in the mid-1960s, more than 16,000 people worked in the trucking

²⁶⁷ Charles Laroy Hilton, "A Study of the Regulated For-Hire Motor Carrier Industry in North Carolina, 1946-1956," (M.S. Thesis, University of North Carolina at Chapel Hill, 1957), 58-64.

²⁶⁸ "Motor Trucks--Big Motor Lines are Domiciled in This State," *We the People of North Carolina*, November 1955, p. 70.

²⁶⁹ "On the Move in Forsyth," *Winston-Salem Journal*, reprinted in *Tarheel Wheels*, March 1956, p. 3.

²⁷⁰ North Carolina Motor Carriers Association, *Let's Stand on These Facts* (Raleigh: NCMCA, ca. 1965), 46.

²⁷¹ Interview with L. Worth Harris by Allen Tullos, June 11, 1980 (#H-0164) in the Southern Oral History Program Collection #4007, Southern Historical Collection, Wilson Library, University of North Carolina-Chapel Hill.

industry, earning a total payroll of \$66 million. Trucking was an important source of employment throughout the southern Piedmont. In the seventeen counties surrounding Mecklenburg, in fact, one in seven non-agricultural workers were employed in the motor carrier industry.²⁷²

While motor freight haulers created new jobs in urban areas, they also stimulated economic growth in rural North Carolina. Because they were less bound to fixed routes than railroads, trucks became important economic lifelines to isolated rural areas, a fact openly celebrated by the industry's leaders. According to the NMCA, more than 1,800 communities in the state depended solely on truck transportation "for everything they eat, wear, and use," confirming the ATA's boastful slogan, "if you got it, a truck brought it."²⁷³ By the mid-1950s, in fact, the NCMCA boldly proclaimed the end of "economic isolation" in rural North Carolina.²⁷⁴

Tarheel Wheels, the official magazine of the NCMCA, regularly featured profiles of counties with a history of limited access and transportation difficulties, using their stories to demonstrate the importance of trucking to the state's economic health. The mountain county of Avery, for example, "entered life poor" because "Formidable Appalachian Mountains barricaded it from the outside," leaving it without a "fixed point of transportation." In the magazine's telling, the lack of convenient transportation left Avery with unexploited natural resources and an untapped labor supply. The emergence of long-haul trucking in the post-World War II era, however, "helped Avery get a new lease on life." As access improved, two textile mills located in Newland, the county seat, tourist

²⁷² Editorial, *Lincoln Times* (Lincolnton, N.C.), September 15, 1958, reprinted in *Tarheel Wheels*, October 1958, p. 4.

²⁷³ "North Carolina Grows: No More Economic Isolation," *Tarheel Wheels*, January 1954, p. 2.

²⁷⁴ *Ibid.*

attractions in the area thrived, and residents began selling local minerals and wild botanicals to a national market.²⁷⁵

The magazine told similar success stories about North Carolina's coastal counties. Tyrrell and Hyde counties—distant from railroads and partially hemmed in from the Atlantic Ocean by North Carolina's Outer Banks—also lacked a fixed point of transportation, making it difficult for entrepreneurs to take full advantage of the region's abundant fish supply. With the expansion of motor truck access and the development of refrigerated trailers, however, Tyrrell County's J.K. Jagars managed to build a successful seafood business and processing plant. *Tarheel Wheels* eagerly related Jagars's praise of the trucking industry; trucks, he announced, "bring in everything we use...and haul out everything we produce. We couldn't operate without them!"²⁷⁶ Harry Jarvis, founder of Hyde County's Engelhard Shrimp, Fish, and Oyster Company, was equally enthusiastic about the impact trucks made on the processed fish industry. Jarvis credited trucks with making his business possible, as they allowed him to transport his product quickly and offer fresh fish to distant customers.²⁷⁷ The details in *Tarheel Wheels*'s county profiles differed, but their underlying message was always the same: the trucking industry brought economic life to once isolated and impoverished counties. These stories complemented the industry's conspicuous promotion of driver safety and professionalism, as they projected an image of trucking companies as valuable corporate citizens, vital to the modernization of the state.

Trucking's contributions to economic growth, however, should not be mistaken as an

²⁷⁵ John Corey, "Last of the One-Hundred, *Tarheel Wheels*, June 1958, p. 2-3, 16-21.

²⁷⁶ John Corey, "Catfish, Lumber, and Trucks," *Tarheel Wheels*, April 1956, p. 2-3, 37.

²⁷⁷ John Corey, "Hoide' County--No Longer a Hermit," *Tarheel Wheels*, March 1957, p. 6-8, 33-35.

unambiguous sign of progress for rural North Carolinians. With states throughout the South recruiting northern capital in the postwar era, North Carolina's highways and trucking companies enabled state officials to attract out-of-state manufacturing companies to its rural hinterlands. The nuanced sales pitch that officials used to recruit new industry relied on an implicit—and often explicit—promise of cheap, compliant labor, and the process of industrializing rural North Carolina complemented many businesses' political and economic priorities in the postwar world.

The Retreat from the New Deal and the “Crusade for Industrial Development”

As historians have begun to emphasize, most business elites did not resign themselves to the victories of unionized workers in the 1930s and 1940s, nor to the ascendance of a Keynesian social compact that promised high wages and benefits. Instead, employers used a variety of tools to undermine this New Deal state. Some used organizations like the U.S. Chamber of Commerce and the National Association of Manufacturers to launch public relations campaigns that extolled the virtues of free enterprise and, over time, shifted public opinion away from labor and liberalism. Similarly, employers and conservative intellectuals launched an immediate counter-movement to the New Deal, crafting alternatives to economic liberalism that would become nearly hegemonic by the late twentieth century. Others, as Sanford Jacoby has written, “killed unions with kindness,” co-opting the liberal welfare state with welfare capitalism and a limited form of economic security. Though workers under such regimes were better off than many, modern forms of welfare capitalism undermined the public's view of unions and the state as an engine of prosperity and led many to turn toward the private sector by century's

end.²⁷⁸ Collectively, these varied responses to the New Deal have caused historians to reexamine whether or not the era truly transformed the American political economy. In short, the New Deal has begun to look more like what historians Jefferson Cowie and Nick Salvatore call a “fragile juggernaut,” hemmed in by external forces from the beginning and, after just a few decades, defeated by a political economy that bears a close resemblance to that of the Gilded Age.²⁷⁹

A final weapon in the anti-New Deal arsenal was relocation. Employers under pressure from unions, liberal politicians, or a high wage climate could move to a location with a political economy organized around different principals. The South thus became a magnet for thousands of manufacturers, as state governments welcomed migrating firms with open arms. Southern states went to such lengths to recruit new manufacturing firms that “smokestack chasing” became what historian James C. Cobb has called “a regional obsession” in the postwar era.²⁸⁰ Mississippi launched one of the most influential industrial recruitment programs, the Balance Agriculture with Industry program (BAWI), in 1936. BAWI sought to entice out-of-state manufacturers by allowing counties and municipalities to issue taxpayer supported bonds that financed the construction of new manufacturing facilities. The new buildings were then given to employers who relocated to Mississippi or leased at nominal rates. Subsidizing the manufacturer’s physical plant, BAWI supporters argued, made Mississippi an attractive place to do business, as it lowered costs and eased the logistical challenges of relocating production. Soon, states throughout the South were following Mississippi’s lead, and began competing with one

²⁷⁸ Fones-Wolfe, *Selling Free Enterprise*; Phillips-Fein, *Invisible Hands*; Jacoby, *Modern Manors*; Klein, *For All These Rights*.

²⁷⁹ Cowie and Salvatore, “The Long Exception,” 5; Cowie, *Great Exception*.

²⁸⁰ Cobb, *Selling of the South*, 1.

another to offer the most generous package of subsidies or other tax exemptions. By the late 1960s, in fact, every southern state except North Carolina utilized some type of subsidy program, and most non-southern states did as well.²⁸¹

Subsidies and tax exemptions were only two of the incentives southern states could offer potential new industries. Spurred on by the 1947 Taft-Hartley Act, by the mid-1950s, every southern state except Kentucky and Oklahoma had passed a right-to-work law. Failed organizing drives by the Congress of Industrial Organizations and the American Federation of Labor further cemented the South's reputation as a region hostile to organized labor. To erase any doubt, recruiters assured employers that southerners were disinterested in unions, and that local and state governments were willing to take additional measures to prevent union incursions. Along with the persistence of low wages and an abundance of displaced farm workers, the scarcity of unions contributed to the influx of capital to the South after World War II.²⁸²

In short, most postwar southern states shared the same ambition (to advance economic development by attracting new manufacturing employers from outside the region), but also most of the same advantages. Virtually every southern state could boast of subsidies, business-friendly labor legislation, and an abundant supply of cheap labor. As competition for new industries intensified, then, states upped the stakes on the incentives they offered (lower wages, higher subsidies), but also on the sales pitch itself.

²⁸¹ *Ibid.*, 5-35.

²⁸² On the role of cheap labor and anti-unionism in attracting industry to the South, see: Cobb, *Selling of the South*, 96-122; Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor* (Ithaca: Cornell University Press, 1999); Paul Luebke, *Tar Heel Politics: Myths and Realities* (Chapel Hill: University of North Carolina Press, 1990); Phillip J. Wood, *Southern Capitalism: The Political Economy of North Carolina, 1880-1980* (Durham: Duke University Press, 1986); Tami J. Friedman, "Exploiting the North-South Differential: Corporate Power, Southern Politics, and the Decline of Organized Labor after World War II," *Journal of American History* 95 (2008): 323-348.

State economic development offices, putting increased government funds to use, employed talented recruiters—often with advanced degrees in engineering, business, or economics—to scour the country in search of new employers. Along with governors, state legislators, and other prominent citizens, industrial recruiters targeted executives looking to relocate with letters, phone calls, and personal visits. Recruiters also developed promotional materials and advertisements, literally “selling” their state as an ideal location for industrial investment.²⁸³

In North Carolina, industrial recruiting fell under the purview of the Division of Commerce and Industry, created in 1927 as a branch of the Department of Conservation and Development. Scarce funding in Commerce and Industry’s early years, however, limited the scope of its activities. As one long-serving official remembered, the division was “primarily a fact-finding agency” at first, and lacked the resources to turn their research into tangible economic gains. In fact, when it was first created, the division employed only a three-person staff and operated out of a room in the Sir Walter Hotel in Raleigh because office space was not yet available. Commerce and Industry’s fortunes began to turn in 1937 when the state legislature—likely responding to Mississippi’s BAWI program and similar efforts across the region—provided the division with direct funding.²⁸⁴

By the 1940s, Commerce and Industry’s staff had grown to twelve, led by Chief Industrial Development Administrator Paul Kelly. Kelly led the division from 1929-1937 and again from 1943-1954, making him, in effect, North Carolina’s most pivotal

²⁸³ Cobb, *Selling of the South*, 64-96.

²⁸⁴ Paul Kelly, “Division of Commerce and Industry” (unpublished manuscript), Folder “Manuscript—History of C&D,” Private Collection #1797.1: Personal Papers and Writings, Paul Kelly Papers (State Archives of North Carolina), hereinafter cited as Kelly Papers.

industrial recruiter among non-elected officials. One of Kelly's first projects was to divide the division into specific operating sections on General Development, Community Development, and Research and Statistics. The heart of the division's recruiting efforts was the General Development section and its team of Industrial Development Engineers. "Popularly known as the State's 'Industry Hunters,'" Kelly wrote, General Development representatives were "responsible for providing direct assistance to all businesses seeking locations in North Carolina." Industry hunters acted as liaisons to industrial prospects, determining their location needs, providing them with information on potential sites, and hosting them on their visits to North Carolina. They also crafted a sales pitch for the state as a whole, outlining the advantages North Carolina offered in letters and promotional materials.²⁸⁵

Reviewing a staff directory, a composite portrait of the division's industry hunters begins to emerge. An industry hunter was typically a white man (the lone female employee, Renno Hawkins, worked in the Research and Statistics section) with a college education, employment history in the private and public sector, and membership in a local Chamber of Commerce or similar civic club. Most were graduates of either North Carolina State University, the University of North Carolina, or Duke University, and had earned degrees in business or engineering fields. Hunter Poole, for example, came to Commerce and Industry after graduating with a bachelor's degree in industrial engineering from N.C. State and working as a plant manager for a furniture company. Allison D. Allison (colleagues called him by his middle name, Doug) worked for eighteen years as a personnel director for a garment manufacturer and had previously

²⁸⁵ *Ibid.*

served as Manager for a county-level Chamber of Commerce.²⁸⁶

Under the state's recruiting process, as Governor Luther Hodges later explained, Commerce and Industry was primarily responsible for "conduct[ing] an intensive program designed to sell the entire State to prospective investors." Industry hunters did not promote specific communities to industrial prospects, but made broader arguments—in both direct correspondence and printed brochures—about North Carolina's "business friendly" climate. In most cases, the division made the initial contact with industrial prospects, and after learning more about their locational preferences, steered the prospect to the community that best fit their needs.²⁸⁷ This process required Commerce and Industry to work in concert with local development groups, and they encouraged business and civic leaders to join the cause of industrial recruiting. In the early 1950s, for example, the division held symposiums throughout the state "to instruct and assist local groups to organize and maintain development organizations."²⁸⁸ Commerce and Industry depended on these local groups to help the division maintain valuable data on the state. The division used questionnaires and data sheets to compile detailed records on local tax rates, labor supply, transportation, and available land and buildings for as many communities as possible.²⁸⁹

In convincing industrial prospects that North Carolina offered a business friendly

²⁸⁶ *The North Carolina Team: Plant Location Engineers* (Raleigh, N.C.: Division of Commerce and Industry, Department of Conservation and Development, ca. 1960). A handful of the division's Industrial Development Engineers were World War II veterans, an experience which historian Jennifer Brooks argues compelled many southern veterans to fight against poverty and underdevelopment at home upon their return. Jennifer Brooks, *Defining the Peace: World War II Veterans, Race, and the Remaking of Southern Political Tradition* (Chapel Hill: University of North Carolina Press, 2004).

²⁸⁷ Luther H. Hodges, "Does Your Town Want Industry?," *The Rotarian*, April 1959, 30-32, 62, quote at 31.

²⁸⁸ Kelly, "Division of Commerce and Industry," Folder "Manuscript—History of C&D," Kelly Papers.

²⁸⁹ Mars Hill Town Data Sheet, August 5, 1948, Folder "Mars Hill," Box 2, Division of Commerce and Industry 1923-1959, Conservation and Development Papers.

political climate, Commerce and Industry recruiters found indirect allies in the state's most prominent business organization, the North Carolina Citizen's Association (NCCA). Formed in 1942, the NCCA declared itself a non-partisan association and its original platform defied easy ideological categorization. They supported a balanced budget and opposed "waste and inefficiency in government," but also emphasized the importance of "an adequate public school system" and an "effective public health program."²⁹⁰ As a reporter for the *Raleigh News and Observer* indicated, however, the NCCA did little to conceal the fact that its primary concern was the "elimination of non-essential spending by government agencies." Indeed, at the group's founding meeting, "the loudest applause came when the Governor [J. Melville Broughton] noted with approval the demise of WPA and other federal agencies." The governor added that while the state should provide some public assistance, "during my administration North Carolina will not become a Santa Claus for the sort of people who have been enjoying that kind of thing from the Federal government."²⁹¹

Educating the public about the growing size of government—through their monthly magazine, *We the People*, and a weekly radio program—became one the NCCA's central goals. An advertisement for *We the People* subscriptions (\$1 for twelve issues) warned that "indifference and ignorance of the average American about his form of government...will cause the American free enterprise system to fail." "You could keep informed a decade or so ago when government was simple," the ad continued, but the

²⁹⁰ North Carolina Citizens Association, *The North Carolina Citizens Association, Inc.: Purposes, Membership, Organization, Program, Personnel, Publications, the Need* (Raleigh: North Carolina Citizens Association, 1942).

²⁹¹ Robert E. Williams, "Group of Business Men Forms State Association," *Raleigh News and Observer*, December 12, 1942.

growth of the federal government meant that “the individual cannot, out of his own time and knowledge, keep track of government costs and taxes.”²⁹² Despite their stated concerns about public education and public health, the NCCA spent most of its energy battling what it saw as high taxes and excessive government spending. As a result, the *Raleigh News and Observer* reported that many political observers in the state viewed the group “as successors of the American Liberty League idea and as representatives of the same class of wealthy citizens.”²⁹³ Privately, NCCA members acknowledged their low public esteem but bristled at the suggestion that their “interests [were] not as compatible with the state’s forward development” and general welfare.²⁹⁴

Though they espoused policies that mostly benefited the wealthy and corporate interests, the NCCA believed that their ideas served the general public by contributing to overall economic growth and making the state an attractive site for new industries. When a 1947 state law allowed municipalities to raise local tax rates, for example, *We the People* warned that the law would “wipe out the only advantage North Carolina communities can now claim when they seek new industry.” Because North Carolina invested more heavily in public schools and highways than other southern states, state taxes were high relative to the rest of the region. According to the NCCA, the state’s corporate income tax was double the rate in Virginia and its corporate franchise tax was four times higher. As such, *We the People* argued that keeping local taxes to a minimum was essential for attracting new employers.²⁹⁵

²⁹² Advertisement, *We the People*, July 1948.

²⁹³ Robert E. Williams, “Just or Not, There’ll Be Comparisons with American Liberty League,” *Raleigh News and Observer*, December 13, 1942.

²⁹⁴ Holt McPherson to Richard G. Stockton, April 7, 1942, Folder “C&D Chamber of Commerce,” Box 8, General Correspondence November 1954-55, Hodges Papers.

²⁹⁵ “Tax Rates and New Industry,” *We the People*, May 1947.

The NCCA thought they had found a perfect case study for this argument when in 1948 a northern-based textile mill was making a decision to open a new factory in either North Carolina or Anderson, South Carolina. An article in *We the People* reported that the mill had spurned North Carolina for their neighbors to the south because of differences in the states' tax laws. When a Commerce and Industry official pointed out that the mill in question had in fact chosen the North Carolina site, *We the People* acknowledged their error but doubled-down on their larger point. They insisted that North Carolina would struggle to attract new industry as long as "our tax laws are too far out of line" with other southern states. Further, the NCCA held that keeping taxes low was "not a question of not taxing corporations and industry their full fair share." Instead, "it is a policy of enlightened selfishness, which in the long run will bring more wealth to the state." In other words, according to the NCCA's logic, benefits and concessions to employers also benefitted workers, as they contributed to a climate that fostered economic growth.²⁹⁶

The NCCA opposed labor unions for similar reasons. In a 1948 editorial, the group outlined their opposition to unions by placing them within the context of monopoly power in American history. In the NCCA's reading of history, unions were the successors to Gilded Age-era trusts, not their adversaries. While they conceded the wisdom of Progressive Era legislation to reign in monopolies, the NCCA claimed that growing union power was "the result of the far swing of the pendulum away from the injustices practiced against labor before it was organized." By empowering organized labor, their argument continued, "one man makes a decision that will make or break an economic

²⁹⁶ "Illustration Not Good," *We the People*, December 1948.

system,” making unions “just as dangerous to the public welfare as monopolistic methods of business enterprises.”²⁹⁷

This rhetorical attack on organized labor paralleled the type of anti-unionism historian Elizabeth Shermer has found in the postwar Southwest. Taking their cues from Phoenix’s Barry Goldwater, politically active business elites in the region derided union leaders as “Powercrats” (Goldwater’s term). This version of anti-unionism downplayed the red- and race-baiting of Southern anti-unionism, and instead emphasized unions’ supposed limitations on economic growth.²⁹⁸ While attacks on unions as hotbeds of race-mixing continued unabated in the South for decades, the NCCA’s approach was more akin to that of their ideological brethren in the Southwest. In their minds, unions were dangerous because they exercised too much control over the nation’s economy, infringed on the personal liberty of workers, and threatened North Carolina’s attempts to attract new industry.

Any doubts about North Carolina’s ability to recruit new employers were misplaced. The state became one of the most accomplished players in the crusade for new industries, accounting for one-fifth of the South’s total industrial growth between 1939 and 1947.²⁹⁹ North Carolina owed its success to the desire of many manufacturers to escape the constraints of the New Deal state, and to its own progress in building rural transportation infrastructure. Recruiters promoted the state’s improving highway system and long-haul trucking companies because they needed to show manufacturers that, while rural North

²⁹⁷ “Any Monopoly Dangerous,” *We the People*, February 1948.

²⁹⁸ Elizabeth Tandy Shermer, “Counter-Organizing the Sunbelt: Right-to-Work Campaigns and Anti-Union Conservatism, 1943-1958,” *Pacific Historical Review* 78 (February 2009): 81-118.

²⁹⁹ Joseph K. Heyman, “N.C. Ranks First in Southeast in Rural Industrial Expansion,” *Asheville Citizen-Times*, July 17, 1949.

Carolina was governed by a political economy of cheap nonunion labor, it was no backwater. Highways would keep businesses connected to the urban consumer markets they depended on, while isolating them from the New Deal liberalism that generally underpinned the political economy of urban America.

North Carolina was not the only state that benefited from manufacturers seeking out rural America as an escape from the New Deal. Urban-to-rural factory migration became a nationwide trend in the 1940s. According to one study, only one-third of all plants built between 1940 and 1947 were located in cities of more than 100,000 in population, compared to one-half of all plants established prior to 1940. Towns of less than 10,000 absorbed 30 percent of all new factories established over the same time period, up from 20 percent prior to 1940. “The process of ruralization is proceeding apace,” *Management Review* observed in 1948, and this was especially true in the South.³⁰⁰ This trend became even more pronounced in the 1950s. By the end of the decade, the *Wall Street Journal* reported that “Federal statisticians now estimate that nearly half of the nation’s factories are outside metropolitan areas.” The estimated wages documented by the *Journal* made the reasons for relocation seem obvious. Factory workers in Louisville, for example, earned \$2.59 per hour, compared to \$1.53 for their rural Kentucky counterparts; St. Louis workers earned \$2.63 per hour, compared to \$1.57 for the average rural area in Missouri. Industry experts did not foresee an end to rural industrialization. A spokesman for Fantus Factory Locating Service, one of the nation’s leading corporate relocation firms, predicted that “In the next decade, it will be the rare exception when a manufacturer

³⁰⁰ “Current Trends in Industrial Decentralization,” *Management Review*, November 1948, 546-547; “When Industry Moves to the Country,” *Management Review*, November 1948, 543-545, quote on 545.

decides to build a factory in a big city area.”³⁰¹

Correspondence between industrial prospects and Commerce and Industry officials not only confirm the trend, but shed further light on why manufacturers found rural areas attractive. Several companies reaching out to industrial recruiters asked specifically about North Carolina’s rural areas and small towns. Areas with depressed economies and an abundance of unemployed female workers were especially attractive, as they offered a ready supply of cheap, pliable labor. When a manufacturer of electronics equipment inquired about sites in North Carolina, a representative directed them to Ahoskie, a sparsely populated town in a sparsely populated northeastern county. Ahoskie seemed a suitable location for the company because the employer made clear that “a small town is preferred.” Likewise, a textile company inquired about available industrial sites in western North Carolina, but specified that any site must be “a relatively small community of around 1,000 population where no other industry existed and there were no labor unions active.”³⁰² Another company in the needle trades industry, communicating through a factory locating service, relayed a similar request. The manufacturer hoped to add a branch plant, but would only consider a town of less than 10,000 in population with “little to no industry employing females.”³⁰³ And Robert Wexler, Executive Vice President of Selig Manufacturing Company, drew on his company’s experience in Siler City, North Carolina to extol the virtues of small town manufacturing. Addressing the National Association of Furniture Manufacturers, Wexler explained that his

³⁰¹ Alfred L. Malabre Jr., “Factories in Flight,” *Wall Street Journal*, September 7, 1962, p. 1.

³⁰² Cecil E. Bell to A.H. Grant, January 16, 1956, Folder “Industry and Commerce—D,” Box 71, General Correspondence 1956, Hodges Papers.

³⁰³ Kurt Salmon to Paul Kelly, December 15, 1954, Folder “Personal—Correspondence,” Private Collection #1791.1: Personal Papers and Writings, Kelly Papers.

Massachusetts-based company had built branch plants in increasingly smaller towns throughout the 1950s. Beginning in a city of 75,000 in Massachusetts, Selig expanded production to a city of 50,000 in northern Louisiana, before expanding again in Siler City with its fewer than 5,000 residents. “Each successive move to a smaller town,” Wexler claimed, “has given us advantages which we didn’t have before in the availability of labor, wage rates, taxes, and insurance and compensation rates.” Wexler also praised the state’s transportation systems, noting that his small town factory was still just “one day away by truck from approximately 100 million customers.” He encouraged his fellow furniture manufacturers to “give careful consideration to a more rural area when you want to expand,” arguing that “the smaller the town the greater the possibilities are for success.”³⁰⁴

Manufacturers’ desire for rural factory sites meshed well with the priorities of North Carolina’s industry hunters. Indeed, concerns about the state’s industrial geography were central to the recruitment efforts of Governor Scott and Commerce and Industry officials. Like the campaign for home-grown industries under the Cherry administration, the state hoped to extend more manufacturing jobs beyond the Piedmont Crescent, and to promote a pattern of development similar to the textile “stringtowns” observed by Harriet Herring. In short, industry hunters hoped to create an industrial economy without population density or large cities. Scott reasoned that this spatial arrangement was more beneficial to workers than an urban-centric model because it allowed them to keep one foot in agriculture. Having a farm to fall back on would ensure that factory workers endured lean

³⁰⁴ “Speech By Robert H. Wexler, Executive Vice President, Selig Manufacturing Co., Inc...September 17, 1962,” Folder “Commerce and Industry—Notes #1,” Private Collection #1797.5: Research Files, Kelly Papers.

economic times and “were neither in danger of starvation nor totally dependent upon public welfare.” Scott contrasted this ideal economic geography with what he saw as the instability and uncertainty of urban industrial employment. He also praised “Forward-looking industrialists” like Spencer Love of Burlington Mills for building new textile plants “away from congested areas and having his labor force drive in from small farms.”³⁰⁵ Such an arrangement, he explained to one factory relocation consultant, “will permit the worker to spend his free hours on the farm, in the garden, or in other gainful occupation.”³⁰⁶

To Scott, not only was this model of growth a win for workers, it also benefited the state as a whole. North Carolina would avoid what he saw as the “serious housing problems and other unwholesome effects of aggravating already over-crowded conditions in many of our metropolitan areas.”³⁰⁷ Rural industrialization, in other words, offered all of the benefits of factory employment, without the imagined ill-effects of industrial cities or the “old-time mill village,” which, Scott happily noted, was “rapidly fading into history.”³⁰⁸

Hoping to use the trend of rural industrialization to reshape their countryside, North Carolina’s industry hunters tailored their sales pitch accordingly. Promotional materials distributed by Commerce and Industry leaned heavily on the state’s rural population and complexion. “North Carolina is a state of small towns,” one brochure announced,

³⁰⁵ W. Kerr Scott, “How You Gonna Keep ‘Em Down on the Farm?,” September 30, 1949, address delivered at the opening of the Carolina Power and Light Company steam plant in Lumberton, N.C., in David Leroy Corbitt, ed., *Public Addresses, Letters, and Papers of William Kerr Scott, Governor of North Carolina, 1949-1953* (Raleigh: State Department of Archives and History, 1957), quotes at 128-129, 132, and 131.

³⁰⁶ W. Kerr Scott to Frank Vaughn, May 7, 1951, Folder “Conservation and Development, Commerce and Industry,” Box 88, Subject File 1951, Scott Papers.

³⁰⁷ *Ibid.*

³⁰⁸ Scott, “How You Gonna Keep,” in Corbitt, ed., *Public Addresses*, 132.

pointing out that more than 400 incorporated towns had a population of less than 2,500 and only one city, Charlotte, exceeded 100,000. The state's 2.6 million rural residents (more than two-thirds of the total population in the early 1950s) were the third most in the nation. Just as important, these rural residents were more accessible to factory owners than ever, thanks to ongoing progress in the state's highway building.³⁰⁹

Selling the Rural South Through “Accessible Isolation”

To crystalize the state's argument about the benefits of rural manufacturing, in 1951 the Department of Conservation and Development adopted the phrase “Accessible Isolation” as its official slogan. The phrase was a catch-all term to describe North Carolina's advantages as an industrial location site, and recruiters used it liberally in letters and brochures targeted at industrial prospects.³¹⁰ Press releases from the early 1950s provide a useful summary of the state's official definition of accessible isolation. North Carolina's rural geography, the argument went, permitted factories to locate away from “vulnerable congestions of population and industry,” while “an unequalled network of rail, air, highway, and water transportation,” allowed them to maintain access to markets throughout the nation. Moreover, North Carolina's Upper South location, roughly equidistant from the Deep South and New England, placed factories within 500 miles of more than half of the nation's population, a statistic repeated in almost every piece of 1950s recruiting material.³¹¹

Part of the advantage to locating in a rural area was avoiding what Conservation and

³⁰⁹ North Carolina Division of Commerce and Industry, *Industrial North Carolina* (Raleigh, N.C.: North Carolina Division of Commerce and Industry, Department of Conservation and Development, June 1952).

³¹⁰ Kelly, “Division of Commerce and Industry,” Folder “Manuscript—History of C&D,” Kelly Papers.

³¹¹ W. Kerr Scott, “North Carolina's ‘Accessible Isolation’ Attracts National Advertisers,” Folder “Conservation and Development—Commerce and Industry,” Box 113, Subject File 1952, Scott Papers.

Development called “war-vulnerable congestion.” During the Cold War, many business leaders and federal policymakers began to advocate for moving the nation’s essential industries away from major cities. In 1951 President Harry Truman launched an initiative known as the “National Industrial Dispersion Policy,” which, as the *Harvard Business Review* later explained, offered tax incentives “for privately financed new industrial facilities if they were located in dispersed areas and if they were in industries for which a deficit in wartime production capacity was anticipated.” With 62 percent of the nation’s manufacturing taking place in only fifty metropolitan areas, the goal was to preserve the nation’s industrial output and weapons manufacturing in the event of a Soviet attack on an American city.³¹² For his part, Governor Kerr Scott attempted to take advantage of Cold War fears, urging the Lockheed Aircraft Corporation and other defense manufacturers to relocate at least part of their production to rural North Carolina in the name of “national security.”³¹³

While accessible isolation meant, in part, a location away from the threat of a military attack, there were deeper, more politicized reasons for manufacturers to seek out the countryside. Indeed, rural industrialization is best understood within the context of what one historian has called the “businessmen’s crusade against the New Deal.”³¹⁴ To be sure, there were important differences between individual factory relocations and the political lobbying of organizations like the U.S. Chamber of Commerce. Factory owners drawn to rural North Carolina were not openly contesting the New Deal so much as

³¹² Marshall K. Wood, “Industry Must Prepare for Atomic Attack,” *Harvard Business Review*, May/June 1955, 115-128, quote at 127.

³¹³ W. Kerr Scott to Robert E. Gross, September 28, 1951, Folder “Conservation and Development, Commerce and Industry,” Box 88, Subject File 1951, Scott Papers.

³¹⁴ Phillips-Fein, *Invisible Hands*.

opting out of its demands. In isolated rural areas they hoped to find a political economy organized not around Keynesianism, but cheap rural labor. Industry hunters were eager to oblige and made North Carolina's rural, highway-accessible labor supply central to their recruitment efforts.

When developing a portrait of this workforce, race remained an implicit, but often explicit, component of the state's argument. In a widely-distributed recruiting brochure titled *Go, North Carolina*, for example, a section on the state's labor force argued that Tar Heel workers were "a friendly, wholesome people, 99% native born, religious, conscientious." To make the racial dimensions of its argument clearer, the brochure added that the majority of North Carolinians were of "English, Scots-Irish, and German descent." In addition to their work ethic, these workers were especially desirable because, allegedly, "Skills come readily to descendants of this ancestry."³¹⁵ Governor Luther Hodges, on one of his recruiting trips to New York City, made a similar appeal. "One of the state's greatest assets," as the *New York Times* reported his remarks, was its large reservoir of rural labor, "the majority of whom are descendants of the original colonists who settled in North Carolina and the Eastern Seaboard."³¹⁶ When selling the characteristics of North Carolina's labor force, then, industry hunters revealed that their priorities, like those of textile mill builders in the late nineteenth century, were primarily to aid the state's rural white working-class.

One of the most attractive features of this workforce, the state's promotional literature

³¹⁵ North Carolina Division of Commerce and Industry, *Go, North Carolina: Factors that Favor Growth and Profit in a Vital, Fast Growing State* (Raleigh, N.C.: Division of Commerce and Industry, Department of Conservation and Development, ca.1965).

³¹⁶ "North Carolina Governor Here In Effort to Lure New Industry," *New York Times*, October 15, 1957, p. 45.

argued, was the fact that many were homeowners. In the booklet, *Your Plant Location in North Carolina*, for example, division officials claimed that most “rural families own the homes in which they live, and grow much of their own food.” Governor Scott had previously touted part-time farmers taking factory jobs as a benefit to workers themselves. Like the idealized first-generation millhands of the late nineteenth century, these workers would not have to rely exclusively on either the factory or the farm to earn their living. As industry hunters argued, however, this system also benefited employers. Having their own food supply, *Your Plant Location* implied, meant that farmers-turned-factory workers had lower costs of living than urbanites, justifying low wages. Another division-produced brochure, *North Carolina Industrial Location Factors*, noted the large number of rural homeowners in the state, as did several letters from Governor Scott to potential new industries.³¹⁷ In other words, industry hunters emphasized that the state’s rural population consisted of, to borrow historian Jack Temple Kirby’s terms, “working-class country commuters”—people who once farmed full-time, but now managed only small plots and depended on factory work.³¹⁸

Employers likely viewed homeownership as a valuable tool for labor control. In the aftermath of labor uprisings in the late 1920s and early 1930s, textile industrialists turned away from the mill village system and toward private homeownership as the best way to keep a lid on unrest. The industry’s postwar history seemed to vindicate this logic. As historian Timothy Minchin argues, when millhands became homeowners, “they took on

³¹⁷ North Carolina Department of Conservation and Development, *Your Plant Location in North Carolina* (Raleigh, N.C.: North Carolina Department of Conservation and Development, ca. 1950); North Carolina Department of Conservation and Development, *North Carolina Industrial Location Factors* (Raleigh, N.C.: North Carolina Department of Conservation and Development, 1956).

³¹⁸ Kirby, *Rural Worlds Lost*, 353.

new, restrictive responsibilities.”³¹⁹ With mortgage payments and consumer items purchased on credit, workers could scarcely afford to risk losing their job by going out on strike or joining a union. According to Minchin, this undermined several post-World War II organizing campaigns and strikes, as workers proved unwilling to risk their growing financial obligations. As one worker explained, “if you haven’t got anything, you’ve got nothing to lose, but when you’re going to lose these new assets, you’ve got a stake in going back.”³²⁰

The language industry hunters used to describe rural homeowners reinforced this view. In *Industrial Location Factors*, recruiters argued that owning their own home gave rural workers “an important stake in their community, state, and nation.” Elsewhere, recruiters insisted that homeownership made rural people “steady workers.” In this sense, recruiters’ emphasis on home ownership was a piece of their larger argument about rural North Carolinians: that they were uniquely hard working, sympathetic to the perspective of management, and grateful for any available factory work.³²¹ In a letter to one factory locating service, for example, Governor Scott highlighted the fact that “a large portion of [rural North Carolinians] are small property holders with many unusual interests and attitudes in common with management.”³²² *Industrial Location Factors* made the same point, praising the state’s “good record of labor-management relations” and its “Cooperative, intelligent, native-born people.” The brochure also highlighted testimony from an electronics manufacturer in rural Ashe County, who confirmed that ruralites

³¹⁹ Timothy J. Minchin, *What Do We Need a Union For?: The TWUA in the South, 1945-1955* (Chapel Hill: University of North Carolina Press, 1997), 23.

³²⁰ Quoted in Minchin, *What Do We Need*, 143.

³²¹ Conservation and Development, *North Carolina Industrial Location Factors*; Commerce and Industry, *Industrial North Carolina*.

³²² W. Kerr Scott to Frank Vaughn, May 7, 1951, Folder “Conservation and Development, Commerce and Industry, Box 88, Scott Papers.

were “good, solid citizens” who “welcome any opportunity to work in an industry.”³²³

Local boosters, such as the Mars Hill Area Merchants’ Association, helped reinforce this message. The Mars Hill businessmen, representing a distressed Appalachian town with struggling farms and no industrial employers, aggressively asserted the desirability of their labor supply. Not only did the people of Mars Hill eschew labor unions, the Association claimed, they also “own their own homes, have no connection with any form of Communism and never will have.”³²⁴ Likewise, the Northwest North Carolina Development Association assured prospective employers that “Foreign influences carry no great weight with the people of this area.”³²⁵

Recruiters attributed rural workers’ sympathy for management to the desperation imposed by the changing agricultural economy. As mechanization continued to reduce farm labor requirements, industrial laborers were available in large numbers, and increasingly anxious about their economic future. A zipper manufacturer quoted in *Industrial Location Factors* described how this benefited his business. In Woodland, a small rural town in the northeastern part of the state, the manufacturer had found an abundance of “housewives relieved of onerous tasks by modern appliances, and male employees released from farm chores by mechanization, and anxious to secure industrial employment.” These conditions meant that local labor markets were, as recruiters put it, “consistently over-subscribed two-fold, or more,” meaning that applicants often doubled the number of available job openings.³²⁶

³²³ Conservation and Development, *North Carolina Industrial Location Factors*.

³²⁴ O.E. Roberts to Philip Schwartz, n.d., Folder “Mars Hill, Box 2, Division of Commerce and Industry 1923-1959, Conservation and Development Papers.

³²⁵ Chester S. Davis, *Northwest North Carolina Industrial Location Factors* (Winston-Salem, N.C.: Northwest North Carolina Development Association, ca. 1955).

³²⁶ Conservation and Development, *North Carolina Industrial Location Factors*.

The state's pursuit of rural industrialization continued into the administration of Governor Luther Hodges. Indeed, while Hodges is typically remembered for his promotion of the Research Triangle Park, in his 1957 State of the State address, he outlined a vision of the state's industrial future that looked remarkably similar to Scott's: "I see a land of thriving industry...set well apart on our countryside and in small towns and medium-sized cities...without the slum conditions, the polluted air, the unmanageable congestions, and the other unwanted characteristics of the present typical American city."³²⁷ Hodges also continued the accessible isolation-themed recruiting message. A special advertising supplement in the *New York Times*, for example, featured a full page headlined, "North Carolina's Accessible Isolation." The ad included a short history of the state highway system, arguing that it provided factory owners access to the "thousands of industrial workers" living in the countryside who could now "ride to and from new sprawling industrial plants."³²⁸ Likewise, in an address to the Southern Garment Manufacturers Association, Hodges praised the state's efficient transportation systems for allowing industries "to locate away from congestion and at the same time to draw upon a large and industrious labor force that is mostly rural."³²⁹ And a 1957 advertisement, created through a collaboration between Conservation and Development and a private agency, promised industrial prospects that North Carolina had "scores" of small towns "where industry thrives among green fields and friendly people."³³⁰

Those arguments sounded compelling to the Mary Proctor Electric Company. After

³²⁷ Luther H. Hodges, *Businessman in the Statehouse: Six Years as Governor of North Carolina* (Chapel Hill: University of North Carolina, 1962), 155.

³²⁸ William D. Snider, "North Carolina's Accessible Isolation," *New York Times*, November 17, 1957, Advertising Supplement p. 4.

³²⁹ Quoted in Wood, *Southern Capitalism*, 163.

³³⁰ "Industry Succeeds in North Carolina: Record of Success Convinces Yale and Towne", Advertisement, Folder "Commerce and Industry—Advertising," Box 181, General Correspondence 1957, Hodges Papers.

experiencing a strike at its Philadelphia toaster factory in the early 1950s, the company relocated to Mt. Airy, North Carolina—the small rural town best known as the inspiration for television’s Mayberry, the setting of the *Andy Griffith Show*. According to plant manager John Instone, Mt. Airy was a desirable location because it was not in a “congested area” like their previous urban home. The shortage of decent jobs in the area was just as important. Given the limited opportunities in agriculture, the company likely expected to avoid the kind of labor unrest experienced in Philadelphia. In fact, the need of employment in Mt. Airy was so great that the company reportedly received more than 3,500 applications for fewer than 300 available jobs.³³¹

While industrial recruiters painted a compelling portrait of the rural workforce, they recognized that cheap labor lost its value if factories could not operate efficiently in the countryside. Making it possible for manufacturers to locate in rural areas required an activist state government. By investing in rural infrastructure—through initiatives like the 1949 secondary road bond—the state claimed for itself a role in stimulating economic development. As the state’s recruiting message demonstrated, however, it was a role defined not by the tenets of New Deal liberalism, but by accessible isolation. Rather than mobilize its power and resources to provide economic security to workers, the state built enough of an apparatus to make rural manufacturing logistically feasible, hoping that private sector growth would be enough to aid rural North Carolinians in their transition out of agriculture. The promotion of cheap labor, then, went hand-in-hand with the promotion of the state infrastructure that made cheap labor accessible.

While other southern states offered anti-New Deal political climates, North Carolina

³³¹ John Corey, “A Toast to Your Toaster,” *Tarheel Wheels*, April 1959, 1, 31.

had made more progress than nearly all of them in highway building and commercial truck transportation. Capitalizing on its reputation as the “Good Roads State,” recruiting brochures highlighted North Carolina’s modern infrastructure. *Your Plant Location in North Carolina* provided a brief history of the state’s highway building campaigns under the headline, “Excellent Transportation.” The brochure argued that the highway system, along with hundreds of motor freight carriers, benefited industries “by having numberless rural sites opened up, with workers available locally and home-to-plant-to market accessibility assured.” Likewise, *Industrial Location Factors* claimed that there “are more motor carriers domiciled in, operating into, out of, and through North Carolina than any other State in the Nation.”³³²

Having sought a reputation as crucial players in the state’s progress, leading trucking companies were eager to join the rural industrialization effort. To that end, company advertisements often signaled their commitment to the state’s industrial growth. A full-page ad for McLean Trucking Company, for example, argued that the ongoing “expansion of North Carolina commerce and industry is due, to a great extent, to the availability of fast, safe transportation service,” of which McLean was at the forefront. “Progress in industrial development is closely knit to progress in transportation,” the ad continued, summarizing McLean’s broad sense of corporate responsibility with the slogan, “We Pull for Industry in North Carolina.”³³³ Hennis Motor Lines, another Winston-Salem-based company, echoed those sentiments with their official slogan, proclaiming themselves a “Servant of Industry.”³³⁴ Some trucking leaders also worked

³³² Conservation and Development, *Your Plant Location in North Carolina*; Conservation and Development, *North Carolina Industrial Location Factors*.

³³³ McLean Trucking Company advertisement, *We the People of North Carolina*, November 1956.

³³⁴ Hennis Motor Lines advertisement, *We the People of North Carolina*, November 1956.

with the state directly, with several executives moonlighting as industrial recruiters. John Akers, for example, joined fellow Tarheel businessmen on Governor Luther Hodges's "Trade and Industry Mission to Europe" in 1959. The following year he joined the Department of Conservation and Development Board, serving through 1968. During that time, Akers was also active in the North Carolina Industrial Development Foundation, a private organization that sought to stimulate economic development in the state. He served as president of the organization in 1962 and sat on the board of directors from 1963-1965.³³⁵

The trucking industry also aided the state's industrial recruiting campaign in more collective ways. Through *Tarheel Wheels*, the NCMCA provided the Department of Conservation and Development with valuable advertising space. Hoping to stimulate local involvement in the campaign for new industry, Conservation and Development ads alerted readers to the overall economic benefits new factories would supposedly bring. A factory employing at least 135 people, one ad claimed, brought to a community "\$787,000 more personal income per year, \$480,000 more retail sales, \$360,000 more bank deposits, [and] 395 more people." Such ads encouraged local business leaders to contact Conservation and Development for advice on luring a new industry, and, more generally, to take an interest in the progress of their community.³³⁶ Other Conservation and Development ads targeted potential new industries directly. These ads informed businesses of the many services provided by Conservation and Development, and assured them that "Industry Prospers" in "Friendly North Carolina."³³⁷

³³⁵ Rankin, *John McCorkle Akers*, 52-54.

³³⁶ "What Industry Brings," Department of Conservation and Development advertisement, *Tarheel Wheels*, February 1957.

³³⁷ "Seven-Fold Service," Department of Conservation and Development advertisement, *Tarheel Wheels*,

The NCMCA also made direct appeals to potential new industries, advertising their membership's prompt and efficient service as one of North Carolina's chief selling points. "The flexibility of the truck has provided a new freedom of movement for industry," one ad proclaimed, "enabling plants to locate near convenient labor pools while eliminating the need to pay 'premium' prices for industrial property in other overcrowded manufacturing areas." An illustration accompanying the ad reinforced that message. The drawing depicted a large factory, surrounded on all sides by nothing but empty fields, yet connected by well-maintained roads to a neighborhood labeled "Adjacent Labor Pools."³³⁸ Another ad referred to North Carolina as "the suburb of the world's greatest market," meaning that excellent truck service and a geographic location roughly equidistant from northern and Deep South states, made North Carolina an ideal location for new industries.³³⁹ The NCMCA submitted a similar ad to the *New York Times*, telling the newspaper's readers that "Excellent highway transportation and a dynamic trucking industry...is a major advantage for North Carolina plants." The image included in each of the latter two ads—an 18-wheeler with North Carolina's silhouette in tow—suggested that a distant company headquarters would not limit access to the state, and that a southern factory would not limit access to national markets.³⁴⁰

Distributing economic data and brochures was another way the NCMCA contributed to North Carolina's industrial recruiting efforts. To aid those "who shoulder responsibility for local Industrial development," the NCMCA compiled County Industrial

March 1954.

³³⁸ "Truck Service Indispensable to Industry," North Carolina Motor Carriers Association advertisement, *Tarheel Wheels*, October 1960.

³³⁹ "North Carolina: The 'Suburb' of the World's Greatest Market," North Carolina Motor Carriers Association advertisement, *Tarheel Wheels*, March 1954.

³⁴⁰ "See How Close You'll Be to Half the Nation's Population," North Carolina Motor Carriers Association advertisement, *New York Times*, November 17, 1957, Advertising Supplement, p. 7.

Development Booklets for all 100 North Carolina counties. The booklets were meant as a quick reference guide to the demographic and economic information local boosters could use to tell industrial prospects about their town—population, median family income, and current employment levels, for example. The NCMCA distributed 78,000 booklets to local leaders and encouraged them to use the information “in the further promotion of industrial development throughout the 100 counties of North Carolina.”³⁴¹

The NCMCA also published *Highways to Progress in North Carolina*, an assessment of the economy and transportation of a seventeen county area in the southern Piedmont dubbed, “The Progress Hub.” Targeted at both the general North Carolina public, as well as potential new businesses, *Highways to Progress* emphasized the dynamism of the Progress Hub’s trucking industry and the benefits it brought to the area’s industries. With 356 for-hire motor carriers—totaling more than 6,000 trucks and 10,500 employees—the NCMCA presented the Progress Hub as an ideal place to locate a new business or factory. “Post-war industry has come to the Progress Hub,” the brochure proclaimed, “and highway transportation has made its stay worthwhile.” The NCMCA put together a similar brochure for the mountain counties in the west.³⁴² Both were presented to the public with great fanfare, at a large banquet featuring the state’s leading industrialists and Governor Luther Hodges. Upon viewing the western Carolina brochure, one local newspaper predicted that the material would “prove invaluable in attracting new industry into the counties of Western North Carolina and augments the work of the local industrial

³⁴¹ North Carolina Motor Carriers Association, *Let’s Stand on These Facts* (Raleigh, N.C.: North Carolina Motor Carriers Association), 3.

³⁴² North Carolina Motor Carriers Association, *Highways to Progress in North Carolina: 17 Counties--The Progress Hub* (Raleigh, N.C.: North Carolina Motor Carriers Association, 1958); North Carolina Motor Carriers Association, *Highways to Progress: The Asheville Area* (Raleigh: North Carolina Motor Carriers Association, 1956).

development corporation.”³⁴³

Those were hardly the only plaudits the trucking industry received for its role in bringing new industry to North Carolina. In fact, by the late 1950s a representative from the Department of Conservation and Development could proudly state that, “Those who operate the fine transportation network in North Carolina realize the stake they have in the State they serve. They have not lagged in their efforts to help bring more industry to North Carolina and thus help provide for a better standard of living through more and better payrolls.”³⁴⁴ Other industrial boosters were quick to recognize the positive impact truckers made in the state’s economic growth. Charlotte mayor Phillip VanEvery wrote that the trucking industry, along with the state’s excellent transportation infrastructure, was “largely responsible for attracting new industries by making available facilities for importing and exporting raw materials and finished goods.” VanEvery praised truckers as “ambassadors of the highways,” and credited their “extensive and efficient service” for helping to unleash a “flood of industry to the South.”³⁴⁵ Likewise, Ben E. Douglas, director of the Department of Conservation and Development, called trucking “An Essential Industry” for its role in modernizing the state’s economy. “Thanks to the transportation industry in general and the motor carriers in particular,” Douglas reported, his office was able to promise industrialists “that our transport facilities are so well-developed that the goods and commodities they manufacture can be moved quickly to market of the nation and world.”³⁴⁶

The trucking industry’s proudest moment may have come in 1961 in Charlotte. That

³⁴³ “An Impressive Occasion,” *Transylvania Times*. Reprinted in *Tarheel Wheels*, October 1956.

³⁴⁴ Wade Lucas, “Transportation Excels,” *Tarheel Wheels*, May 1958.

³⁴⁵ Phillip VanEvery, “The Flood of Industry to the South,” guest editorial in *Tarheel Wheels*, August 1956.

³⁴⁶ Ben E. Douglas, “An Essential Industrial,” guest editorial in *Tarheel Wheels*, September 1954.

year, the city's Junior Chamber of Commerce named the trucking industry its inaugural "Charlotte Corporate Citizen of the Year." The Jaycees feted the industry with a weeklong "Salute to Trucking" in April. They set up displays throughout the city with information meant to "educate the public about the role the truck plays in everyone's daily life." Shoppers at the Belk department store or the Charlottetown Mall thus became inundated with information on the economic benefits of a strong trucking industry. Included among that information: more than 6,000 people in Mecklenburg County worked in the trucking industry, earning a total payroll of \$35 million. Moreover, "many [Charlotte merchants] would be out of business if they couldn't depend on trucks to deliver wares to their stockrooms."³⁴⁷

The Jaycees also pointed out that trucks made an impact well beyond the city limits, as they "made the suburban shopping center practical [and] allowed industry to relocate away from congested centers."³⁴⁸ Enabling industries to locate away from crowded areas was the North Carolina trucking industry's most lasting economic impact. The trucking industry made the state's vision of a rural-industrial society logistically feasible. As the Kannapolis *Daily Independent* put it, trucks ensured "that North Carolina's industrial growth would be materially different from that of most Northern states." "Because of the truck," the newspaper added, "North Carolina has achieved its industrial expansion without concentration of population."³⁴⁹

The role of the trucking industry in facilitating rural industrialization was not limited

³⁴⁷ "Jaycees Salute Charlotte Trucking Industry," "Trucking's Impact on Economy is Big One," and "Trucking Has Changed Development Patters," *Charlotte Observer*, April 18, 1961.

³⁴⁸ "Jaycees Salute Charlotte Trucking Industry," "Trucking's Impact on Economy is Big One," and "Trucking Has Changed Development Patters," *Charlotte Observer*, April 18, 1961.

³⁴⁹ *The Daily Independent* (Kannapolis), February 12, 1954. Reprinted in *Tarheel Wheels*, February 1954, 2.

to North Carolina. As an American Trucking Associations advertisement demonstrates, aiding the decentralization of manufacturing was a priority for the industry nationwide. The ad began with a series of three images. The first was an illustration of an empty field alongside a highway, the second of a factory now operating in that same field, with the copy underneath reading, “Now it’s a pasture...Now it’s a plant.” Underneath the third image, a close-up of a tractor-trailer at the factory’s loading dock, the ad proudly announced, “And here’s the modern business tool that made it possible.” The ad celebrated the trucking industry’s role in reshaping the economic geography of the nation. “Years ago, before trucks came along, decentralization of industry was out of the question,” it explained. “Like it or not, a plant just *had* to be on a rail-line.” The “speed and flexibility” of trucks, however, brought “a vast new outlook to American industry” by allowing business to “literally pull up stakes and move” to rural areas with lower costs of production.³⁵⁰

By the end of the 1950s, the early returns on North Carolina's pursuit of rural industrialization seemed positive. The state's message of accessible isolation clearly resonated with many American manufacturers, as factories sprouted in rural areas and small towns throughout the 1950s. According to data compiled for the Department of Conservation and Development’s biennial reports, between 1956 and 1958, the state added at least 337 new factories, which employed almost 23,000 workers. Over the next biennium, the state added 423 more factories, with approximately 38,000 new employees.³⁵¹ Between 1954 and 1967, only California added more manufacturing jobs

³⁵⁰ “Now It’s a Pasture...Now It’s a Plant,” American Trucking Associations advertisement, *Tarheel Wheels*, April 1955.

³⁵¹ *Biennial Report of the Department of Conservation and Development of the State of North Carolina, 1956-1958*, (Raleigh, N.C.: North Carolina Department of Conservation and Development), 10; *Biennial*

than the Tar Heel State.³⁵² Thanks to the expansion of the rural highway system, most of these factories were widely dispersed throughout the countryside, rather than concentrated in large cities. In a survey of manufacturers conducted by two Chapel Hill-based geographers, 47 percent of respondents who located to North Carolina in the 1950s selected a rural area. For respondents who established their factory in the 1960s, the number increased to 60 percent.³⁵³

Beneath those seemingly impressive statistics, however, the weaknesses of accessible isolation as an economic development model were evident. While state politicians could justifiably tout the record of industrial job growth in rural areas, most of those factory jobs remained in the Piedmont, North Carolina's traditional manufacturing stronghold. Eastern counties in particular remained dependent on tobacco production, much to the frustration of many rural spokesmen. In the mid-1950s, for example, William Poe—associate editor of the *Progressive Farmer* and son of the magazine's founder, Clarence—declared eastern North Carolina an "Empire at a Crossroads." The counties east of Wake accounted for 40 percent of the state's population, yet only 17 percent of its manufacturing workers. The region also accounted for 70 percent of North Carolina's tenant farmers, who were just beginning to feel the effects of a declining market for tobacco and the onset of mechanization.³⁵⁴ "Basically," Poe concluded, "Eastern North Carolina's economic problem can be stated in a single sentence: *It relies too heavily on*

Report of the Department of Conservation and Development of the State of North Carolina, 1958-1960 (Raleigh, N.C.: North Carolina Department of Conservation and Development), 13.

³⁵² David E. Bartlett, "Local Development Corporations as a Factor in Industrial Expansion," (M.A. Thesis, University of North Carolina-Chapel Hill, 1970), 7.

³⁵³ Richard E. Lonsdale and Clyde E. Browning, "Rural-Urban Locational Preferences of Southern Manufacturers," *Annals of the Association of American Geographers* 61 (June 1971): 262.

³⁵⁴ William Poe's essay found as an enclosure in: Clarence Poe to Terry Sanford, February 7, 1961, Folder "Commerce and Industry, General," Box 32, General Correspondence 1961, Governor Terry Sanford Papers (State Archives of North Carolina), hereinafter cited as Sanford Papers.

tobacco for its income." Poe warned that the region faced a choice between two paths. One led "to the dead end of a continued 'one-crop' farming system and the erosion of soils and souls such a system brings." The other led to a "balancing of agriculture with industry" and, as a result, "full employment, effective use of natural resources, and the creation of one of America's greatest regions."³⁵⁵

Community leaders in the western region made similar observations. By 1960, counties in the west accounted for only 14 percent of the state's total factories.³⁵⁶ Rural counties that offered significant manufacturing job opportunities, such as Caldwell and Burke, were typically those in the foothills, which had relied on access to the North Carolina Railroad in the late nineteenth century to develop a strong base in the furniture industry.³⁵⁷ Farther into the mountains, factories became scarcer. Clay County in particular testified to the limitations of the state's industrial recruitment efforts. Tucked away in the southwest corner of the state, Clay County was, in one reporter's words, "a delightful amphitheater surrounded by the gigantic peaks of the Smokies."³⁵⁸ Despite its mountain location, Clay County could not compete with the tourist resorts and attractions of nearby Asheville, and by the end of the 1950s, the county's residents had few opportunities in manufacturing work. A local attorney complained that if Conservation and Development officials surveyed the area, they "would find an entire county with no

³⁵⁵ *Ibid*; See also: Pete Daniel, *Breaking the Land: The Transformation of Cotton, Tobacco, and Rice Cultures since 1880* (Urbana, Il.: University of Illinois Press, 1985), 256-270.

³⁵⁶ Percentage calculated by the author, based on statistics compiled in, "Geographic Classification of Manufacturing Establishments in North Carolina by County," *We the People of North Carolina*, November 1960, 94-104.

³⁵⁷ Trelease, *North Carolina Railroad*, 344.

³⁵⁸ Gordon Greenwood, "Reflections," undated news clipping, Folder "Clay County," Box 31, General Correspondence 1961, Sanford Papers.

industrial payroll except one sawmill."³⁵⁹ The lack of economic opportunity led to population losses so rapid that local leaders envisioned a bleak future. In one year, an entire graduating class of high school students left the area to find employment, according to a school principal. "Our great need here is for an industry to help keep our young people at home," he stated. "The older people have the land, and there is no other employment offered in our county. As a result we keep exporting the best people year after year."³⁶⁰ While manufacturing was slower to develop in the eastern and western sections of the state, during the 1960s and 1970s, new factories would arrive in these even more isolated rural counties. This did not, however, as Poe hoped, lead to full employment and prosperity. Instead, the state's rural industrial economy continued to depend on low-wage, labor-intensive industries like textiles and apparel, and, increasingly after the 1960s, the physically-punishing work of poultry processing.³⁶¹

The success of rural industrialization was also complicated by the level of diversification. Developing new industries beyond the state's traditional strengths in textiles, tobacco, and furniture had been a key goal of the postwar development campaign, a goal that industry hunters argued had been achieved by the end of the 1950s. In *Highways to Progress*, for example, the North Carolina Motor Carriers Association devoted a full page to a list of the different types of industries that had been drawn to the state. The industries that the NCMCA chose to showcase are revealing, as they

³⁵⁹ Roy Taylor to Luther Hodges, November 30, 1959, Folder "Clay County," Box 31, General Correspondence 1961, Sanford Papers. (Taylor's letter was addressed to Governor Hodges, but was apparently passed along to his successor, and is therefore included in the Governor Sanford Papers.)

³⁶⁰ Principal quoted in Greenwood, "Reflections," Folder "Clay County," Sanford Papers.

³⁶¹ On the persistence of textile and apparel manufacturing in rural North Carolina, see Peter A. Coclanis and Louis M. Kyriakoudes, "Selling Which South? Economic Change in Rural and Small-Town North Carolina in an Era of Globalization, 1940-2007," *Southern Cultures* 13 (Winter 2007): 90-93, especially Table 1.

emphasized heavy manufacturing concerns like boats and automobile parts, and more advanced technologies like electronics and electrical components.³⁶² Government publications like *North Carolina Industrial Location Factors* took a similar tack. When soliciting testimonials from existing industries, publishers of the booklet made a conscious effort to rely not only on employers in traditional industries like textiles, but also newer ones like the International Resistance Company (makers of "precision electronic component products") and nationally-renowned companies like General Electric and Du Pont.³⁶³ While those employers were compelling anecdotal evidence of industrial diversification, the actual industrial economy in North Carolina at the end of the 1950s still relied on a familiar mix of textiles, tobacco, and furniture. Textiles and apparel industries were the leading employers throughout the state, including close to one-in-five rural residents.³⁶⁴

Limited as it was, the pattern of industrialization that emerged in the 1950s would not have been possible without the expansion of the rural highway system and the subsequent growth of the long-haul trucking industry. Improvements in the state's transportation systems allowed industry hunters to convince manufacturers that the countryside was a viable place to do business. In doing so, state leaders believed they would achieve a better balance between agriculture and industry, while still maintaining their rural complexion. This impulse coincided with a desire of many businesses to escape urban America, where the New Deal state held greater sway over the political economy and culture. Factories could be isolated from those pressures in rural North Carolina, while

³⁶² North Carolina Motor Carriers Association, *Highways to Progress*.

³⁶³ Conservation and Development, *North Carolina Industrial Location Factors*.

³⁶⁴ Coclanis and Kyriakoudes, "Selling Which South," 90, Table 1.

retaining, via the state's modern infrastructure, access to cheap local labor and national markets.

Selling new industries on the virtues of rural and small town factory sites remained a top priority for the state government through the administration of Governor Jim Hunt in the mid-1980s. By the late 1950s, however, rural industrialization began occurring alongside metropolitan development and the recruitment of high-paying, "knowledge-based" industries. The founding of the Research Triangle Park in 1959, along with the emergence of the Interstate Highway System, inaugurated a new era in North Carolina's economic development, one that disproportionately benefited metropolitan areas. Unlike the low-wage, labor-intensive manufacturers that gravitated toward rural North Carolina, the high-tech industries of the RTP era required more than accessible isolation. The state touted cultural amenities and educational progress, among other indicators of a high quality of life, to lure better jobs to its metropolitan areas, while continuing to fall back on the recruitment of labor-intensive industries to rural areas. Gradually, then, accessible isolation began to outlive its usefulness, as metropolitan and rural North Carolina began an unmistakable divergence, on their path to becoming two entirely different North Carolinas.

CHAPTER 5
THE FIELDS BEHIND THE DYNAMO: INTERSTATES, RTP, AND THE
TWO NORTH CAROLINAS

“Dear Governor Sanford. I hope you find a new industry for North Carolina. I am in the first grade at Wagram School,” Sherry Johnston wrote to the governor in the spring of 1961, just before he headed off for a highly-publicized industry hunt in the Ohio Valley. She did not write on her own volition. The message was part of a handwriting lesson assigned to her first grade class. Dozens of Sherry’s classmates sent an identical note, each printed neatly on wide-ruled practice paper. While the young authors could have scarcely comprehended the economic and political history shaping Governor Terry Sanford’s search for new industries, their notes are nonetheless revealing. They reflect a widespread enthusiasm, even a desperation, for manufacturing job opportunities in rural areas like Sherry’s Scotland County. By the early 1960s, the desire for rural factory jobs had become so intense it had seeped into the lesson plans of grade school teachers.³⁶⁵

Why would a first grade teacher assign students this particular handwriting prompt? In part, because recruiting trips like Sanford’s Ohio Valley journey were still enough of a novelty in 1961 to garner state and national headlines. But another reason is that places like Scotland County—part of North Carolina’s overwhelmingly rural, and overwhelmingly poor southeastern section—badly needed new jobs to replace the decline of agriculture. Since the dawn of the postwar era, state leaders had identified manufacturing jobs as a panacea for rural communities in need of a more diversified economic base. The promise of accessible isolation had led to increased rural

³⁶⁵ Sherry Johnston to Terry Sanford, May 28, 1961, Folder “Commerce and Industry—Ohio Trip,” Box 34, General Correspondence 1961, Sanford Papers.

industrialization during the 1950s, but, as the previous chapter illustrated, eastern counties (those east of Wake County) had not generally shared in this boom. Machinery sophisticated enough to harvest the delicate tobacco leaf did not become widely available until the 1960s, leaving most of the area's residents dependent on agriculture. Manufacturers tended to prefer rural sites where mechanization prompted a desperate need for factory work, making the Piedmont a more attractive location.³⁶⁶ Some counties, like Camden in the state's far northeastern corner, had no factories at all. Others, like neighboring Gates County, had only a handful of small factories employing fewer than fifty people. Moreover, factories that were located in the east were almost entirely in low-wage, labor-intensive industries like textiles. Scotland County, for example, contained at least twenty-six factories at the time of Sherry Johnston's letter to Sanford, but the dominance of textile mills suggested that her (or, more accurately, her teacher's) hope for continued industrialization was still urgent.³⁶⁷ If the first graders at Wagram School were insulated from the economic pressures that came with limited job opportunities, their parents likely felt them every day. Manufacturing employment was also scarce in western North Carolina, the mountain region to the west of Gaston and Surry Counties. The twenty-six counties in the west could claim only 14 percent of North Carolina's total factories.³⁶⁸

Rural areas in the eastern and western sections, however, only constituted one North Carolina. As far back as the New South era, boosters in the Piedmont had helped give that region a stronger foundation in infrastructure, industry, and education. This meant

³⁶⁶ Daniel, *Breaking the Land*, 264; "Geographic Classification of Manufacturing Establishments in North Carolina by County," *We the People of North Carolina*, November 1960.

³⁶⁷ "Geographic Classification," *We the People*.

³⁶⁸ *Ibid.*

that by the late 1950s, when the Interstate Highway System and the Research Triangle Park (RTP) arrived and began remaking North Carolina's economy, the Piedmont was well-positioned to take advantage. The state's largest portion of Interstate overlaid the North Carolina Railroad, and major international airports soon developed in Raleigh-Durham and Charlotte. This infrastructure, combined with the arrival of RTP, helped the Piedmont—its metropolitan counties especially—develop a high-wage, skilled economy, built around “knowledge-based” industries and advanced manufacturing. RTP especially would become a symbol of Sunbelt era prosperity, attracting research facilities for major corporations and governmental agencies, and transforming the demographics of the Raleigh-Durham-Chapel Hill area.³⁶⁹ National media outlets celebrated RTP as a model of successful economic growth strategies, with *National Geographic* running in 1962 a feature article on the park and dubbing North Carolina the “Dixie Dynamo.”³⁷⁰

With a dynamic, post-industrial economy taking shape in the Piedmont Crescent, the region's metropolitan areas no longer needed to rely on accessible isolation as a tool for economic development. In fact, places like Raleigh-Durham and Charlotte thrived because they lacked geographic isolation, and could offer a more educated and skilled workforce. North Carolina's business friendly political economy, meanwhile, continued to shield metropolitan and rural businesses alike from the New Deal state. In the rural areas of the east and west, however, the slower start to industrialization prevented communities from developing the skilled workforce and educational infrastructure of their metropolitan counterparts. Moreover, despite its moniker as the Good Roads State,

³⁶⁹ Mac McCorkle, “History and the ‘New Economy’ Narrative: The Case of the Research Triangle Park and North Carolina's Economic Development,” *The Journal of the Historical Society* 12 (December 2012): 493; Cobb, *Selling of the South*, 175.

³⁷⁰ Malcolm Ross, “North Carolina, Dixie Dynamo,” *National Geographic*, February 1962.

after funds from Governor Scott's \$200 million secondary road bond had been distributed, rural transportation faded from the minds of state leaders. Believing that the goal of modernizing rural infrastructure had mostly been completed, politicians and state highway officials shifted their focus and resources to building the Interstate system and improving intercity highways. As a result, rural communities were left with a slowly deteriorating transportation infrastructure that made it more difficult to keep pace with the economic development of their metropolitan counterparts.

The result of all of this—the head start the Piedmont Crescent enjoyed in the development of industry, infrastructure, and education—was that the post-RTP era in North Carolina was marked by a wide, seemingly unbridgeable chasm along geographic lines. A divergence in the economy and quality of life emerged between the Piedmont and the East and West, and an even wider divergence emerged between the metropolitan Piedmont Crescent and rural areas throughout the state. To be sure, this divergence had its roots in the New South era. But the modern development ushered in by the Interstate system and RTP made it even more intractable, and illustrated the inability of accessible isolation to provide economic growth for rural areas in a post-industrial economy.

Industry hunters continued to use promises of accessible isolation in an attempt to find new jobs for rural North Carolinians, but the lack of high quality infrastructure meant that they struggled to break their dependency on labor-intensive manufacturing, and in some cases, struggled to attract any industry at all. In the 1960s, under Governor Sanford, the state implemented new rural development strategies, by promoting food processing industries and anti-poverty reform programs. Neither of these, however, were able to alleviate the underlying structural weaknesses of the rural economy, or overcome the

inherent limits of accessible isolation as a model of development. In short, thanks to the introduction of the Interstate system and RTP, metropolitan North Carolina became a haven for a new kind of economic development, while accessible isolation reinforced the low-wage, labor-intensive manufacturing economy of rural North Carolina.

Making the Dixie Dynamo: The Interstate System and RTP

Industrial development in North Carolina had always hinged on transportation development. Textile villages of the New South era emerged thanks in large part to proximity to the North Carolina Railroad, and supporters of rural road building in the postwar era saw their mission as necessary for the spread of industry. In the 1950s, the state began to rely more on the federal government and an emerging system of interstate highways to meet its transportation needs. The Federal-Aid Highway Act of 1956 created what Americans know today as the Interstate Highway System. Though most Americans associate the system with President Eisenhower, the 1956 legislation was the culmination of a decades-long push for greater federal investment in highway transportation, and was made possible by a range of politicians, bureaucrats, and business interests.³⁷¹ The vast highway network was instrumental in the rise of the Sunbelt, linking the South and West with the rest of the nation and stimulating economic growth in both metropolitan and rural areas. In North Carolina, the Interstate System, combined with the state's promotion of the Research Triangle Park, helped the metropolitan Piedmont Crescent transition away from traditional manufacturing and toward a more prosperous

³⁷¹ For overviews of the Interstate Highway System, see Mark H. Rose, *Interstate: Express Highway Politics, 1941-1956* (Lawrence: Regents Press of Kansas, 1979); Bruce Seely, *Building the American Highway System: Engineers as Policymakers* (Philadelphia: Temple University Press, 1987); Tom Lewis, *Divided Highways: Building the Interstate Highways, Transforming American Life* (New York: Viking, 1997); and Earl Swift, *The Big Roads: The Untold Story of the Engineers, Visionaries, and Trailblazers Who Created the American Superhighways* (Boston: Houghton Mifflin Harcourt, 2011).

postindustrial economy, even as it further entrenched low-wage, labor-intensive manufacturing in rural North Carolina.

The economic potential of an interstate highway system exposed deep rifts in southern politicians' attitudes toward the role of the state in the economy. Convinced of the importance of interstate highways for national defense and economic growth, Dwight Eisenhower assigned Lucius Clay, a retired army engineer who served under the president during World War II, to lead the President's Advisory Committee on a National Highway Program. The Clay committee developed a plan for constructing and financing the Interstate system, which served as the Eisenhower administration's first proposal to Congress in 1955. The Clay plan called for the creation of a Federal Highway Corporation, which would sell approximately \$25 billion in bonds, paid for through gasoline tax revenues and loans from the U.S. Treasury. Ninety percent of costs would be paid for by the federal government, with states picking up the remaining 10 percent. The benefit of selling bonds, Eisenhower and Clay argued, was that it would make money available immediately, creating a short-term economic boost with new construction jobs and completing the system in a timely fashion.³⁷² At the state level, North Carolina used a similar strategy in 1949 to make rapid advancements on its secondary road system.

The Clay plan met fierce resistance in Congress. Two southern Senators, Virginia's Harry Byrd and Tennessee's Albert Gore, made a notable impact on the bill's fate, and, in turn, that of the final version of the 1956 Federal-Aid Highway Act. Although both opposed the Clay plan, Byrd and Gore offered a study in contrasts in their approach to federal highway policy. Byrd's role in killing the Clay plan, and Gore's role in crafting

³⁷² Rose, *Interstate*, 69-85

the 1956 act, provide a window into southern leaders' evolving attitudes on economic development and the role of the federal government.³⁷³

Byrd, chairman of the Senate Finance Committee, was a sixty-eight year old Democrat who entered the Senate in 1933 after serving as governor of Virginia. Though he assumed his Senate seat the same year FDR assumed the presidency, Byrd made for an uneasy ally in the Democratic coalition. As one historian has written, Byrd “made fiscal prudence the central theme of his political career.” Byrd fought against a road bond issue as governor in the 1920s, though he did support tax increases as part of a “pay-as-you-go” plan for road building.³⁷⁴ As a senator, Byrd was one of his party’s leading New Deal skeptics, cautioning against “the growing tendency toward centralization of government,” and stating, “I do not believe a government can borrow and spend its way to prosperity any more than an individual can enrich himself by living beyond his income.”³⁷⁵ Little surprise, then, that Byrd used his position as Finance Committee chair to block the Clay proposal. Byrd insisted that interstate building should not add to the national debt, and that construction should not begin until the government had accumulated sufficient revenue from the gas tax.³⁷⁶

With Byrd blocking the Clay plan, Gore developed an alternative proposal. Thirty years younger than Byrd, Gore represented a new generation of southern politicians. He declined, for example, to sign the Southern Manifesto—a statement condemning the *Brown v. Board of Education* decision, signed by 101 southern Congressmen and spearheaded by Byrd and Strom Thurmond. Gore was also more amenable to a larger

³⁷³ Lewis, *Divided Highways*, 113-122.

³⁷⁴ Tindall, *Emergence of the New South*, 229-230.

³⁷⁵ Quoted in Tindall, *Emergence of the New South*, 612.

³⁷⁶ Lewis, *Divided Highways*, 113-115.

federal government, provided it could be used in the service of economic development for his region, making him a natural advocate for the Interstate system. In 1955, he proposed legislation that would have authorized the Bureau of Public Roads to spend \$10 billion over a five year period to construct the Interstate system. A version of Gore's bill passed the Senate in 1956, where it merged with a similar proposal from Representative George Fallon of Maryland.³⁷⁷

With Gore's and Fallon's bills as scaffolding, Congress passed the Federal-Aid Highway Act in June 1956. The act mandated that Interstates be financed through the Highway Trust Fund, which was created by increasing the federal gasoline tax from 2 to 3 cents. The law called for \$25 billion in spending over a twelve year period, with the federal government covering 90 percent of the costs, and set 1972 as the targeted date for completion of the Interstate system.³⁷⁸

The Interstate system was part of a growing federal presence in the southern economy. During the 1930s, New Dealers envisioned programs like the Tennessee Valley Authority, the Public Works Administration, and the Works Progress Administration as measures to reform the South by creating well-paying jobs and the infrastructure necessary for long-term development. In the postwar era, federal policy utilized southern locations for defense-related manufacturing and research and development centers. The Interstate system fit into this tradition by promising to modernize the South's transportation infrastructure and more fully integrate the region into the national economy. The federal presence in the southern economy had become so extensive by 1956 that William Faulkner famously quipped, "Our economy is no longer agricultural.

³⁷⁷ Lewis, *Divided Highways*, 115-122

³⁷⁸ Rose, *Interstate*, 85-95.

Our economy is the Federal Government.”³⁷⁹

Despite the tradition of anti-statism in the South, in other words, federal economic policy created what historian Bruce Schulman calls “a new ‘Whiggery,’ a development party not hesitant to use government to accomplish its end.”³⁸⁰ North Carolina put this ‘new Whiggery’ into action with the founding of the Research Triangle Park. Touted by Governor Luther Hodges as the “heart and hope of North Carolina’s industrial future,” RTP was a joint venture between the private and public sectors to attract higher-paying industries and employers to the central Piedmont area.³⁸¹ The park’s backers also leaned heavily on the state’s universities, which, in contrast to elementary and secondary schools, enjoyed favorable national reputations. In fact, the resources available at Duke University, University of North Carolina, and North Carolina State University, allowed the Triangle area to enjoy remarkable success in developing high-paying jobs in research and technology industries. Reacting to suggestions from businessmen and academics, Hodges developed a vision for a massive research complex in close proximity to the three universities. By leveraging the academic resources within the triangle formed by Raleigh, Durham, and Chapel Hill, this complex would attract the laboratories and research facilities of leading manufacturers and the government. Out of this idea, the Research Triangle Park was born.³⁸²

The Raleigh-Durham-Chapel Hill area was the only place in North Carolina that possessed the intellectual, cultural, and physical infrastructure for such a project. Indeed, economic growth in North Carolina after the founding of RTP revealed an important shift

³⁷⁹ Schulman, *From Cotton Belt*, especially Chapter 6. Faulkner quoted at 135.

³⁸⁰ Schulman, *From Cotton Belt*, 124.

³⁸¹ Hodges, *Businessman in the Statehouse*, 203.

³⁸² McCorkle, “History and the ‘New Economy’ Narrative,” 479-525.

in what it would take for a community to attract high-paying jobs in the second half of the twentieth century. State and local boosters continued to promote a supply of highway-accessible cheap labor to traditional manufacturers, but employers settling in RTP needed more than manpower and decent roads. Along with physical infrastructure—and the Triangle area was highly accessible thanks to Interstate highways, railroad lines, and the Raleigh-Durham airport—RTP employers depended on the brain power of the area’s universities and a desirable quality of life. The ability of North Carolina’s metropolitan areas to meet those needs allowed them to, in stark contrast from the state’s rural areas, transition out of an economy defined by labor-intensive manufacturing and towards one with skilled factory jobs and knowledge-based industries.³⁸³

Hodges was the most visible spokesman for the park, but several state business leaders were instrumental to its financing and construction. Karl Robbins, a retired textile executive, was responsible for much of the land that became RTP, as he spent more than \$1 million of his own fortune to purchase 4,000 acres. In 1958, Winston-Salem banker Archie Davis, the nonprofit Richardson Foundation, and other donors purchased the land from Robbins and began raising funds to build the research park.³⁸⁴ After his term as governor expired, Hodges continued to champion RTP during his stint as Secretary of Commerce under President Kennedy, and in 1965 he became chairman of the Research Triangle Foundation. By that year, RTP had emerged as a national leader among research and development centers, boasting an IBM facility and a laboratory for the National

³⁸³ *Ibid*; Emil E. Malizia, “The Locational Attractiveness of the Southeast to High-Technology Manufacturers” and Michael I. Luger, “The States and High-Technology Development: The Case of North Carolina,” both in Dale Whittington, ed., *High Hopes for High Tech: Microelectronics Policy in North Carolina* (Chapel Hill: University of North Carolina Press, 1985); William M. Rohe, *The Research Triangle: From Tobacco Road to Global Prominence* (Philadelphia: University of Pennsylvania Press, 2011).

³⁸⁴ Cobb, *The Selling of the South*, 172; McCorkle, “History and the ‘New Economy’ Narrative,” 484-491.

Institute of Environmental Health Sciences.³⁸⁵

Enticing these types of employers required a different type of sales pitch than the one issued to traditional manufacturing firms on behalf of rural counties. Where the latter could be swayed by promises of cheap labor and accessible isolation, research-based companies and advanced manufacturers needed a more comprehensive portrait of a potential new site. Executives, managers, and scientists at these companies wanted assurances that their new community was a desirable place to live. The Department of Conservation and Development thus began to alter their sales pitch accordingly. The 1965 booklet *Go, North Carolina*, for example, promoted North Carolina's cultural amenities, sometimes referred to as "livability" factors. A section titled "Culture" highlighted the state's burgeoning arts scene, with information on theaters, dance studios, museums, and the state-sponsored North Carolina Symphony. Another section on "Recreation" showcased golf courses, beaches, and mountain resorts. "Workers who play better, work better," the brochure explained, adding, "They play better in North Carolina." Other sections touted the state's medical facilities and its commitment to education, from elementary school through the state university system. As the subtitle of *Go, North Carolina* suggested, these factors made the Tar Heel State "a vital, fast-growing state."³⁸⁶

The focus on these cultural factors marked a shift in recruiting materials toward a more holistic picture of North Carolina as a community, not simply an industrial site, as materials from the late 1940s and early 1950s sometimes implied. *Industrial North Carolina*, a short brochure published in 1952, for example, provided statistics on recent

³⁸⁵ McCorkle, "History and the 'New Economy' Narrative," 493.

³⁸⁶ Commerce and Industry, *Go, North Carolina*.

industrial growth, labor availability, and descriptions of raw materials. A passing statement that “recreational advantages abound” in the state, was the only reference to what it was like to actually live in North Carolina.³⁸⁷ Similarly, *Your Plant Location in North Carolina* (1950) provided only a few sentences on the public school system and a brief section on outdoor activities in the state. *Your Plant Location* made no mention of fine arts attractions, and focused mostly on the characteristics of the state’s labor force and the availability of markets and raw materials.³⁸⁸

As the content of recruiting materials changed, so too did the presentation. Like the *Go, North Carolina* booklet, *North Carolina: Industrial Opportunity* (1967) advertised education and “livability” factors in the state. What made *Industrial Opportunity* distinct was that it featured German and French translations. Rather than print separate editions, the Conservation and Development authors included English, French, and German text side-by-side, bound in a single volume. Publishing the booklet in this way allowed North Carolina to not only reach an international audience, but also to present itself as a cosmopolitan state with strong economic ties throughout the world.³⁸⁹

Conservation and Development’s emphasis on cultural amenities and “livability” factors reflected a changing audience for North Carolina’s industrial recruiters. In the 1950s and 1960s, states and communities looking to attract more highly-skilled, higher-paying jobs needed to portray themselves as desirable places to live. Employers in technology and skilled manufacturing industries often required members of their professional staff to relocate with new facilities, which posed a challenge for many rural

³⁸⁷ Commerce and Industry, *Industrial North Carolina*.

³⁸⁸ Conservation and Development, *Your Plant Location in North Carolina*.

³⁸⁹ North Carolina Division of Commerce and Industry, *North Carolina: Industrial Opportunity* (Raleigh, N.C.: Department of Conservation and Development, ca.1967).

communities in the South. “There are all sorts of places that look good in the boondocks,” reported an executive at the Celanese Corporation, “but you can’t get anyone to go there to work.” Many of the nation’s leading companies, then, began to place greater emphasis on the quality of a potential plant site’s local school system. As a manager at General Electric found, this factor was “increasingly important where large numbers of professional people, such as scientists and engineers, have to be attracted to the plant from other parts of the country.” Educated, well-compensated professionals, in other words, did not want to sacrifice their children’s education by relocating their family to a rural backwater. By the mid-1960s, General Electric scrutinized a potential community’s rate of teacher pay, student-teacher ratio, and the percentage of local graduates who attend college, among other factors, while Celanese solicited data on local College Board exam scores.³⁹⁰

Promoting RTP and recruiting knowledge-based companies also required North Carolina to abandon some the more regressive aspects of its culture—or at least keep them out of sight. Overt resistance to the Civil Rights Movement, as many southern states discovered, could impede the efforts of industrial recruiters. North Carolina’s leaders avoided the incendiary rhetoric of their Deep South counterparts, and enacted policies that managed to both resist integration and cast their state in a comparatively progressive light. Hodges, for example, won national praise for his response to the *Brown v. Board of Education* decision. Hodges did not make an outright pledge of defiance to the Supreme Court ruling, but he did implement a plan that offered whites what he called a “safety valve” against integration. The plan allowed local school districts to close their schools

³⁹⁰ George Melloan, “School Scrutiny,” *Wall Street Journal*, September 23, 1965. This source is also quoted in Cobb, *The Selling of the South*, 161.

through a public referendum, and provided tuition aid for white students to attend private schools.³⁹¹

For Hodges' purposes, the success of the plan was that it allowed for enough token integration to appease federal overseers, while still giving whites a path to opt out of public schools, thus keeping a lid on massive resistance in the state. In his mind, massive resistance and demands for full integration were equally extreme positions, and his own plan was a sensible middle ground. Ultimately, however, Hodges did more to burnish his—and North Carolina's—progressive image than to advance civil rights. One school official from Little Rock, Arkansas perceptively noted the end result of Hodges' approach when he wrote to a North Carolina friend, “You North Carolinians have devised one of the cleverest techniques for perpetuating segregation we have seen.”³⁹²

States that more openly resisted the *Brown* decision found it difficult to attract new industrial investment. After the standoff in Little Rock in 1957, for example, Arkansas added 1,400 fewer jobs in 1958. From 1958 to 1961, the state failed to recruit a single new factory. Boosters in other states, hoping to build support for moderate approaches to integration, began inviting Arkansas Chamber of Commerce representatives to speak on the consequences of their state's defiance.³⁹³

Hodges' approach to civil rights was informed by his belief that North Carolina's economic progress would stall if it followed Arkansas's lead. One North Carolina ex-pat living in New York warned that continued resistance to civil rights would have drastic consequences: “industry will disappear, new ones won't come, income will go down,

³⁹¹ William H. Chafe, *Civilities and Civil Rights: Greensboro, North Carolina, and the Black Struggle for Freedom* (New York: Oxford University Press, 1980), 53-60.

³⁹² Quoted in Chafe, *Civilities and Civil Rights*, 70.

³⁹³ Cobb, *Selling of the South*, 125-126.

taxes will go up, the South will be back where it was in 1890.” While Hodges was more optimistic about the region’s future and less enthusiastic about integration, he agreed that “progress will be slowed down if we don’t handle the present situation in an intelligent fashion.”³⁹⁴ Industry hunters at the Department of Conservation and Development also understood the delicate nature of recruiting northern industry while embroiled in a standoff over civil rights. In preparing for a recruiting trip to New York, the department circulated an internal memo, advising recruiters of companies that were “very liberal when it comes to the segregation problem,” so that they would know to emphasize North Carolina’s track record on civil rights, compared to other southern states.³⁹⁵

However misleading the state’s portrait of its race relations was, the promotion of RTP helped make the Triangle area an exception to the poor education and low per capita incomes of rural North Carolina. As historian James Cobb has noted, between 1961 and 1971, the area grew in population by 28 percent and by the mid-1970s claimed more PhD holders per capita than anywhere else in the nation. RTP had become such an attractive site that boosters could be selective with the type of companies that located in the park, rejecting those that were heavily oriented toward manufacturing in favor of research and knowledge-based firms.³⁹⁶

The Mud Tax Returns: Infrastructure and the Limitations of Rural Development

While the Triangle area was evolving into what *National Geographic* would call a “Dixie Dynamo,” rural North Carolina saw little of this progress. The ‘new Whiggery’—

³⁹⁴ Arnold Rehfield III to Luther H. Hodges, March 19, 1956, Folder “Commerce and Industry—R,” Box 71, General Correspondence 1956, Hodges Papers.

³⁹⁵ “New York Prospects,” memorandum, n.d., Folder “Commerce and Industry—General,” Box 72, General Correspondence 1956, Hodges Papers.

³⁹⁶ Cobb, *Selling of the South*, 175.

in the form of the Interstate system and RTP—laid the groundwork for a vibrant mixed economy in metropolitan areas, but rural communities continued to rely on traditional, labor-intensive industries like textiles, apparel, and furniture. Without the educational and cultural advantages of metropolitan areas like Raleigh-Durham, rural communities and state industrial recruiters leaned on their usual strategies of selling cheap, hard-working, highway-accessible labor. But in the eastern and western sections of the state, even this argument was becoming more difficult to convincingly defend. By the late 1950s, the state lost much of the progress it had made in rural road building at the beginning of the decade. The State Highway Commission shifted its focus away from secondary roads and toward intercity routes, and when carving out its share of the Interstate Highway System, state planners gave disproportionate attention to the metropolitan Piedmont.³⁹⁷ What emerged were diverging tiers of infrastructure between metropolitan and rural North Carolina, which exacerbated their diverging economies and quality of life.

For a state that prided itself on its roads, North Carolina took a relatively small cut of the Interstate Highway System. The 1956 law allocated only 714 miles of Interstate to North Carolina. Bordering states received much greater mileage: 1,171 in Georgia, 1,093 in Tennessee, 1,008 in Virginia, and 769 in South Carolina. The routes that North Carolina did obtain, however, were well-positioned to benefit the state's major cities. Most important was Interstate 85, which followed the same path as the North Carolina Railroad through the Piedmont. Moving south from Virginia, I-85 connected to Durham, veered east to Greensboro, then turned south toward Charlotte, Spartanburg, South

³⁹⁷ Walter R. Turner, *Paving Tobacco Road: A Century of Progress by the North Carolina Department of Transportation* (Raleigh: N.C. Department of Cultural Resources, 2003), 60-63.

Carolina, and Atlanta.³⁹⁸ The route became a major source of economic growth, not only in the Triangle area, but also in Charlotte and the Piedmont Triad of Greensboro, Winston-Salem, and High Point.³⁹⁹

Most of North Carolina's Interstate mileage ran north to south. Interstate 95 cut through the eastern part of the state, connecting small cities like Rocky Mount and Fayetteville. When completed, the full length of I-95 ran along the entire east coast, from Maine to Florida. Interstate 77 was added to the system in 1957, extending from Charlotte to Cleveland, Ohio. I-77 brought North Carolina's total Interstate mileage to 776, and gave Charlotte and other Piedmont cities a second route to the North, providing easier access to the industrial Midwest and Northeast.⁴⁰⁰

While North Carolina claimed three north-to-south Interstates, the state had only one east-to-west route, Interstate 40. Moreover, I-40 was an abbreviated route, beginning at the Tennessee state line near Asheville, and ending at the I-85 junction near Greensboro. An Interstate traveler heading east, in other words, could make it no farther than Durham. The remaining 150 to 200 miles from Durham to the coast were accessible from points west only by primary highways and secondary roads.⁴⁰¹

This meant that wide swaths of rural areas and small towns were, at best, junior partners to North Carolina's Interstate system. The north-to-south lines targeted cities that were already industrialized and becoming a part of the growing Sunbelt. Those areas—Charlotte, the Triangle, and the Piedmont Triad—benefitted from easier access to the

³⁹⁸ *Ibid.*

³⁹⁹ On the economic importance of I-85, see Dean Foust and Maria Mallory, "The Boom Belt: There's No Speed Limit on Growth along the South's I-85," *Business Week*, September 23, 1993; and Marko Maunula, *Guten Tag, Y'all: Globalization and the South Carolina Piedmont, 1950-2000* (Athens, Ga.: University of Georgia Press, 2009).

⁴⁰⁰ Turner, *Paving Tobacco Road*, 62.

⁴⁰¹ *Ibid.*, 63.

North. Other, less densely populated areas—the eastern and westernmost counties and the southern Piedmont between Charlotte and Fayetteville—remained more isolated from the rest of the nation. Those areas were accessible to the rest of the nation through Interstates 77, 85, and 95, but getting to rural areas in the east and west hinged on the quality of state highways and rural roads.⁴⁰² By the late 1950s, that proved challenging, even for the Good Roads State.

Thanks to the 1949 secondary road bond, the quality of rural roads had improved by the early 1950s. Prior to Governor Scott's term in office fewer than 3,000 miles of secondary roads had been paved. By 1956, 21,364 miles of secondary roads were hard-surfaced, more than any other southern state and more than Virginia and Georgia combined.⁴⁰³ The road bond also led indirectly to improvements in the primary highway system. With \$200 million issued specially for the secondary system, the Highway Commission could direct more of its regular budget to primary highways. This allowed for a widening and rebuilding of U.S. Highway 74, an east-west route that connected Wilmington, Charlotte, and Asheville. The Commission also widened U.S. Highway 1, a north-south route through the piedmont.⁴⁰⁴ By the mid-1950s, the state claimed just under 11,000 miles of primary highways, only 124 of which lacked a hard surface.⁴⁰⁵

Hard surfacing, however, did not guarantee that highways would be able to accommodate modern traffic demands. Due to increased vehicle ownership, in fact, North Carolina highways actually had fewer square yards of pavement per vehicle in 1956 than

⁴⁰² *Ibid.*, 60-63.

⁴⁰³ A.H. Graham, "Road Progress," *We the People of North Carolina*, November 1956, 34.

⁴⁰⁴ Turner, *Paving Tobacco Road*, 55.

⁴⁰⁵ North Carolina State Highway and Public Works Commission, *Biennial Report of the State Highway and Public Works Commission of North Carolina, 1955-1956* (Raleigh, N.C.: North Carolina State Highway and Public Works Commission), 10.

in 1946. With postwar driving habits and the growth of the trucking industry, traffic on the primary system more than doubled during that same time period.⁴⁰⁶ Moreover, even the best highways in the state, like U.S. 74 and U.S. 1, lacked bypasses, forcing commercial truckers to navigate crowded city streets along their routes.⁴⁰⁷

By 1954, the deficiencies of the primary system became impossible for the Highway Commission to ignore. That year, the Commission paid \$110,000 to the engineering firm of Parsons, Brinkerhoff, Hall, and MacDonald to conduct a study of North Carolina's highway needs. The Parsons report's description of primary highways was damning and called for aggressive measures to bring the system up to par. The secondary roads program initiated by Governor Scott "was practically complete and would suffice for many years," the report concluded. "Increased vehicular speeds, sizes, and weights had damaged highways," however, and few improvements had been made since the primary system was first developed in the 1920s. The researchers estimated that North Carolina would need to spend \$1.4 billion over the next decade to bring its primary highways up to the standards of the time period.⁴⁰⁸

The Highway Commission did not deny any of the report's key conclusions, and in fact expand on them in their 1956 biennial report to the governor. North Carolina, the report admitted, was "saddled with many miles of antiquated highways," intended for the light, slow-moving cars of the 1920s.⁴⁰⁹ Highway officials complained about the state of primary highways into the early 1960s. Writing in *We the People* in 1963, Merrill Evans, Chairman of the Highway Commission, noted that 3,000 miles of North Carolina

⁴⁰⁶ *Ibid.*, 16-19.

⁴⁰⁷ Turner, *Paving Tobacco Road*, 55.

⁴⁰⁸ *Ibid.*, 55-56

⁴⁰⁹ *Biennial Report of the State Highway and Public Works Commission, 1955-1956*, 7.

highways were too narrow to be operated safely, and despite progress on the nationwide Interstate System, “Few Primary Roads had been rebuilt or modernized.”⁴¹⁰

In short, by the mid-1950s, many state highway officials believed that the work needed on the secondary road system had been largely completed, and that the time had come to focus their attention on Interstate routes and intercity highways. Governor Hodges, then, enacted two major transportation policy reforms designed to prioritize primary highways. First, he restructured the Highway Commission to weaken the power of local commissioners. The Highway Commission had divided the state into fourteen districts, each with a governor-appointed commissioner. These commissioners studied the road conditions in their districts, and based on their observations and feedback from local citizens, made recommendations to highway engineers on route improvements and planning. The system gave local people a voice in the Highway Commission, which they used to pressure the state for improvements to secondary roads. For Hodges, the system was inefficient at best and corrupt at worst. Roads were often built, he alleged, based on the political clout of the district commissioner or the individual making a request, not on need. Having fourteen commissioners responsible only for their district also made it difficult to maintain clear, long-term transportation plans, meaning essentially that “the highway budget was split fourteen ways and that each commissioner was a king in his own division.” Hodges proposed to eliminate the fourteen commissioner system and replace it with a seven member committee. The committee was to have a statewide focus, with no one member having authority over a particular district.⁴¹¹

His second major reform was to establish a point system for secondary road

⁴¹⁰ Merrill Evans, “Primary Roads Our Primary Problem,” *We the People of North Carolina*, July 1963, 27.

⁴¹¹ Hodges, *Businessman in the Statehouse*, 131-134, quote at 134.

improvements. Rather than rely on the input of citizens and local commissioners, the Highway Commission would assign a numerical score to all secondary roads based on “such factors as traffic density, number of houses served, use of road by school buses, and other aspects of public convenience.” A list of all roads and their priority score would be posted in the courthouse of each county, so that, Hodges wrote, a citizen could “find out if and when his road would be paved. He would not have to get somebody to do it for him. And his influence—or lack of it—would not be a factor any more on whether a road would be paved.” Hodges’ proposals, which were implemented by the General Assembly in 1957, aimed to create a more rational, objective method of running the Highway Commission and building roads. The smaller policy making committee and the point system prioritized long-term planning that considered the needs of the entire state, and as Hodges noted, reduced local influence.⁴¹²

But many citizens, especially those in the most isolated sections of the state, valued their influence over road building decisions and believed that Hodges’ reforms reversed some of the progress made by the 1949 bond issue. A group of mayors and town commissioners in southeastern Duplin County, for example, petitioned the newly inaugurated Governor Terry Sanford in 1961 to re-appoint a district commissioner to their area. Duplin residents knew the pain of bad roads, having suffered the loss of a textile factory in the 1940s after managers found the local infrastructure untenable. The petitioners noted a widespread “feeling that the present Secondary Road Plan is unsatisfactory,” and demanded the re-appointment of a local Highway Commission official “with whom anyone can discuss Secondary Road needs, problems and

⁴¹² *Ibid.*, 134-135, quotes at 135.

situations.”⁴¹³

Many western North Carolinians also remained dissatisfied. Frustration with the new structure was so intense that officials were “pretty much convinced that there will be an effort in the West to change the Highway Commission setup.” One state senator in the area was sympathetic to the Commission, but worried that his defense of Hodges’ reforms was “sometimes to his own disadvantage with respect to his own political future.”⁴¹⁴

As many rural people saw it, the state was losing the progress it made under the Scott administration in secondary road building. Those who lived on unpaved or deteriorating roads continued to note the challenges of commuting to off-farm jobs, especially during winter months. Ruth Reed of northwestern Ashe County told Governor Sanford that along the roads in her area, “it becomes impossible to travel in anything except maybe a farm tractor” during periods of inclement weather. “We are without mail service part of the time and cannot get to our jobs, schools, markets, or doctors,” she added.⁴¹⁵ In nearby Moravian Falls, one resident reported, severe weather made secondary roads impassable, meaning that rural people who did not farm “have to go a long way around in winter” to get to their jobs.⁴¹⁶

Civic leaders in rural areas worried about the effects of bad roads on industrial and economic development. Noting industry’s growing preference for rural locations, these leaders feared being left behind if infrastructure in their communities could not support

⁴¹³ Town of Beulaville petition to Terry Sanford, January 1961, n.d., Box 79, General Correspondence 1961, Sanford Papers.

⁴¹⁴ Robert Bunnelle to Luther Hodges, December 4, 1959, Folder “Pigeon River Road,” Box 83, General Correspondence 1961, Sanford Papers.

⁴¹⁵ Ruth Reed to Terry Sanford, December 17, 1961, Box 79, General Correspondence 1961, Sanford Papers.

⁴¹⁶ Glenn Russell to Terry Sanford, March 1, 1961, Box 79, General Correspondence 1961, Sanford Papers.

efficient year-round operations. The Norlina Merchants Association, for example, wrote that their “largely unnoticed” town in northeastern Warren County had failed to attract a new industry in more than twenty years, in part because of the area’s roads. They requested “a modest allotment of \$150,000...to give us 15 miles of badly needed blacktopping.” Doing so would “literally pav[e] the way for labor to be more accessible in all weather conditions,” and enhance the county’s attractiveness to industrial prospects.⁴¹⁷

On the other side of the state, Gerber Baby Foods operated a processing facility in Asheville, which depended on outlying areas for raw materials. One of the company’s vice presidents complained that the area’s infrastructure created high transportation costs and delays in acquiring fresh goods. To maintain a climate conducive to manufacturing, the company insisted, roadways in western North Carolina “must be modernized and a concerted effort made to complete the Interstate System which had started.”⁴¹⁸ Likewise, the Commonwealth Lumber Company worried that bad roads could put its Cherokee County operations in jeopardy. By the early 1960s, the company had begun to exhaust its supply of raw material in the immediate area, and needed to access the timber in the Tellico River Basin in eastern Tennessee. Existing transportation paths to the area, however, were “so circuitous that exploitation of this timber would be economically prohibitive.” Commonwealth Lumber claimed that the survival of their western North Carolina mills, and the continued extension of economic growth to “the farthest corners of the State,” depended on continued improvements to roads and highways in rural

⁴¹⁷ Alex Katzenstein to Luther Hodges, August 12, 1957, Box 181, General Correspondence 1957, Hodges Papers.

⁴¹⁸ John C. Suerth to Terry Sanford, November 1, 1962, Box 146, General Correspondence 1962, Sanford Papers.

areas.⁴¹⁹

Despite the frustrations of rural citizens, Hodges' reforms remained in place. And though Sanford positioned himself as an ally to poor whites and blacks—particularly with education and anti-poverty initiatives—many were unimpressed with the progress of transportation under his leadership. In letters to Dan Moore, Sanford's successor, poor rural people told stories of dirt roads and broken campaign promises. After attending a pro-Sanford rally in Hickory during the 1960 gubernatorial campaign, one group of twenty families came away convinced that Sanford would refocus the Highway Commission on paving rural roads. Five years later, with no road improvements to show for their support, the group wrote to Moore that “all [Sanford] wanted was our vote and he didn't care how much mud we walked through, how much extra painting the dirt caused, how much more wear and tare it was on our cars, how much more sickness we had for our 68 children.”⁴²⁰ Other people described visits from highway officials that ultimately led to nothing. “Last year I wrote Gov. Sanford about paving the road,” said one resident of a route connecting Davidson County with industrial schools and workplaces in Greensboro. “He send a man to see me about it [but] he never did nothing about it,” the resident added.⁴²¹ Many people in western Avery County had dealt with bad roads for so long, they were almost resigned to their fate of being neglected by the Highway Commission. They matter-of-factly admitted that “We might never get a hard top for Avery Co. has never had very much consideration.” Instead, they lowered their

⁴¹⁹ S.P. Horowitz to Terry Sanford, August 22, 1962, Box 146, General Correspondence 1962, Sanford Papers.

⁴²⁰ “Law Abiding Citizens” to Dan Moore, May 18, 1965, Folder “Highway—General,” Box 44, General Correspondence 1965, Governor Dan K. Moore Papers (State Archives of North Carolina), hereinafter cited as Moore Papers.

⁴²¹ “Community of the Old Greensboro Rd.” to Dan Moore, June 22, 1965, Folder “Highway—General,” Box 44, General Correspondence 1965, Moore Papers.

expectations and asked Moore to at least “Sprinkle the roads with something to stop the dust.”⁴²² A letter from one Rockingham County resident captured the disconnect that many rural people felt from the workings of the Highway Commission in the years after Hodges’ reforms. State highway officials did not understand what rural people dealt with because “Our road men who pretend to look after our roads live in town on the hard roads...I truly hope someone will wake up and see what kind of roads us rural people has to travel.”⁴²³ Many of the rural North Carolinians who saw their roads paved at the beginning of the 1950s saw them deteriorate by the end of the decade. At the same time, they watched as improved intercity highways and an emerging Interstate system helped make metropolitan areas like the Triangle a nationally renowned source of skilled, high-tech jobs.

Because rural North Carolina’s physical infrastructure did not keep pace with its metropolitan counterparts, neither did its economic development. State leaders and industry hunters remained committed to bringing manufacturing jobs to the countryside, but the kinds of employers interested in such sites continued to be those in low-wage, labor-intensive industries—industries that only required enough decent roads to allow them access to an isolated plant site. Rural manufacturing in North Carolina stood in sharp contrast to the metropolitan Piedmont, where government investments like the Interstate system and RTP helped lessen dependency on the state’s traditional manufacturing industries. By the early 1960s, the state did implement some new rural development strategies, namely the promotion of food processing industries and War on

⁴²² “Residents of Avery County to Dan Moore, May 11, 1965, Folder “Highway—General,” Box 44, General Correspondence 1965, Moore Papers.

⁴²³ Anonymous to Dan Moore, n.d., Folder “Highway—General,” Box 44, General Correspondence 1965, Moore Papers.

Poverty-style reform programs, but these failed to address the structural deficiencies of the rural economy.

During his six years as governor, Luther Hodges became perhaps the most high-profile industry hunter in the nation. While all southern states attempted to recruit new industries, Hodges was the first to make extensive use of recruiting trips to northern cities, where he made direct appeals on behalf of his state. He made the first such trip to New York City in 1957. With the help of seventy-five “volunteer salesmen”—mostly businessmen, elected officials, and local chamber of commerce representatives—Hodges’ recruiting team met with more than 250 prospects during a week-long trip. Hodges drew upon connections forged during his own business career, but he and his volunteers also made cold calls and in-person visits to present the advantages of manufacturing in North Carolina. For those companies he did not have time to meet with, Hodges disseminated his message on national radio and television broadcasts. He led similar excursions to Chicago and Philadelphia in 1958, and again to New York and Chicago in 1960.⁴²⁴ The pursuit of new industries consumed much of his time and energy, and in one year alone, Hodges logged a reported 44,927 miles.⁴²⁵ His commitment to selling North Carolina was so intense that some worried about his health. “You need to conserve yourself more than you are doing, I fear,” wrote one concerned friend. “I want to see your service to North Carolina enduring longer than it can do under the burdens you are now carrying.”⁴²⁶

Rather than conserving himself, Hodges took his recruiting campaign international. In

⁴²⁴ Hodges, *Businessman in the Statehouse*, 57-63.

⁴²⁵ Edwin L. Rankin Jr., “Luther H. Hodges,” in Howard E. Convington and Marion E. Ellis, eds., *The North Carolina Century: Tar Heels Who Made a Difference, 1900-2000* (Charlotte: Levine Museum of the New South, 2002), 493.

⁴²⁶ Holt McPherson to Luther Hodges, April 7, 1955, Folder “C&D Chamber of Commerce,” Box 8, General Correspondence November 1954-1955, Hodges Papers.

November 1959, he launched what he called the North Carolina Trade and Industry Mission to Europe, a two-week tour of six countries and ten cities. Though many volunteers on this mission had never travelled abroad before, this was not a vacation, Hodges told them. “This is going to be an extremely hard trip,” he warned. “It’s going to be all business. You may have a night or part of the day in Paris at the end of the trip, but in between you’ll be expected to work all day, be one time, and be serious about your undertaking. If you can’t live up to this, then I suggest you not go.”⁴²⁷

Sixty-eight volunteers made the trip, landing in London on November 1. From there the delegation made stops in Germany, The Netherlands, Switzerland, Belgium, and France. Each day’s itinerary followed the same basic format. The delegation hosted a luncheon at each new city, where Hodges addressed as many as 200 local businessmen and industrialists. In the afternoons, smaller groups made personal visits to businesses, giving presentations on North Carolina’s potential as an industrial site and trading partner. Hodges occasionally took part in these house calls, but more often he spent afternoons publicizing his state’s mission through the local media. By the end of the two weeks, Hodges’ team had visited more than 1,600 businesses, and Hodges had held twelve press conferences, eighteen newspaper interviews, and twelve radio or television interviews.⁴²⁸

The mission generated excitement among the North Carolina media, but Hodges cautioned that the effects would not be felt in the short-term. “We had really hoped to obtain long range results, not immediate commitments,” he told the *Greensboro Daily*

⁴²⁷ Hodges, *Businessman in the Statehouse*, 74.

⁴²⁸ North Carolina Division of Commerce and Industry, *North Carolina Trade and Industry Mission to Europe, October 31-November 15, 1959* (Raleigh: Department of Conservation and Development, Division of Commerce and Industry, 1959).

News. Several times he insisted that reporters should not expect his delegation “to bring back an industry in our pocket.”⁴²⁹ Nonetheless, he pronounced the mission a resounding success, reporting that each of his speeches received a warm ovation and that “European businessmen are interested in and curious about our large group of North Carolina businessmen.” Most of the tangible benefits of the mission came from networks established between industry hunters and European businessmen. At least six German industries and one British chemical manufacturer pledged to visit North Carolina to study potential plant locations. One of those companies, Plueger Submersible Pump Company of Hamburg, established a plant in Statesville in June 1960. Other firms pledged to divert some of their imports from New York to North Carolina ports on a trial basis.⁴³⁰

Hodges’ successors continued to make industrial recruiting trips to northern and European cities. In 1961, just a few months into his administration, Terry Sanford led an industry hunt to the Ohio Valley region. The busy itinerary of that trip suggests that he also inherited Hodges’ breakneck pace of travel. Sanford and his 35-man team spent the first day of their trip in Pittsburgh, making calls on factory owners from 9 a.m. to 5 p.m. After a reception at the Duquesne Club, a private social club for the city’s elite, the delegation boarded an overnight train to Columbus, Ohio, where they again held meetings throughout the day. Sanford’s team visited five cities during the six-day trip, and their schedule offered little time for rest. Recruiters traveled to each new city on late-night trains, often arriving at their destination at midnight or in the early hours of the

⁴²⁹ Luther H. Hodges, “Gov. Sees Jaunt to Europe Most Successful,” *Greensboro Daily News*, November 10, 1959, clipping in Commerce and Industry, *North Carolina Trade and Industry Mission to Europe*.

⁴³⁰ Guy Munger, “Caravan Takes Stock of Trip,” *Greensboro Daily News*, November 13, 1959, clipping in Commerce and Industry, *North Carolina Trade and Industry Mission to Europe*; for the Plueger Submersible Company, see Hodges, *Businessman*, 75.

morning, then spent a full day in pursuit of new industry.⁴³¹

Recruiting trips sparked controversy and inflamed tensions between the North and South. For their part, North Carolina's recruiters insisted that they were not trying to "steal" industries away from northern states. Instead, Hodges and Sanford insisted that they were only trying to secure branch plants from companies that were already planning to expand their manufacturing facilities. Hodges often referred to his European campaign as a "good will" mission, and Sanford reinforced a similar message on his Ohio Valley trip. In speeches, Sanford used three different rhetorical constructions to make this case. The North Carolina delegation had not "come to steal, we've come to sell," Sanford claimed. His trip was "not a raid" but a "good will mission," "not an invasion" but "an invitation" to businesses planning to expand.⁴³²

Despite those assurances, industry recruiters embraced the language of "invasion" and "hunting" in other venues. In his memoir, for example, Hodges discussed his trips in a chapter titled "Industry Hunting—At Home and Abroad." Included in that chapter are two cartoons that seemingly confirmed northern allegations of plant piracy. In one, Hodges approaches a farmhouse carrying a musket, with a game bag labeled "Philadelphia Industry Hunt" draped over his shoulder. In another, Hodges is depicted on horseback, leading a team of cavalry along a road marked "Northern and Midwestern Industries." Behind him, a cavalryman carries a Confederate flag with the words "Hodges' Raiders" written across the bars.⁴³³

⁴³¹ "Tentative Program, Ohio Valley Industrial Trip, May 21st through May 26st," Folder "Commerce and Industry—Ohio Trip," Box 34, General Correspondence 1961, Sanford Papers.

⁴³² Excerpts from Address by Governor Terry Sanford to Ohio Valley Industrialists and Businessmen," n.d., Folder "Commerce and Industry—Ohio Trip, Box 34, General Correspondence 1961, Sanford Papers.

⁴³³ Hodges, *Businessman*, images at p. 59 and 64.

Not surprisingly, the recruiting tactics of southern states provoked suspicion and anger among many northerners. Labor leaders and politicians accused southern states of poaching jobs, and media outlets often spoke of a second “civil war” being fought over manufacturing plants. Much of the North’s ire focused on bond subsidy programs, which allowed factories to relocate at little or no cost. Northern congressmen in the 1960s tried repeatedly to ban the practice, but succeeded only in placing modest restrictions on the total value of tax-exempt bonds.⁴³⁴

North Carolina was the only southern state that did not offer subsidies through tax-exempt bonds, a policy that remained in place until 1976.⁴³⁵ Thus, the state avoided some of the direct scorn that northerners heaped on leading subsidy-providing states. In fact, many northerners viewed North Carolina’s recruiting trips with a twinge of jealousy. Hodges, for example, garnered widespread praise from national media outlets for his use of recruiting trips, especially his mission to Europe. By the end of the twentieth century, the practice of state officials meeting directly with foreign corporations became commonplace. In the 1950s, however, Hodges’ campaigns were relatively uncharted territory. The *Wall Street Journal* reported that the European mission had “tak[en] the Tar Heel delegation far off the beaten path of U.S. industry recruiters.”⁴³⁶ Likewise, the *U.S. News and World Report* stated that North Carolina was “breaking new ground in the search for investment capital.”⁴³⁷ *Business Week* also ran a positive story on the mission,

⁴³⁴ Cobb, *The Selling of the South*, 41-46.

⁴³⁵ North Carolina Department of Commerce, *North Carolina Financing* (Raleigh, N.C.: Department of Commerce, ca. 1980).

⁴³⁶ Cal Brumley, “North Carolina Turns to Europe as Luring Industry Gets Harder,” *Wall Street Journal*, November 5, 1959, clipping in Commerce and Industry, *North Carolina Trade and Industry Mission to Europe*.

⁴³⁷ “Carolina Makes a Bid for European Industry,” November 16, 1959, *U.S. News & World Report*, clipping in Commerce and Industry, *North Carolina Trade and Industry Mission to Europe*.

complete with a full page photo spread of North Carolinians hobnobbing with Europe's business elite.⁴³⁸ Sanford's Ohio Valley campaign also received praise, with the *Columbus Evening Dispatch* editorializing that it "should give pause to northern and eastern states which once enjoyed a monopoly on the nation's industry." The *Dispatch* found the South's efforts to be "an excellent display of resourcefulness," and suggested that, rather than seek ways to curb recruiting tactics, northern states should emulate them.⁴³⁹

Business Friendly North Carolina

When northerners like the editor of the *Columbus Dispatch* expressed admiration for North Carolina's development, they were likely thinking of the state's booming metropolitan areas, not the rural counties and small towns that pinned their hopes on the recruitment of low-wage manufacturing. That recruitment, in fact, compelled North Carolina policymakers to cater to business elites, and led to several regressive tax policies that blunted the effect of other efforts to invest in human capital. Indeed, the competitive field of industrial recruiting, along with the vocal lobbying of the state's business leaders, pushed North Carolina to maintain a business-friendly climate of low wages, low taxes, and limited regulations. National praise for the Dixie Dynamo, in other words, masked the continued entrenchment of North Carolina's anti-New Deal economic growth strategy.

Since the 1940s, *We the People of North Carolina*, the official publication of the North Carolina Citizens Association, functioned as a barometer of the business

⁴³⁸ "Carolina Woos the Rich European," *Business Week*, November 21, 1959, clipping in Commerce and Industry, *North Carolina Trade and Industry Mission to Europe*.

⁴³⁹ "North Carolina Sets Example," *Columbus Evening Dispatch*, June 1, 1961, clipping in Folder "Commerce and Industry—Ohio Trip," Box 34, General Correspondence 1961, Sanford Papers.

community's political beliefs. The NCCA organized as a response to the postwar growth of the federal government, and published *We the People* as ostensibly an objective news source. The magazine's content featured original and syndicated articles on federal and state fiscal policies. Original pieces were often flattering profiles of North Carolina businesses, large and small.⁴⁴⁰

Though it billed itself as "fair, impartial and non-partisan," *We the People* maintained a sharp editorial edge, with denunciations of labor unions, high taxes, and alleged violations of the principles of free enterprise.⁴⁴¹ Articles shared the same political slant but were more measured in tone. A 1947 syndicated article from a New Jersey Senator, for example, criticized the Wagner Act as going too far in empowering labor, yet conceded that its supporters were "well-meaning," and called for a labor-management armistice in which "management takes a more personal interest in the welfare and prosperity of the workers, while the workers have a more personal understanding of the problems of management."⁴⁴² Likewise, an article from Harry F. Byrd, Jr., reprinted from a Virginia newspaper, claimed that the Wagner Act "fostered the greatest monopoly this Nation had ever known—the union monopoly." Though he bitterly opposed the closed shop, Byrd's article was diplomatic enough to concede that "there are many unions where there is little, if any, abuse of this [monopoly] power."⁴⁴³

By the 1960s, however, *We the People*'s tone had grown even sharper, and the articles it chose to reprint made fewer concessions to liberal ideas. The magazine also

⁴⁴⁰ *The North Carolina Citizens Association: Purposes, Membership, Organization, Program, Personnel, Publications, the Need* (Raleigh, N.C.: North Carolina Citizens Association, 1942), North Carolina Collection, Wilson Library, University of North Carolina-Chapel Hill.

⁴⁴¹ *Ibid.*

⁴⁴² H. Alexander Smith, "Is There An Absolute Right to Strike," *We the People of North Carolina*, July 1947.

⁴⁴³ Harry F. Byrd, Jr., "Approach to Labor Legislation," *We the People of North Carolina*, May 1947.

began featuring fewer articles from elected officials, in favor of publications popular with the grassroots conservative movement. One such source was *The Freeman*, a libertarian-leaning periodical published by the Foundation for Economic Education. FEE was founded in 1945 with the goal of reshaping public opinion in favor of unfettered free markets, and to encourage business leaders to be more combative against New Deal liberalism.⁴⁴⁴ The organization found a receptive audience with the NCCA, as they distributed *Freeman* articles to their readership of North Carolina's business leaders. Two articles published in 1963 made a full-throated defense of low wages. The first, written by Dean Russell, FEE's Director of the School of Political Economy, took aim at a central tenet of Keynesian economics: that high wages will increase consumer purchasing power, thereby creating high profits for businesses and sustained economic growth. Instead, Russell argued that high wages and high profit margins were incompatible, and that high wages inevitably led to job losses. Russell implied that workers would have to choose between higher wages and continued employment. The "correlation between high profits and more jobs should be obvious to everyone," he argued, as should the fact that "laws and coercive union policies that increase wages at the expense of profits do not create jobs; they destroy them."⁴⁴⁵ The second article, written by Paul Poirot, the long-time editor of *The Freeman*, covered many of the same arguments, but also reflected the increasingly incendiary language found in *We the People*'s pages. Noting the historical improvements in the wages and working conditions of the American worker, Poirot credited not Progressive Era or New Deal reforms, but free market economics. New Deal liberalism, in fact, threatened to reverse progress, as its "socialistic measures...are

⁴⁴⁴ Phillips-Fein, *Invisible Hands*, 26-27.

⁴⁴⁵ Dean Russell, "Wages and Unemployment," *We the People of North Carolina*, June 1963.

fundamentally sentences of death—not gifts of life.” “A wise and honest humanitarian,” Poirot cautioned, “will know that a death sentence lurks behind every minimum wage law,” and that social welfare legislation “is not a boon to mankind but a major push back toward barbarism.”⁴⁴⁶

North Carolina’s business leaders, like FEE, believed that the general public did not fully appreciate the virtues of free enterprise. Reprinting FEE articles and issuing their own commentary in *We the People* was one way to shape public opinion and influence policymakers. Businessmen were especially worried that the youth culture of the 1960s unfairly tarnished free enterprise. The Asheville Sales and Marketing Executives Club, for example, pointed to a poll showing that a majority of American high school students supported increased wages and government regulations. The club conducted their own survey of Buncombe County high school students to see if they shared such sentiments. Much to the club’s dismay, they did. Among the more worrisome findings: 65 percent of Buncombe students believed that businesses could raise wages without raising prices; 56 percent agreed that “in most industries one or two companies are so large they are practically the same as monopolies”; 33 percent supported increased government regulations on private businesses, a higher percentage than the national poll; and a plurality believed that increased wages—not lower prices and increased productivity, as the club argued—was the most effective way to raise workers’ standard of living.⁴⁴⁷

The conclusions the club drew from the survey were dire. The student responses reflected, not a difference of opinion or ideology, but a fundamental misunderstanding of

⁴⁴⁶ Paul Poirot, “To Abolish Sweatshops,” *We the People of North Carolina*, July 1963.

⁴⁴⁷ A rare silver lining in the poll was that 88 percent of Buncombe students opposed the closed shop. Asheville Sales and Marketing Executives Club, “A Study of What Free Enterprise Means to Our Youth,” Folder “Conservation and Development, General,” Box 100, General Correspondence 1966, Moore Papers.

the free enterprise system. This miseducation developed because “Government is doing a better job of selling its benefits than is private industry.” Teenagers in the 1960s, the club argued, were raised in “a period of our history when a Government regulated economy has become more and more of a reality” and the views of business had been drowned out by “various forms of propaganda.” The club admonished their fellow businessmen to improve their public image by educating students—their future employees—on the tenets of free enterprise economics.⁴⁴⁸

To a degree, North Carolina’s political leaders agreed that students’ knowledge of the free enterprise system was lacking. In fact, a statewide program to address the Asheville club’s concerns had already been underway since 1961. That year Governor Sanford joined with leaders in business and industry to create the North Carolina Educational Council on National Purpose, a non-profit organization dedicated to improving what it called “citizenship education.” The NCCA partnered with the organization in 1969 to provide additional financial support. The Council aimed to improve the teaching of America’s governmental and economic systems in North Carolina high schools. Its most significant program awarded public school teachers scholarships to attend summer classes on comparative government and economics. By the early 1970s, the Council claimed that more than 700 teachers had taken advantage of the program, and exposed new course content and teaching methods to an estimated 300,000 students.⁴⁴⁹

On the surface, the program was a non-controversial initiative, and few observers, past or present, would object to the idea of “citizenship education.” But what were

⁴⁴⁸ *Ibid.*

⁴⁴⁹ Robert W. Scott to J. James Exon, November 4, 1971, Folder “Citizens Association, North Carolina,” Box 355, General Correspondence 1971, Governor Robert W. Scott Papers (State Archives of North Carolina), hereinafter cited as R.W. Scott Papers.

teachers—and eventually their students—learning in Council-sponsored courses? Course materials suggest that the scholarship program intended not to equip students with the ability to think critically about American political and economic systems, but to issue a vigorous defense of them. One course, for example, was titled “Constitutional Democracy vs. Totalitarianism.” Offered in the summer of 1970, the course promised to prepare social studies teachers “to carry out the State Department of Public Instruction’s approach to teaching about communism.” By taking the course, students would “become aware of the historical, philosophical, and institutional grounds upon which his freedoms rest,” as well as the foundations of communist societies (the course description used communism and totalitarianism interchangeably). In doing so, the course description promised, students would gain “a stronger appreciation of constitutional freedoms and a more critical and constructive outlook upon a world of competing ideologies.” In other words, the purpose of learning about totalitarian regimes was to make students more appreciative of the American system. Students would “become aware” of and develop a “stronger appreciation” of their freedoms, without considering whether or not the contours of that freedom were sufficient. Competing ideologies, by contrast, were subjected to greater scrutiny and a “more critical” line of thinking.⁴⁵⁰

While the pages of *We the People* and the NCCA’s educational programs worked to shift public opinion away from New Deal liberalism, manufacturing executives lobbied state officials directly for a more business friendly political climate. In 1962, in fact, Sanford distributed a series of letters to North Carolina’s leading manufacturers, asking for advice on how the state could maintain a climate conducive to economic growth.

⁴⁵⁰ “Constitutional Democracy vs. Totalitarianism,” Folder “Citizens Association, North Carolina,” Box 355, General Correspondence 1971, R.W. Scott Papers.

Their responses shed further light on the political culture of the state's business leaders, and help to outline their definition of a "business-friendly" climate.

Opposition to organized labor remained paramount among industrialists' concerns, as nearly every correspondent urged Sanford to maintain North Carolina's right-to-work law. The endurance of anti-unionism is not surprising, but it is notable. The most significant labor action in recent years, the Harriet-Henderson Cotton Mills strike of 1958, had ended in a crushing defeat for labor, and the right-to-work law never faced a credible threat of repeal after that. Still, industrialists remained vigilant. One worried that "militant labor unions" would disrupt the "fine future" North Carolina would otherwise enjoy.⁴⁵¹ Another, a Minnesota-based plastics manufacturer with operations in Gastonia, argued that the "unbridled power of organized labor will destroy the industrial climate of any area," even if other factors, like taxes and regulations, were most favorable to industries.⁴⁵²

Industrialists also held grievances against state tax policies. Of particular concern were taxes that targeted businesses headquartered outside of the state, such as the so-called "chain store tax." The chain store tax, originally intended to protect local grocers from national competition, required out-of-state or foreign manufacturers with branch plants in North Carolina to pay an additional tax in order to sell their products in company-owned retail outlets in the state. During an era of intense competition for new industries, more manufacturers became subjected to this tax, and several warned Sanford that it hindered the state's recruitment efforts. As one Virginia-based manufacturer of tobacco fertilizer explained, repealing the tax "would help to attract manufacturers to

⁴⁵¹ Robert L. Liles, Jr., to Terry Sanford, n.d., Box 146, General Correspondence 1962, Sanford Papers.

⁴⁵² J.R. Freyeruth to Sanford, August 23, 1962, Box 146, General Correspondence 1962, Sanford Papers.

North Carolina.”⁴⁵³ Manufacturers also protested the state’s inventory tax. North Carolina was one of the few states not to exempt from taxation the local inventory of out-of-state businesses. According to Peyton Beery of the Tarboro-Edgecombe Development Corporation, the policy cost his community an industrial prospect from New York. The company was interested in an eastern Carolina location, Beery claimed, but after learning of the inventory tax, an executive “stated that in view of the inventory tax exemption in South Carolina the company did not intend to give further consideration to North Carolina.” “Unfortunately, it is not an isolated instance,” Beery added, telling Sanford that the policy was inconsistent with a business-friendly climate.⁴⁵⁴ The inventory tax also raised the ire of the NCCA. Like Beery, editorialists at *We the People* claimed to know of multiple instances of businesses locating in other southern states that exempted local inventory from taxation. Some manufacturers avoided the tax by locating their warehouses in other states, but this only replaced a financial inconvenience with a logistical one. Citing North Carolina’s longstanding attempts to attract new industrial employers, *We the People* urged Sanford to “lay aside all obstacles which delay and hinder our growth” by repealing the tax.⁴⁵⁵

Several businessmen used Sanford as a sounding board for their complaints against the Kennedy administration and American liberalism more generally. One Siler City textile manufacturer opined against proposals to expand federal unemployment insurance and health care, while others urged Sanford to “combat the extension of further

⁴⁵³ W.R. Achburn to Terry Sanford, August 17, 1962, Box 146, General Correspondence 1962, Sanford Papers.

⁴⁵⁴ Peyton Beery to James B. Hauser, December 10, 1962, Box 147, General Correspondence 1962, Sanford Papers.

⁴⁵⁵ “What is the Cause of the Per Capita Income Sag in Our State?” *We the People of North Carolina*, May 1963.

centralization by [the] Federal Government and its unconstitutional acts to take away our State's rights."⁴⁵⁶ Businessmen brought up federal policies as object lessons on the perils of failing to accommodating business interests. Economic growth depended on businesses feeling confident in their political leaders, argued E.A. Terrell, a Charlotte industrialist, and "The present lag in business is due almost entirely to the lack of confidence that business men have in general in the present administration."⁴⁵⁷ For many North Carolina manufacturers, the Kennedy administration was emblematic of failed economic policies in the president's native New England. A textile factory owner pointed to a series of "mistakes" made by northern states, such as supporting unions and raising taxes "to finance welfare programs, highly organized State governments, and expensive State bureaus housed in monumental buildings"—all of which pushed textile manufacturers to the South. Though he reassured Sanford that his company had "no intention of locating elsewhere," he reminded the governor, somewhat cryptically, "manufacturers in New England felt the same way fifty years ago and find it incredible that practically all of their industry has been replaced by the Southern mills." For North Carolina to maintain its industrial growth, he continued, "we must forgo the luxury of organized labor and tolerate the hardships of being 'under-governed' in order to compete with such States as Georgia, Alabama, and Mississippi, and the foreign areas of the world."⁴⁵⁸

The political culture of the state's industrial executives was reflected in the policies

⁴⁵⁶ Hadley-Peoples Manufacturing Company to Terry Sanford, June 14, 1962, and E.A. Terrell to Terry Sanford, August 24, 1962, both in Box 146, General Correspondence 1962, Sanford Papers.

⁴⁵⁷ E.A. Terrell to Terry Sanford, August 24, 1962, NCDAH, Sanford Papers, General Correspondence 1962, Box 146.

⁴⁵⁸ Roger Gant, Jr., to Terry Sanford, June 14, 1962, Box 146, General Correspondence 1962, Sanford Papers.

implemented by the North Carolina government. For all of their lobbying during the Sanford administration, the reality was that by the early 1960s, businessmen had already won numerous victories in their quest for a business-friendly climate. Under the Hodges regime, in fact, businessmen had one of their own in the governor's mansion. Likely informed by his time at Marshall Field, Hodges identified state taxes on out-of-state companies as "a serious problem to be licked." Believing that corporate taxes hindered industrial recruitment efforts, in 1955, Hodges appointed a committee to study the state tax structure and recommend changes that would lure new businesses to North Carolina. Anyone expecting an objective study of the issue would have been disappointed when Hodges tabbed a manufacturing executive, Brandon Hodges of Champion Paper and Fibre Company in Canton, to chair the committee. Though the two were not related, Hodges and Hodges were close friends and in private correspondence jokingly referred to one another as "cousin."⁴⁵⁹ The committee's final report confirmed many of the arguments Governor Hodges had already made about taxes and industrial growth. "It is not always true that the total tax package in North Carolina is as reasonable as that of the other Southern States," the report stated, adding "corporate executives may well find the present North Carolina tax situation a considerable deterrent."⁴⁶⁰

The Hodges committee ultimately recommended adjustments to the corporate tax structure. Specifically, they recommended taxing out-of-state corporations only "on the portion of a company's income which is reasonably attributable to the operations performed or property owned in North Carolina." Previously, corporations were taxed at

⁴⁵⁹ Luther Hodges to Brandon P. Hodges, November 17, 1954, Folder "Commerce and Industry Prospects," Box 9, General Correspondence November 1954-1955, Hodges Papers.

⁴⁶⁰ Hodges, *Businessman in the Statehouse*, 43-47, quotes at p.43 and p.44.

a 6 percent rate based on their net income. The General Assembly passed the tax break with little opposition in June 1957, and Hodges, wasting no time using this to his advantage in the regional competition for new industries, trumpeted the new policy with a full-page ad in the *Wall Street Journal*. Though it pleased the business community, the tax break raised the ire of the state's media, who estimated that North Carolina was losing approximately \$7 million per year in revenue. Moreover, critics noted that the new policy applied not only to out-of-state manufacturers, but also to homegrown industries like Cone Mills textile company, which had operations in multiple states but North Carolina headquarters.⁴⁶¹

When recruiting new industries to North Carolina, Hodges often emphasized his own background as a businessman. More than thirty years in the textile industry, he told prospects, had given him an understanding of “something of the businessmen’s problems.”⁴⁶² Others agreed, writing that Hodges had created “a feeling among business men everywhere that our State is a safe and good place in which to invest capital and conduct manufacturing enterprise.”⁴⁶³ Hodges put his words into action during a 1958 strike at the Harriet-Henderson Mills in Henderson, North Carolina. When workers struck to protest the company’s termination of an arbitration of grievances procedure, Hodges mobilized the National Guard and state police. With troops protecting strikebreakers and intimidating picketers, the strike ended after a bitter three year struggle.⁴⁶⁴

⁴⁶¹ Hodges, *Businessman in the Statehouse*, 43-47, quote at p.44; “North Carolina Reduces Taxes” (advertisement), *Wall Street Journal*, June 20, 1957, p. 7.

⁴⁶² Luther Hodges to J.H. McCann, August 3, 1956, Folder “Commerce and Industry H,” Box 71, General Correspondence 1971, Hodges Papers.

⁴⁶³ Ruben B. Robertson to Luther Hodges, August 7, 1956, Folder “Commerce and Industry R,” Box 71, General Correspondence 1956, Hodges Papers.

⁴⁶⁴ Wood, *Southern Capitalism: The Political Economy of North Carolina, 1880-1980* (Durham: Duke University Press, 1986), 160-161. For a more detailed history of labor relations at the Harriet-Henderson Mills see, Daniel J. Clark, *Like Night and Day: Unionization in a Southern Mill Town* (Chapel Hill:

For his part, Governor Sanford styled himself as a more populist, empathetic politician than the business-like Hodges. Yet on matters of fiscal policy, his administration was little different. The corporate income tax structure, for example, remained unchanged under Sanford. In fact, despite inflation, North Carolina's corporate income tax rate stayed at 6 percent until 1987. As sociologist and state senator Paul Luebke pointed out, businesses' contributions to the North Carolina General Fund decreased sharply in the mid-twentieth century decades. In 1935, businesses accounted for 60 percent of state revenue, compared to only 20 percent in 1978.⁴⁶⁵

When Sanford needed revenue for public investments, such as his plan for improving public education, he turned to more regressive measures of taxation. Since the 1930s, North Carolina had levied a 3 percent sales tax, though critics, including the State Tax Commission, assailed the measure as "unsound, unfair, and unwise."⁴⁶⁶ The sales tax is regressive not only because it taxes the wealthy and the poor at the same rate, but also because, as Luebke notes, the "lower-income majority...pays a higher percentage of its income in sales taxes because it spends a higher proportion of its income on necessities."⁴⁶⁷ In response to criticism along these lines, the General Assembly amended the tax code in 1941 to exempt food and medicine from the sales tax. In 1961, Sanford scored one of his first major political victories when he signed legislation repealing the food and medicine exemption, in order to increase funding for education. Higher taxes on the wealthy or corporations never emerged as a serious alternative. "There simply wasn't

University of North Carolina Press, 1997).

⁴⁶⁵ Luebke, *Tar Heel Politics*, 12-13.

⁴⁶⁶ Quoted in Luebke, *Tar Heel Politics*, 11.

⁴⁶⁷ Luebke, *Tar Heel Politics*, 12.

any other place to find the money,” Sanford explained.⁴⁶⁸ Moreover, Census data reveal that the measure did little to close the educational gap between North Carolina and the rest of the nation. Between 1960 and 1968, per pupil spending on education in North Carolina jumped from \$237 to \$461. Yet the increase still left the state well behind the national average of \$623, and even slightly behind the southern average of \$484.⁴⁶⁹

Though it strained public services like education, low taxes were a point of pride for North Carolina industry hunters. To the Department of Conservation and Development, the tax reforms under Hodges—and the maintenance of those reforms under the ostensibly more liberal Sanford—were evidence of the state government’s “fiscal integrity and responsibility.” In 1961, the department launched a new ad campaign with the theme, “the habit of good government in North Carolina.” The campaign promoted the state’s limited tax burdens to prospective new industries in several national newspapers and magazines.⁴⁷⁰

North Carolina’s low-tax, business-friendly climate limited the scope of new rural development efforts. Two of Sanford’s most highly touted economic initiatives, then—an anti-poverty program known as the North Carolina Fund and a campaign to promote food processing industries—proved incapable of reforming the structural deficiencies in the rural economy.

The structure of the N.C. Fund was born, in part, from political necessities. Because the state constitution barred governors from seeking a second term, Sanford realized that

⁴⁶⁸ Korstad and Leloudis, *To Right These Wrongs*, 46-47, quote at 47.

⁴⁶⁹ Cobb, *The Selling of the South*, 163.

⁴⁷⁰ “Minutes of the Meeting of the Board of Conservation and Development, Winston-Salem, North Carolina, October 1, 2, & 3, 1961,” Folder “C&D Meetings,” General Correspondence 1961, Sanford Papers.

he had little hope of pushing a bold anti-poverty program through the General Assembly. Therefore, the N.C. Fund relied on federal grants and private philanthropic organizations to support community-based initiatives. In July 1963, after months of dogged lobbying, Sanford secured a \$7 million commitment from the Ford Foundation and a combined \$2.5 million from the Winston-Salem-based Z. Smith Reynolds and Mary Reynolds Babcock Foundations. At the federal level, the Office of Economic Opportunity, created by the 1964 Economic Opportunity Act, provided additional financial support.⁴⁷¹

The N.C. Fund did not implement a single, coherent strategy for battling poverty. Instead, the Fund distributed money to support local community action programs (CAPs). Groups of ordinary citizens, politicians, and community leaders developed their own proposals for programs that would alleviate certain aspects of poverty, and the Fund supported those deemed worthwhile. Eleven CAPs eventually received financial support from the Fund, and nearly all of them were located outside of the Piedmont manufacturing belt. Although CAPs developed in the urbanized counties of Durham, Forsyth, and Mecklenburg, organizations in the east and west—like the Nash-Edgecombe Economic Development, Choanoke Area Development Association, and the WAMY Community Action programs—covered a much wider swath of territory.⁴⁷²

The importance of rural CAPs to the N.C. Fund mirrored the distribution of War on Poverty funds at the national level. As a recent study notes, by 1967, 643 out of an estimated 1,000 Community Action Agencies (CAAs) nationwide were located in rural areas. Because of their greater populations, urban areas initially received a larger share of actual dollars given out by the Office of Economic Opportunity. However, that gap

⁴⁷¹ Korstad and Leloudis, *To Right These Wrongs*, 87-88.

⁴⁷² *Ibid.*, 97-100.

shrank as the War on Poverty continued, and by 1968 rural- and urban-based CAAs received almost equal funding. Such a heavy focus on rural poverty was easily justifiable. According to a 1965 OEO survey, of the 34.3 million Americans living in poverty, 43.4 percent lived in rural areas, compared to 38.8 percent in metropolitan areas.⁴⁷³

The N.C. Fund and the War on Poverty also shared many assumptions about the causes of poverty and its remedies. Although the Fund required CAPs to include poor people in the planning and operation of their program, in reality, CAPs often used African Americans from the professional classes to represent poor blacks, and officials from welfare agencies as stand-ins for poor whites. Moreover, Sanford and Fund leaders, though deeply sympathetic to the poor, evinced a paternalistic understanding of their plight. They owed many of their ideas about poverty to Michael Harrington's 1962 best-seller, *The Other America*. Harrington intended his book as an exposé and a call to arms against the scourge of poverty, yet he emphasized the supposed "culture of poverty" rather than the structural causes of inequality. The Fund followed suit and, as historians Robert Korstad and James Leloudis have recently noted, "attributed poverty as much to the character of the poor as to structures of economic and social inequality." When training volunteers, the Fund reinforced "culture of poverty" arguments, and positioned the program as a means to reform the work ethic, character, and decision-making of the poor.⁴⁷⁴ Such sentiments were common among the North Carolina public. One of Sanford's correspondents, for example, suggested that poverty plagued rural areas because "farmers are not motivated, not enthusiastic, and basically have a negative

⁴⁷³ David Torstensson, "Beyond the City: Lyndon Johnson's War on Poverty in Rural America," *Journal of Policy History* 26 (No. 4: 2013): 593-594.

⁴⁷⁴ Michael Harrington, *The Other America: Poverty in the United States* (New York: Macmillan, 1963); Korstad and Leloudis, *To Right These Wrongs*, 90-107, quote at p.90.

mental attitude.” He proposed establishing “an office within the Agricultural Dept. especially for motivation through positive mental attitudes.” “In other words,” he continued, “help people help themselves by giving them the principles behind living.” Sanford did not implement such a proposal, but, to a large extent, he shared many of the writer’s ideas about the root of poverty.⁴⁷⁵

Despite these limitations, the Fund placed North Carolina in the vanguard of the nascent War on Poverty, as Korstad and Leloudis argue. Lyndon Johnson admired the program and used it as a blueprint for many of his own anti-poverty initiatives at the federal level. The War on Poverty was also built on a similar intellectual scaffolding. Historian Julian Zelizer—though generally arguing for the boldness and radicalism of LBJ’s reforms—notes that the War on Poverty was “sold as a fundamentally conservative program.” Johnson stressed to fence-sitting legislators that his reforms would not restructure the economy, but would encourage the poor to be self-sufficient, helping to prevent the kind of conditions that led to urban rioting in the 1960s.⁴⁷⁶

Another part of Sanford’s vision for rural economic development centered on food processing industries. Food industries seemed like a reliable source of employment opportunities because, as Hargrove Bowles, director of the Department of Conservation and Development, noted, “If there is anything sure besides death and taxes, it is eating. Eating is not going out of style.” Indeed, the food industry in the United States grossed \$60 billion in 1960, “roughly twice that as such giants as motor vehicles, primary metals and petroleum,” Bowles added. Postwar consumer culture contributed to the industry’s

⁴⁷⁵ John R. Benbow to Terry Sanford, February 22, 1961, Box 4, General Correspondence 1961, Sanford Papers.

⁴⁷⁶ Julian E. Zelizer, *The Fierce Urgency of Now: Lyndon Johnson, Congress, and the Battle for The Great Society* (New York: Penguin Press, 2015), 138.

booming revenues, as sales of frozen foods increased nine-fold between 1947 and 1957.⁴⁷⁷

Changes in food production can be seen most clearly in poultry. Farm families in the South had raised chickens since at least the 1920s, but it was not a significant source of revenue. Farm wives typically raised the birds as a small source of personal income. In addition, compared to the highly centralized and efficient process that developed in the mid-twentieth century, early poultry raising was a disorganized system. Chickens roamed freely in barnyards and were fed excess grains and table scraps. Farmers put little effort into raising chickens because they were not a significant part of the average American's diet. That began to change with World War II, as beef rationing compelled many consumers to save more popular meats for the troops. Chicken filled the void in the diet of many Americans, and soon transformed from an occasional luxury food to a cheap staple of everyday eating.⁴⁷⁸

The first major center of commercial broiler (a term used to describe chickens raised for meat) production emerged along the coasts of Delaware, Maryland, and Virginia, known as the Delmarva region. Broiler producers in the region benefited from a close proximity to the urban northeast, where poultry consumption was high. Poultry processing also thrived because most farmers in Delmarva had few better options. Farmers in the region found raising broilers to be a more reliable source of income than the unstable market of table vegetables, which they had previously relied upon. This

⁴⁷⁷ Hargrove Bowles, Jr., "North Carolina's Golden Opportunity: Food Processing," *Greensboro Daily News*, May 20, 1962.

⁴⁷⁸ On farm women as early poultry growers, see Lu Ann Jones, *Mama Learned Us to Work: Farm Women in the New South* (Chapel Hill: University of North Carolina Press, 2002), Chapter 3. For the transformation of chicken as a staple of the American diet, see Steve Striffler, *Chicken: The Dangerous Transformation of America's Favorite Food* (New Haven: Yale University Press), Chapters 1 and 2.

became a common theme in the history of the broiler industry, especially as production moved south. As anthropologist Steve Striffler has written, “The common feature of poultry-producing regions in the South was poverty, enduring poverty.”⁴⁷⁹

In the 1950s, the industry became vertically integrated. A small number of large companies gained complete control over the process of raising and processing broilers. These companies owned hatcheries, feed mills, and processing plants, and contracted with local farmers to raise the birds. Companies provided farmers with chicks, but farmers were responsible for furnishing their own growing houses—built to standards set by the company—and equipment. The system had some advantages for farmers. For one, it gave many the opportunity to stay on their land. In areas where farming was historically difficult, or where single-crop agriculture reigned, the poultry industry could provide a source of income, however limited, that did not require farmers to uproot themselves.⁴⁸⁰

The 1950s was also an era of corporate mergers and consolidations, which aided the expansion of the industry in North Carolina. In Wilkes County, a foothill community just east of the Appalachian Mountains, a local businessman named Fred Lovette built a poultry empire. After incorporating sixteen individual companies into a single entity, Lovette formed Holly Farms in 1961. Holly Farms soon became a nationally recognized brand, and its processing plant in Wilkesboro was the nation’s largest, producing as many as 650,000 birds per week. The company’s growth continued over the next two decades. By 1979, Holly Farms produced more than 5 million birds per week, and employed 3,700

⁴⁷⁹ Striffler, *Chicken*, 36.

⁴⁸⁰ *Ibid.*, 47-51.

people, the vast majority of whom were Wilkes County natives.⁴⁸¹

Farmers who raised broilers for Holly Farms were also drawn from Wilkes County. By contracting with a vertically integrated company, many were able to remain on their land, despite its historically difficult to farm, hard soil. But the arrangement—which many farmers derided as nothing more than a new form of sharecropping—also produced many disadvantages. Companies pressured farmers to upgrade their operations, forcing many to take on debt to pay for new growing houses and automatic feeding and watering systems. Those unable or unwilling to make required upgrades risked having their contracts cancelled. Though farmers often bristled at the imbalance of power in their relationship with the company, few could find feasible alternatives. The vertical integration of poultry production thus had an ironic effect, as historian Monica Gisolfi has observed. Farmers turned to broiler raising as a means of escaping poverty and dependence on a single crop, yet found that broilers “replaced one form of single-crop agriculture with another, helping to create a system that reinforced the widespread poverty and an intractable class system long associated with cotton planning.”⁴⁸²

Despite the industry’s inequities, Sanford and state agricultural leaders continued to believe that food processing was a vital part of rural North Carolina’s economic future. Before taking office, Sanford received a letter from Glenn Gilmore, a former member of the North Carolina Board of Agriculture, about the problem of thousands of “little farmers” leaving the farm each year. Gilmore urged Sanford to enact policies that would

⁴⁸¹ *Ibid.*, 58-62. For more on the broiler industry in Wilkes County, see Carroll Brevard Arndt, “Locational Considerations in the North Carolina Broiler Industry” (M.A. Thesis, University of North Carolina-Chapel Hill, 1969).

⁴⁸² Monica R. Gisolfi, “Leaving the Farm to Save the Farm: The Poultry Industry and the Problem of ‘Public Work,’ 1950-1970,” in Robert Cassanello and Colin J. Davis, eds., *Migration and Transformation of the Southern Workplace since 1945* (Gainesville, FL: University Press of Florida), 75.

create "more canneries, meat processing plants, and plants of all types that would benefit the agricultural program of our State."⁴⁸³ Sanford assured Gilmore that he was "very much concerned about the desperate condition many of our small farmers are finding themselves in," and that he believed processing plants were central to revitalizing the state's small and medium-sized farms.⁴⁸⁴ In the spring of 1962, Sanford outlined a program to promote food processing industries, with three specific steps: establish a Department of Food Science and Processing at N.C. State College in Raleigh, assign three Conservation and Development staffers to work full-time on developing the industry, and make capital available to prospective owners through an entity similar to the North Carolina Business Development Corporation.⁴⁸⁵

For Sanford, food processing aided rural people by "providing jobs close to the farm." In addition to poultry, Sanford's vision included rural canneries and processing plants for the state's fruits and vegetables. Sanford also believed that his plan would make better use of the state's natural resources, by giving farmers additional markets for their crops and livestock. "It never made sense, or dollars, to ship strawberries out of [North Carolina] to New Jersey," he explained. "We can make our own strawberry preserves." Sanford's goals, then, were similar to Governor Cherry's when he launched his Rural Industries Program in 1945. Both envisioned their plans as stimulating local initiatives. The three-man food processing committee within C&D operated—similarly to Cherry's rural industries committee—as a source of expertise and advice on financing,

⁴⁸³ Glenn Gilmore to Terry Sanford, December 29, 1960, Box 4, General Correspondence 1961, Sanford Papers.

⁴⁸⁴ Terry Sanford to Glenn Gilmore, January 23, 1961, Box 4, General Correspondence 1961, Sanford Papers.

⁴⁸⁵ "Sanford Urges Processing of Foods," *Greensboro Daily News*, April 3, 1962.

building, and operating a new industry. Like Cherry before him, Sanford hoped to help create a sector of small factories utilizing local capital and labor, thereby preserving North Carolina's ruralness, despite transformations in the agrarian economy. Sanford was optimistic about the program's future, believing that North Carolina could one day become "the food basket of the nation."⁴⁸⁶

Hargrove Bowles, director of the Department of Conservation and Development under Sanford, was even more enthusiastic about the future of food processing industries. In a speech at State College, Bowles twice repeated the "food basket of the nation" line, but also set a higher standard for success than what Sanford's public statements had indicated. Not only would the state encourage local development of new food processing plants, Bowles promised, but it would also "encourage national concerns to build new ones" in North Carolina. Moreover, the tone of Bowles' speech revealed his own perception of the industry's importance to the rural economy. Citing an axiom beloved by football coaches everywhere, Bowles told the crowd that, in food processing industries, "Winning is the only important thing and we intend to win."⁴⁸⁷

Despite the bullishness of the director, other Conservation and Development officials were more tempered in their assessment of the industry's future. Little more than a year after Sanford introduced his plans to the public, Glen Hunt, one of the three members of the Conservation and Development food processing committee, spoke candidly about the difficulties of developing new plants. One obstacle, he noted, was that farmers in North Carolina were wary of tying themselves so closely to a food processing company. In other words, the industry was plagued by a chicken and egg question, as the Raleigh

⁴⁸⁶ *Ibid.*; "Gov. Sees Food Basket Role for NC," *Raleigh News and Observer*, August 11, 1962.

⁴⁸⁷ Hargrove Bowles, Jr., "North Carolina's Golden Opportunity: Food Processing," May 20, 1962.

News and Observer summarized: “Plants will not locate in an area where they cannot be assured of a reasonable supply of goods from producers...Farmers will not commit themselves to a new venture, with new demands and new dangers as well as new possibilities, without a reasonable assurance they can make money on the process market.” After interviewing Conservation and Development officials, as well as the State Agriculture Commissioner, the *News and Observer* reported, “it is illusory, they feel, to say that the State will be transformed overnight into the ‘breadbasket’ of the East Coast.”⁴⁸⁸

In the early 1960s, such pessimism was understandable. Though food processing in North Carolina was growing, stories like the rise of Holly Farms remained exceptional. Turkey production, for example, increased from a state total of 1 million birds in 1952 to 2.3 million in 1962. Broiler production increased even more rapidly, from 43 million to 197 million during that same time period. Still, neither industry was a significant source of employment or wealth, compared to the rest of the nation. In fact, in 1962 only 6.5 percent of North Carolina’s industrial workforce (36,000 total workers) worked in food industries; nationwide, 10 percent of industrial workers were engaged in food processing.⁴⁸⁹

Moreover, churning out processed birds and hogs was not equivalent to improving the economic livelihood of rural North Carolinians. Food processing plants paid low wages and forced workers to labor under dangerous, sometimes deadly, conditions. Such conditions were replicated throughout rural North Carolina, as the region failed to attract

⁴⁸⁸ Jonathan Friendly, “Big Hope for the Farmer’s Future?” *Raleigh News and Observer*, April 14, 1963.

⁴⁸⁹ “Poultry and Egg Production in North Carolina,” prepared by Food Industries Section, Division of Commerce and Industry, Department of Conservation and Development, Folder “Conservation and Development Reports,” Box 266, General Correspondence 1963, Sanford Papers.

the kind of high-wage firms that revitalized the state's metropolitan areas.⁴⁹⁰ Moreover, because the Interstate system left wide swaths of rural North Carolina untouched, and because the condition of rural infrastructure worsened throughout the 1950s, many rural communities were able to gain no industry at all.

The arrival of Interstate highways and the creation of RTP presented new challenges for North Carolina's long-desired goal of creating a modern industrial economy without relying on large concentrations of population. An existing divergence between the Piedmont Crescent and the rural areas of the rest of the state began to widen and calcify, despite the efforts of industry hunters to spread development evenly across the state. The promise of accessible isolation had brought industry to rural areas, but in most cases only of the low-wage, labor-intensive variety. Meanwhile, the Interstate system and RTP laid the groundwork for a modern, high-tech economy in the metropolitan Piedmont. In subsequent years, especially during the administration of Governor Jim Hunt, the state attempted to rectify the growing imbalance between rural and metropolitan areas. Guided by the slogan "Balanced Growth," Hunt attempted to modernize the accessible isolation model of growth by extending high-tech and advanced manufacturing jobs to rural areas. This effort, however, revealed the inherent contradictions and ultimate failure of accessible isolation as a model of long-term economic growth.

⁴⁹⁰ See Emil Mazilia, et al., "The Earnings of North Carolinians," (Raleigh: The Office of State Planning, Department of Administration, State of North Carolina, June 1975).

CHAPTER 6

JIM HUNT, BALANCED GROWTH, AND THE DIMINISHING RETURNS OF ACCESSIBLE ISOLATION

By the late 1970s, North Carolina's campaign for new industries looked remarkably successful. Approximately 35 percent of the state's labor force worked in manufacturing, giving the Tar Heel State, on a per capita basis, more factory workers than any other state in the country.⁴⁹¹ Yet North Carolina had stayed true to the economic growth model that state booster Paul Kelly in 1945 called, "the most wholesome development possible"—that is, industrialization without the development of large metropolises.⁴⁹² As late as 1975, only 37 percent of North Carolinians lived in Census-designated metropolitan areas, compared to 68 percent nationwide.⁴⁹³ It was not uncommon, *New York Times* reporter John Herbers discovered, to find a factory worker with "five acres of soybeans and a vegetable garden growing behind his home."⁴⁹⁴

The success of rural industrialization, however, came at a cost. From the beginning of the postwar era, the state government defined job creation as its chief responsibility. It fulfilled that obligation primarily by investing in new highway systems to allow for industrial development in rural areas, and by recruiting new employers through a promise of "accessible isolation." The implicit—and often explicit—promise of accessible isolation was that manufacturers in rural North Carolina would enjoy access to national markets and cheap local labor, while remaining isolated from a New Deal-inspired government that, in other parts of the country, interfered with managerial prerogatives.

⁴⁹¹ Luebke, *Tar Heel Politics*, 62; Herbers, *New Heartland*, 29.

⁴⁹² Cora Stegall, "State Planning More Industry," *Raleigh News and Observer*, July 15, 1945.

⁴⁹³ Department of Natural and Economic Resources, *North Carolina Data File* (Raleigh, N.C.: Division of Economic Development, 1975), 6A.

⁴⁹⁴ Herbers, *New Heartland*, 37.

By the time Governor Jim Hunt took office in 1976, the weaknesses of this model of growth were apparent. While accessible isolation convinced many manufacturers to settle in the countryside, the state's industrial profile changed very little, as the employers most receptive to this message were in low-wage, labor-intensive industries. More than half of North Carolina's manufacturing jobs were in textiles, furniture, or apparel, where workers earned an average of \$3.28, \$3.36, and \$2.74 per hour, respectively. By way of comparison, factory workers in Ohio made an average of \$7.23 per hour.⁴⁹⁵ Moreover, as historian Timothy Minchin has pointed out, these industries were also highly "import-sensitive," leaving workers vulnerable to plant closings as U.S. trade deficits mounted in the 1970s. And because the textile and apparel industries in particular required few skills, those jobs could be outsourced to Global South nations offering even cheaper labor.⁴⁹⁶

As governor, Hunt made "Balanced Growth" the central theme of his economic development policies. His goal was to not only continue the industrialization of the countryside, but also to finally break the region's reliance on traditional industries and promote the development of well-paying jobs and advanced manufacturing firms in rural communities. Although Hunt presided over a period of broad prosperity and economic growth, Balanced Growth was largely a failure. Rural North Carolina's economy continued to depend on declining traditional industries like textiles, along with newer low-wage industries like food processing. The failure of Balanced Growth, this chapter

⁴⁹⁵ "A Balanced Growth Policy for North Carolina: A Proposal for Public Discussion," Folder "Balanced Growth and Economic Development Governor's Conference, folder 1," Box 135, General Correspondence 1978, Governor James B. Hunt, Jr., Papers (State Archives of North Carolina), hereinafter cited as Hunt Papers; North Carolina Department of Natural and Economic Resources, *1976-77 Directory of North Carolina Manufacturing Firms* (Raleigh, N.C.: Department of Natural and Economic Resources), F-1.

⁴⁹⁶ Timothy Minchin, "Shutdowns in the Sunbelt: The Decline of the Textile and Apparel Industry and Deindustrialization in the South," in Robert Zieger, ed., *Life and Labor in the New New South* (Gainesville, FL, 2012), 263.

argues, was a result of the inherent contradictions of North Carolina's accessible isolation model of economic growth, and of Hunt's unwillingness to break from the state's tradition of anti-New Deal, business-friendly policies.

The problem Hunt's Balanced Growth agenda confronted was that the returns rural communities received from their accessible isolation were diminishing by the late 1970s. While the state had used highway investments to open isolated areas to manufacturing development, they placed less of a priority on investments in human capital. This meant that rural workers often lacked the education and vocational training for anything more than low-wage, labor-intensive factory work. It also helped create a divergence between the rural and metropolitan economies in North Carolina. The urban Piedmont, especially state capital Raleigh, became the home to many well-paying, advanced manufacturing firms and high-technology, knowledge-based industries. These employers were drawn to cities and suburbs because, unlike isolated rural communities, such areas offered access to a more skilled and educated workforce and modern research and development facilities. Metropolitan areas also had better municipal services (everything from sewage and water facilities to health care), solidifying their status as the preferred destination for high-paying jobs.

To remedy the growing divergence between rural and metropolitan North Carolina, Hunt placed greater urgency on diversifying the rural economy beyond textiles, apparel, and furniture. Importantly, Hunt remained committed to the state's most consistent postwar development goal: to industrialize without forcing workers to leave the countryside. By achieving Balanced Growth, he argued, the state would "make human development opportunities accessible to people where they choose to live," not

something they had to migrate to find.⁴⁹⁷ In short, Balanced Growth was Hunt's attempt at a modern version of development through accessible isolation, one that would replace traditional industries with high-wage jobs in industries that were still growing.

Despite these efforts, Hunt's Balanced Growth campaign was ultimately doomed by the inherent weaknesses of his predecessors' accessible isolation model. For one thing, Hunt retained the essential characteristics of North Carolina's business-friendly climate. Even when recruiting high-wage firms, the state continued to emphasize its low labor costs compared to northern states and its relative absence of unions. And Hunt's administration oversaw several changes to the state's taxation and industrial subsidy policies, designed to appeal to business interests. Ironically, by enacting more business-friendly tax policies, Hunt cut off revenue that might have otherwise been used to support his goals of improving rural infrastructure and education—investments that, in turn, could have supported his Balanced Growth agenda by making rural areas more attractive to high-wage employers. Even programs to support vocational training were designed to function more as an indirect subsidy to specific employers, rather than to provide rural workers with a broad range of skills and industrial training.

Ultimately, then, the previous 30 years of industrial recruitment through accessible isolation, and Hunt's overall adherence to its political economy, made it impossible to achieve Balanced Growth. The state would continue trying to add new manufacturing jobs in rural areas into the twenty-first century, and even today North Carolina has mostly retained its rural complexion. But by the mid-1980s, the state's goals to diversify the industrial economy and provide long-term economic security for its rural workforce had

⁴⁹⁷ "A Balanced Growth Policy," Folder "Balanced Growth and Economic Development Governor's Conference, folder 1," Box 135, Hunt Papers.

failed, casualties of the contradictions within its own political economy.

Jim Hunt and North Carolina: Industry Superstars

As historian Numan Bartley has explained, the battle for political and economic control of the post-World War II South was fought between three main factions: liberal reformers, traditionalist conservatives, and “growth-oriented moderates.” The liberal coalition, Bartley argues, collapsed under the weight of postwar anti-communism, while traditionalists undermined their own claim to leadership with a campaign of massive resistance to civil rights. The “scorched-earth inflexibility of massive resistance,” Bartley writes, imperiled economic investments from northern businesses and the federal government and “provoked a moderate countermobilization.” A cohort of growth-oriented moderates who believed that “desegregation with economic growth was preferable to segregation without it” worked to wrest power away from the South’s traditionalists. By the 1970s, this new class of leaders had “replaced the county-seat elite as the leading conveyers of southern consciousness.”⁴⁹⁸

Collectively, pro-growth moderates attempted to distance themselves not only from the racial conservatism of their forbearers, but also their economic reliance on low-wage industries like textiles, apparel, and furniture. They wanted to diversify the South’s economy by recruiting companies in high-tech, “knowledge-based” industries, as well as those offering high-wage, skilled manufacturing jobs. This model of economic growth reshaped the South’s demographics and geography. By the end of the 1970s, the southern population was 68 million, up from 56 million at the beginning of the decade, with much of the growth occurring in the region’s cities and their surrounding suburbs.⁴⁹⁹

⁴⁹⁸ Numan V. Bartley, *The New South, 1945-1980* (Baton Rouge, 1995), quotes at 460 and 448.

⁴⁹⁹ Bartley, *New South*, 430.

Metropolitan areas were the primary sites for new, higher-paying jobs, and northerners seeking better opportunities followed. In fact, by 1980, 20 percent of the South's population was born outside of the region, and professional or managerial positions accounted for 25 percent of the workforce.⁵⁰⁰ The modernizing economy led many observers to pronounce the end of the South and the dawn of the Sunbelt, a new cosmopolitan and prosperous region whose culture and economy was firmly within the American mainstream.

Carrying the Sunbelt banner for North Carolina was Governor Jim Hunt. First elected in 1976, Hunt made economic growth and diversification the centerpiece of his administration. Of course, thanks to the state's strengths in textiles, apparel, tobacco, and furniture, North Carolina was already among the national leaders in manufacturing employment. Those traditional industries, however, did little to boost North Carolinians' earning power, and by the mid-1970s, the state ranked dead last in industrial wages. As an industrial recruiter, then, Hunt focused on bringing not only more jobs to the state, but better ones. He sought out high-technology companies that offered jobs in research and development, and manufacturing firms in industries like heavy machinery and microelectronics, which offered higher wages for skilled laborers.⁵⁰¹

While Hunt typified the metropolitan moderates who shaped the political economy of the Sunbelt, he remained in many ways a product of the rural South. Hunt was a child when Kerr Scott's Go Forward Program paved thousands of farm-to-market roads throughout the state (including the one leading to his family's home in Wilson County), and witnessing Scott's commitment to rural development shaped his own political

⁵⁰⁰ Bartley, *New South*, 449, 430.

⁵⁰¹ On Hunt's pursuit of modern, high-wage industries, see Luebke, *Tar Heel Politics*, 27-31.

career.⁵⁰² As governor, Hunt hoped to update the Go Forward Program for a new era, by extending Sunbelt prosperity throughout the countryside and preventing good jobs from clustering in a handful of metropolitan centers. His goal was to encourage high-paying employers to “locate close to where people live, rather than forcing people to move great distances to jobs.”⁵⁰³ In short, Hunt, like many of his predecessors, believed he could modernize North Carolina’s economy while preserving its rural complexion and allowing people to remain in the country.

In search of new employers for his state, Hunt embarked on frequent journeys to northern cities. Along with a team of local boosters and Department of Commerce officials, he made house calls on some of the nation’s top companies, hoping to convince them to relocate or establish new factories in North Carolina. One such trip, to Chicago in 1978, coincided with the Windy City debut of the North Carolina Symphony. The timing was deliberate. The presence of the state-sponsored symphony allowed Hunt to stress to prospective employers that North Carolina, though a rural state, was not a backwater. This aspect of Hunt’s recruiting message was crucial, as the advanced industries he sought often required managers and supervising personnel to relocate with the new facility. While these industries were receptive to North Carolina’s traditional message about cheap labor and low taxes, they also required assurances that they would still enjoy familiar cultural opportunities after moving to a rural state.⁵⁰⁴

Hunt did not limit his search for new industries to the United States, as he led several

⁵⁰² Gary Pearce, *Jim Hunt: A Biography* (Winston-Salem, N.C.: John F. Blair, Publisher, 2010), 18.

⁵⁰³ Jim Hunt, “Industrial Announcement, Worcester Controls, Corp., Liberty” June 15, 1981, Folder “T-W Industrial Development, N.C. Board of Economic Development,” Box 657, General Correspondence 1981, Hunt Papers.

⁵⁰⁴ Press Release. “Hunt Seeks Industry in Chicago,” October 17, 1978, Folder “Industrial Development, Division of,” Box 148, General Correspondence 1978, Hunt Papers.

delegations overseas. Although Luther Hodges was the first southern governor to pursue this strategy of industrial development, by the late 1970s the competition for international investments, and the manufacturing jobs that came with them, had intensified throughout the region. Spartanburg, South Carolina, for example, weathered the worst of the 1970s recession thanks in large part to the town's 40 European-based companies. By 1977, more than 4,500 Spartanburg locals worked in the factories of foreign owned companies, which included a \$300 million German chemical plant and several manufacturers of textile machinery from Italy and Switzerland. Employment prospects improved even more in the following year when Michelin established a \$100 million truck tire factory. As *Time* magazine pointed out, with these foreign investments Spartanburg "avoided recession, fattened its tax rolls, improved its educational system and kept the unemployment rate more than two points below the national average." Statewide, South Carolina claimed \$1.7 billion in foreign investments by 1977.⁵⁰⁵

Looking to keep pace with his neighbors to the south, Hunt spent two weeks in the spring of 1978 traveling through western Europe with a team of business executives, local boosters, and state officials. Hunt took meetings with and delivered speeches to companies in a variety of industries, but he concentrated most of his efforts on the manufacturers of machine tools—companies that made the drills, lathes, and cold saws used to make industrial machines. These companies were a good fit for North Carolina, he argued, because the state's existing textile and tobacco processing plants placed machine tool manufacturers close to a significant portion of their market. Moreover, machine tools could help Hunt make good on his pledge to diversify the state's industrial

⁵⁰⁵ "Oompah in the Bible Belt," *Time*, July 15, 1977; see also Manula, *Guten Tag, Y'all*.

base beyond traditional industries. North Carolina's low-wage, labor-intensive industries, in short, could be used a springboard to obtaining higher-paying, more highly-skilled machine tool jobs.⁵⁰⁶

Hunt's first European trip claimed tangible victories, as two German companies agreed to establish new factories in North Carolina. One of those companies, Trennjaeger, offered the kind of advanced, higher-paying manufacturing work that Hunt hoped to bring to North Carolina. Trennjaeger's factory in Graham, a small Piedmont town, produced industrial machines for textile and food processing plants, as well as steel casings for nuclear power reactors. After making a second industry hunting trip to Europe in the summer of 1979, a total of 18 companies had made new investments in North Carolina, and Hunt claimed to be "carrying on conversations" with an additional 16 companies.⁵⁰⁷

Hunt also made Japan a focal point in his economic development agenda. Seeing the potential of the nation's rebounding industrial economy, he hired Walter Johnson to serve as a special Japan Representative in the Department of Commerce's International Division. Johnson, who had lived in Japan for more than ten years and spoke fluent Japanese, helped the state establish relationships with Japanese firms and guided discussions between the two sides throughout the recruitment process. Johnson also joined Hunt's industrial mission to Japan in the fall of 1979.⁵⁰⁸ As with the European tours, Hunt and his delegation met with representatives of Japan's leading industrial

⁵⁰⁶ Jim Hunt, "European Trade Mission Report," April 20, 1978, Folder "Industrial Development, Division of," Box 148, General Correspondence 1978, Hunt Papers.

⁵⁰⁷ Sandra J. Harris, "Firm's Owner is Made 'Recruitment Helper,'" *Burlington Daily Times-News* (N.C.), June 7, 1979.

⁵⁰⁸ Press Release, "Governor Hunt Meets with Corporate Leaders in Japan," October 25, 1979, Box 3 of 8 (unprocessed), Department of Commerce Clients File 1974-1985, Economic Development Record Group 44.25 (State Archives of North Carolina), hereinafter cited as Commerce Clients File.

employers, making special attempts to target industries outside of North Carolina's traditional strengths. To that end, Hunt took most of his meetings with and directed most of his speeches to employers in higher-paying industries like chemicals, metalworking, and automobile tires. Like the European trip, the Japan tour produced immediate results. Four companies made verbal commitments to locate new factories in North Carolina, including a \$30 million pharmaceutical plant and a \$15 million heavy metalworking factory.⁵⁰⁹

Under Hunt's leadership, North Carolina became one of the nation's most successful states in attracting foreign industrial investments. In fact, one report from Conference Board, a New York-based business research firm, found that North Carolina led the nation in announced investments from foreign-based companies in 1980. Thirty-six foreign companies that year announced plans to locate or expand manufacturing facilities in North Carolina, an increase from 25 the previous year.⁵¹⁰

Like his pitch to businesses in Chicago, Hunt won over international companies by emphasizing selling points that went beyond the customary focus on cheap labor. To his European and Japanese audiences, Hunt stressed that North Carolina was not the uncultured backwater they may have expected. The state boasted many cultural opportunities, such as the state-supported symphony and art museum in Raleigh, and was making strides in education. Hunt cited improving test scores at all grade levels to assure executives and managers that their children's education would not suffer in North Carolina. A growing system of vocational schools, he added, gave employers access to

⁵⁰⁹ Walter R. Johnson III to Akikazu Kikkawa, January 15, 1980, Box 3 of 8, Commerce Clients File.

⁵¹⁰ "N.C. Tops States in Investments," *Raleigh News and Observer*, February 17, 1981.

more highly-skilled laborers.⁵¹¹

Hunt's salesmanship garnered widespread praise from the corporate executives he interacted with. After a phone conversation with Hunt, the Vice President of Operations for one Ohio-based company remarked, "That Governor really knows how to sell his state," and agreed to site a 1,000 employee factory in Asheville.⁵¹² A year after his first visit to Japan, North Carolina officials found that "[Hunt's] name was mentioned and still well remembered with great admiration." The positive impression he made with executives there "surely was an asset" to future industrial recruitment efforts.⁵¹³ Hunt's commitment to industrial development and his skills as a recruiter were equally appreciated by many county- and municipal-level boosters. The Asheville Area Chamber of Commerce praised his "[assistance] in the realm of economic development," calling it "unprecedented and very much appreciated."⁵¹⁴ Likewise, W.H. Rose of the Nash County Industrial Development Commission, who had been working for at least three decades to bring industry to North Carolina's eastern counties, told Hunt that of the ten governors he had worked with "none have made the commitments nor had more dedication than you."⁵¹⁵ A *Charlotte Observer* headline summarized the reputation Hunt had acquired, labeling the governor an "Industry Superstar."⁵¹⁶

Hunt's reputation was a piece of the larger image of North Carolina as a state that was

⁵¹¹ "Governor Meets with Corporate Leaders in Japan," October 25, 1979, Box 3 of 8 (unprocessed), Commerce Clients File.

⁵¹² Philip R. Elam to Jim Hunt, April 3, 1980, Folder "C-D Industrial Development, Board of," Box 509, General Correspondence 1980, Hunt Papers.

⁵¹³ Robert H. Fasick to Jim Hunt, August 20, 1980, Folder "E-G Industrial Development, Board of," Box 509, General Correspondence 1980, Hunt Papers.

⁵¹⁴ Elam to Hunt, April 3, 1980, Folder "C-D Industrial Development, Board of," Hunt Papers.

⁵¹⁵ W.H. Rose to Jim Hunt, December 10, 1980, Folder "C-D Industrial Development, Board of," Box 509, General Correspondence 1980, Hunt Papers.

⁵¹⁶ "Industry Superstar," *Charlotte Observer*, September 4, 1978.

unusually sympathetic to the interests of businesses. As earlier chapters have shown, state and local officials throughout the country in the postwar era competed to establish the most “business-friendly” climate—the complex mixture of tax policies, labor law, and government regulation that businesses considered when making relocation and expansion decisions. A detailed 1979 study conducted by Alexander Grant and Company, a Chicago-based accounting firm, helps shed light on what business conceived as a friendly climate, as well as North Carolina’s esteem in the eyes of American manufacturers. Alexander Grant began their study with a nationwide survey of manufacturers’ associations, asking them to rank the factors most important to them when selecting a new plant site. Not surprisingly, the top five criteria—average weekly manufacturing wages, state and local taxes per capita, labor union membership, workmen’s compensation rate, and unemployment compensation benefits—all related to labor costs and taxation. Using those priorities, Alexander Grant created a weighted formula to quantify the states with the most favorable business climate. North Carolina ranked second, trailing only Mississippi. To be sure, the legitimacy of the Alexander Grant study could be challenged. After all, Mississippi rated as the best business climate in the country, yet ranked only seventh in manufacturing jobs added from 1968 to 1978. Meanwhile, Texas and California led the nation in manufacturing job growth during that same time period, despite middling to poor marks for their business climates.⁵¹⁷

Still, in the case of North Carolina, Alexander Grant’s findings are consistent with other indicators of an attractive business climate. While ranking second according to the

⁵¹⁷ Alexander Grant and Company, “A Study of Business Climates of the Forty-Eight Contiguous States of America,” March 1979, Folder “M-N Industrial Development, N.C. Board of Economic Development,” Box 509, General Correspondence 1980, Hunt Papers.

study's numerical score, for example, North Carolina also ranked third in manufacturing jobs added between 1968 and 1978.⁵¹⁸ Moreover, North Carolina fared well in direct surveys of businesses. In a 1976 *Business Week* survey, North Carolina tied with Texas and California as the state companies would be "most likely to consider" when selecting a new plant site. When the magazine conducted the same survey four years later, North Carolina retained its top spot (tied again with Texas), and contemporaneous surveys by *Forbes* also placed the state within the top three.⁵¹⁹

Why was North Carolina's business climate so well-regarded by American and international employers? For one thing, the state altered its industrial financing policies in the late 1970s to lower the cost of doing business in the state. Throughout the postwar era, the practice of offering new industries revenue bond subsidies was common throughout the South and the nation. Mississippi pioneered this practice with its Balance Agriculture with Industry program (BAWI). Implemented in 1936, BAWI authorized the state's counties and municipalities to finance the construction of new manufacturing buildings with taxpayer-supported revenue bonds. The new buildings were then offered to industrial prospects for free or leased at nominal rates as an incentive to move to Mississippi. Soon, states throughout the South and the nation followed suit.⁵²⁰ North Carolina remained an exception, however, as its state constitution prohibited direct subsidies to industries. By the 1970s, the state was the only one in the southeast (and one of only three nationwide) without some type of revenue bond financing program.⁵²¹

⁵¹⁸ *Ibid.*

⁵¹⁹ "Plant Site Selection: A Survey of *Business Week*'s Executive Subscribers in Industry," n.d., Folder "Industrial Development, N.C. Board of Economic Development," Box 656, General Correspondence 1981, Hunt Papers.

⁵²⁰ Cobb, *Selling of the South*, 5-35.

⁵²¹ North Carolina Office of State Planning, *A Summary of Industrial Recruitment Efforts by the States* (Raleigh, N.C.: Office of State Planning, May 22, 1974).

Throughout the 1960s and 1970s, however, local boosters began pressuring the state government to allow for public financing of new industries. One committee of local development officials, after investigating the effect of industrial subsidies in other states, wondered “How many industrial firms has North Carolina lost because of no financing plan?” They argued, in fact, that they had already lost out on several “blue chip” companies to other states—like Standard Oil, which had opened a \$100 million refinery in Mississippi, or U.S. Rubber, which had opened a \$21 million tire plant in Alabama.⁵²² These arguments resonated with North Carolina voters, who approved, via a public referendum in March 1976, an amendment to the state constitution allowing counties to issue industrial revenue bonds. Shortly after the policy went into effect, 95 out of 100 counties created their own bonding authorities, and the state issued 190 subsidies to new industries between 1976 and 1980.⁵²³

North Carolina also made business-friendly changes to its tax policies. The General Assembly passed in 1977 an amendment to the state Employment Security Law that reduced the unemployment insurance tax to 2.7 percent of payroll for new businesses. According to the state Department of Commerce, this was the “lowest amount taxed in any state” in the nation, and many businesses could pay even less. Employers who maintained “stable employment records” could reduce their tax contribution to unemployment insurance to as little as 0.1 percent. At the same time, the state tightened restrictions on who could receive unemployment. Workers who were fired for

⁵²² Joe S. Floyd, Jr., “Report to the Governor of North Carolina from the Committee to Study Financing for Industrial Development, November 1, 1962,” North Carolina Collection, Wilson Library, University of North Carolina at Chapel Hill.

⁵²³ North Carolina Department of Commerce, *North Carolina Financing* (Raleigh, N.C.: Department of Commerce, 1980).

misconduct, who declined “suitable work or training without good cause,” or who quit their job “without good cause attributable to the employer” were ineligible for benefits.⁵²⁴

Workers’ compensation rates, though varied by industry, were also comparatively low in North Carolina. The state Department of Commerce analyzed these costs for Rolls-Royce, as the company was considering U.S. sites for a new jet engine factory. In North Carolina, insurance costs in this field ranged from \$0.75 to \$1.25 per \$100 of payroll. Rates in Ohio and New York, two other states Rolls-Royce considered, were between two and four times as high.⁵²⁵

Finally, low manufacturing wages and the absence of unions continued to be a crucial element of North Carolina’s business climate through the 1970s. By the end of 1978, North Carolina factory workers earned an average of \$4.42 per hour. By way of comparison, their counterparts in Ohio and New York earned \$7.23 and \$6.10 per hour, respectively.⁵²⁶ The state’s average weekly manufacturing earnings were the lowest in the nation, at \$180.29. Not surprisingly, low wages went hand in hand with a low level of unionization. Only 6.9 percent of North Carolina’s non-agricultural workforce were members of a union, the lowest rate in the nation (South Carolina was the only other state in single digits).⁵²⁷

Despite his progressive reputation, Governor Hunt practiced what sociologist Paul Luebke called “genteel antiunionism.”⁵²⁸ Hunt rarely rebuked labor unions publicly, and

⁵²⁴ Robert C. Wheeler to Nick Hennessee, December 7, 1978, Folder “Rolls Royce,” Box 2 of 8 (unprocessed), Commerce Clients File.

⁵²⁵ *Ibid.*

⁵²⁶ *Ibid.*

⁵²⁷ Alexander Grant and Company, “A Study of Business Climates,” March 1979, Folder “M-N Industrial Development, N.C. Board of Economic Development,” Hunt Papers.

⁵²⁸ Luebke, *Tar Heel Politics*, 93. See Chapter 6 more generally for Hunt’s relationship with organized labor.

he earned endorsements and campaign donations from the state AFL-CIO throughout his political career. Still, in his presentations to industrial prospects he frequently touted the state's low level of unionization and few work stoppages as key features of North Carolina's business-friendly climate. He also privately warned local boosters that unions could be an impediment to the growth of their town. When one resident of Macon County, for example, complained that the Department of Commerce was not doing enough to help his Appalachian town find new industries, Hunt attributed the failure to the community's "proximity [to] a company with a militant union labor force." He further advised boosters in the area to "clearly indicate Macon County's strict adherence to North Carolina's right-to-work law" when recruiting new industries.⁵²⁹

By maintaining this business-friendly climate, North Carolina achieved many of Hunt's economic goals. As he prepared for his reelection campaign in 1980, Hunt could note that his first term in office had been "a period of unprecedented growth in our employment and in our industrial economy." In 1977, his first year as governor, North Carolina set an all-time record for industrial growth, garnering \$1.45 billion in investments in new and expanded factories. From 1977 to 1979, the state had created 90,000 new jobs, more than the previous four years combined.⁵³⁰ In 1979 alone, North Carolina added more than 37,000 new jobs, the most of any southern state.⁵³¹

In addition to the quantity of new jobs, Hunt was also proud of the "quality and

⁵²⁹ Jim Hunt to Jerry Sutton, April 11, 1980, Folder "Economic Development, Board of," Box 509, General Correspondence 1980, Hunt Papers.

⁵³⁰ "Statement by Governor Jim Hunt," January 10, 1980, Folder "Industrial Development, N.C. Board of," Box 509, General Correspondence 1980, Hunt Papers.

⁵³¹ The 1979 numbers came from a report by the Southern Industrial Development Council. It is important to note that while North Carolina led the region in new job announcements, the council did not count Texas as a part of the South for the purposes of their study. Press Release. "Hunt Says State Leads Region in New Jobs," May 1, 1980, Folder "Industrial Development, N.C. Board of," General Correspondence 1980, Box 509, Hunt Papers.

diversity” of North Carolina’s industrial development.⁵³² The opening of new chemical plants, for example, contributed to a more diversified industrial mix. By the late 1970s, approximately 38,000 North Carolinians worked in the chemical industry, a 35 percent increase from the beginning of the decade. The value of shipments in chemical products totaled more than \$3 billion per year, making it the fourth most valuable industry in the state.⁵³³ In addition, while previous eras of industrialization leaned heavily on textiles and apparel, under Hunt the top categories for new industrial investments included petroleum refining, machinery, automobile and truck parts, and electronics and electrical equipment. The arrival of these new industries lessened somewhat the importance of textiles to the state’s economy. At the beginning of the 1970s, textiles workers accounted for 40 percent of North Carolina’s industrial labor force; by the end of the decade, they accounted for only 30 percent.⁵³⁴ Hunt touted this as evidence of a rapidly diversifying economy, but, as we will see later in this chapter, this was misleading. The declining share of textile workers had more to do with factory closings than the diversification of the rural economy, and the diversification that did take place in rural areas was mostly in other low-wage, labor-intensive industries.

While North Carolina’s industrial economy became more diverse under Hunt, the results were most noticeable in metropolitan areas. Wake County, for example, gained a total of \$225 million in industrial investments between 1977 and 1981. Those investments created an estimated 6,529 jobs, the vast majority of which were in non-

⁵³² “Statement by Governor Jim Hunt,” January 10, 1980, Folder “Industrial Development, N.C. Board of,” Box 509, General Correspondence 1980, Hunt Papers.

⁵³³ “The Chemical Industry in North Carolina,” n.d., Folder “C-D Industrial Development, N.C. Board of,” Box 509, General Correspondence 1980, Hunt Papers.

⁵³⁴ “Statement by Governor Jim Hunt,” January 10, 1980, Folder “Industrial Development, N.C. Board of,” Box 509, General Correspondence 1980, Hunt Papers.

traditional industries. In fact, fewer than 200 of Wake County's new manufacturing jobs were in textiles, apparel, or furniture. Some of the area's most prominent new employers were in higher-paying fields like pharmaceuticals. In 1977, Bristol-Myers, one of the nation's leading pharmaceutical companies, sited a \$23 million factory in Morrisville, a community adjacent to the Research Triangle Park, and in 1980, Ajinomoto, one of Japan's top pharmaceutical companies, located a \$40 million amino acid processing plant in Raleigh's eastern suburbs.⁵³⁵ The electronics industry also became an important source of new jobs in the greater Raleigh area, employing more than 15,000 people in at least 25 assembly plants by the late 1970s.⁵³⁶

Unfortunately, these types of high wage industries made a limited impact beyond North Carolina's major metropolitan areas. Most of the state's rural communities remained dependent on the low wage industries that North Carolina had attracted for decades. The few exceptions to this rule included rural areas, like Franklin and Johnston Counties, within a reasonably close proximity to the Research Triangle. Franklinton, for example, located just 25 miles from Raleigh, became the site of Novo Biochemicals' first U.S. factory. The Danish pharmaceutical company opened the Franklinton plant in 1979 to produce industrial enzymes, used in processed foods and household cleaning products.⁵³⁷

When Novo finalized its to move to Franklinton, Hunt and the Department of Commerce touted the company as an example of good industrial jobs coming to rural North Carolina. Novo "represents the best kind of industry that I can imagine," Hunt said

⁵³⁵ "Wake County/Morrisville Summary Sheet," October 21, 1981, Folder "Industrial Development, N.C. Board of," Box 656, General Correspondence 1981, Hunt Papers.

⁵³⁶ Bob Cooper, "New Plant Will Hire 1,000," *Raleigh Times*, September 17, 1979.

⁵³⁷ Ted Vaden, "Danish Firm Dedicates Plant," *Raleigh News and Observer*, March 14, 1979.

at the factory's dedication ceremony. "It is non-polluting, pays high wages, [and] uses modern science and technology."⁵³⁸ The Novo plant did indeed pay better wages than the average North Carolina factory, with production workers earning between \$6-8 per hour. Skilled workers and lab technicians, who comprised nearly half of the factory's workforce, earned even more.⁵³⁹ But the need for such skilled labor and, as Hunt put it, "modern science and technology," also ensured that the factory, and its well-paying jobs, would not stray far from the Research Triangle. Indeed, while Lauch Faircloth, state Commerce Secretary, celebrated Novo's decision to locate in "an area largely devoid of major industry," he also acknowledged that the factory needed to remain "strategically in close proximity to the Research Triangle Park."⁵⁴⁰ Like other companies in advanced industries, Novo needed Wake County's more educated workforce to fill its skilled positions, and needed the research facilities at RTP to keep its products on the cutting edge of their field.

Among electronics firms, few had a larger presence in North Carolina than Data General. Founded in 1968, within a decade Data General was the second largest producer of personal computers (known at the time as "minicomputers") in the world. Though headquartered in Massachusetts, the Research Triangle was an important site for the company's research and manufacturing operations. By 1979, the company operated a research and development facility at RTP, and an assembly plant in Clayton, a nearby town in Johnston County. In 1980, Data General added another assembly plant in Apex, a Raleigh suburb. The Apex plant employed approximately 1,000 people, making it the

⁵³⁸ *Ibid.*

⁵³⁹ *Ibid.*; Calvin Mercer, "\$15 Million Industry Formally Announced," *Wake Weekly*, December 8, 1977.

⁵⁴⁰ "Remarks by Lauch M. Faircloth," December 6, 1977, Box 1 of 8 (unprocessed), Commerce Clients File.

largest employer to arrive in Wake County during Hunt's first term in office.⁵⁴¹

Combined with the employees in Clayton and RTP, more than 2,000 North Carolinians drew a paycheck from Data General by the early 1980s.⁵⁴²

Like Novo, however, Data General's economic impact did not resonate beyond the immediate Triangle area. As a computer company, Data General's manufacturing operations needed to remain in close contact with their research and development teams, in order to adjust to rapid changes in technology and product design. This meant that their assembly plants in North Carolina clustered in small towns and suburbs around RTP, rather than rural areas in eastern and western sections of the state, where good jobs were badly needed. Data General also placed a high priority on local infrastructure when selecting new factory sites, which benefited Raleigh and neighboring communities. The Apex factory, for example, projected to use as much 50,000 gallons of water per day, prompting the company to inform the state Department of Commerce that they "would not consider anything other than municipal utilities" for their plant site.⁵⁴³ Because pipelines in Apex could be expanded to access Raleigh's water treatment facility, the community had a natural advantage over more isolated rural areas, which lacked the infrastructure to support such a large demand for water.⁵⁴⁴

If Data General showed the challenges of expanding high-paying jobs throughout North Carolina's rural communities, the company also revealed continuities between the state's traditional approach to industrialization and the new era sought by Hunt. Indeed,

⁵⁴¹ Bob Kolin, "Plant Will Create 1,000 Jobs by '82," *Raleigh News and Observer*, September 18, 1979.

⁵⁴² "Wake County/Morrisville Summary Sheet," October 21, 1981, Folder "Industrial Development, N.C. Board of," Hunt Papers.

⁵⁴³ "Client Call Report," February 1, 1979, Box 2 of 8 (unprocessed), Commerce Clients File.

⁵⁴⁴ To finalize the agreement with Data General, Wake County Commissioners agreed to extend a new water line from Raleigh to Apex, at a cost of \$540,000. Kolin, "Plant Will Create 1,000 Jobs."

while the company paid assembly workers more than textile or apparel factories, they still found North Carolina desirable as a source of cheap (compared to their Massachusetts counterparts), non-union labor. When working with state industry recruiters to locate a possible factory site in the Triangle area, Data General officials insisted that the location “must be isolated and [with] no unions in other industries in the community.”⁵⁴⁵ And after announcing the decision to locate in Apex, Ben Dalton, the company’s General Manager of Manufacturing, went out of his way to caution locals, “We are a totally non-union company and intend to stay that way.” Dalton added that most Apex residents would only be hired as assembly workers, and that skilled jobs as digital electronics technicians would likely be filled by workers from outside the state.⁵⁴⁶ In other words, Data General valued the labor supply from Apex and surrounding rural areas, not for their skills and intelligence, but for their allegedly superior work ethic. In Massachusetts, one executive claimed, it was difficult to find quality factory workers because the “state unemployment compensation rate and welfare benefit rate [are] so high that it competes with the jobs we offer.” By contrast, in North Carolina, the “interest and productivity” of local labor supply was much higher.⁵⁴⁷ State Commerce officials agreed, and attributed this perceived regional difference to North Carolina’s rural background. For workers accustomed to 12-14 hour work days on the farm, said one recruiter, a shift in an assembly plant was “duck soup.”⁵⁴⁸

Data General’s aversion to unions extended to other elements of the liberal, New Deal

⁵⁴⁵ “Client Call Report,” February 1, 1979, Box 2 of 8 (unprocessed), Commerce Clients File.

⁵⁴⁶ Kolin, “Plant Will Create 1,000 Jobs.”

⁵⁴⁷ “Address by Paul D. Stein,” March 15, 1978, Box 2 of 8 (unprocessed), Commerce Clients File.

⁵⁴⁸ Lautie M. Itow, “Southern State Wooded Data General,” *Worcester Telegram and Gazette*, March 19, 1978.

state. As the *Boston Globe* noted, company president Edson de Castro was a “frequent critic of the Massachusetts business climate,” and especially frustrated with the state’s tax code.⁵⁴⁹ In fact, within ten years of their founding, fewer than 40 percent of the company’s workforce remained in Massachusetts, with most expansions occurring in more “business friendly” states like North Carolina, Texas, and California. In a statement in their company newsletter, Data General told employees that future growth was likely to continue in the Sunbelt, “due to the availability of people, personal income tax burdens, and cooperation of local and state officials.”⁵⁵⁰ The favorable business climate Data General found in the Sunbelt stood in stark contrast to their perception of Massachusetts, where taxes were driving away good jobs in high technology industries. Joined by 88 of their fellow tech companies, Data General compiled a document titled “A New Social Contract for Massachusetts,” described as a position paper to “identify the specific causes and consequences” of the state’s purportedly unfavorable business climate. The document focused heavily on tax policy, calling the reduction of corporate and personal taxes, “The single most important step to stimulate the growth of the high technology industry in Massachusetts.” Not only did high taxes make it difficult for businesses to operate, they argued, but high personal taxes made it difficult to recruit quality managers and engineers, especially when low-tax states in the Sunbelt could offer a “comparable quality of life.” If Massachusetts would reduce its local and state tax burdens, the document estimated, high technology companies could create approximately 150,000 new jobs in skilled and unskilled positions. The authors of “A New Social

⁵⁴⁹ Jonathan Fuerbringer. “Massachusetts Critic High on North Carolina,” *Boston Globe*, December 13, 1977.

⁵⁵⁰ “Data General Expands In Four Geographic Areas,” *Data General Public Affairs Letter*, June 1979, Box 2 of 8 (unprocessed), Commerce Clients File.

Contract” provided no details of they arrived at that figure, but they clearly laid out the terms of the “social contract” Data General and other high-tech companies proposed: lower taxes for businesses and high-earning individuals, in exchange for more jobs in manufacturing.⁵⁵¹

In short, industrial development under Government Hunt in some ways broke with North Carolina’s traditional model of economic growth, yet retained its fundamental shape. He sought to improve upon his predecessors’ recruitment efforts by expanding the range of industries in the state, but much of his sales pitch was familiar. Back in 1949, a local Chamber of Commerce representative explained that his town was willing to “go to the limit” to win over new industries.⁵⁵² Likewise, Hunt was willing to do whatever it took to get high-tech employers to relocate to his state, meaning he would maintain a business-friendly climate of low taxes, cheap labor, and limited regulations. Data General’s request for an “isolated” plant site is telling. As previous chapters have demonstrated, North Carolina recruited new manufacturing firms in the postwar era by promising “accessible isolation.” Because the state was investing in its rural transportation infrastructure, industrial recruiters argued, factories could locate outside of cities to find a supply of cheap rural labor, without losing access to national markets in the process. At the same time, rural areas were isolated from the features of cities that manufacturers found undesirable—namely, unionized workforces, higher taxes, and more liberal political climates. This message was appealing even to employers, like Data General, in nominally high-paying industries. So alongside his promoting of North

⁵⁵¹ Massachusetts High Technology Council, “A New Social Contract for Massachusetts,” Box 2 of 8 (unprocessed), Commerce Clients File.

⁵⁵² Andrews Chamber of Commerce to Bill Sharpe, February 7, 1949, Folder “Andrews,” Box 1, Division of Commerce and Industry, Conservation and Development Papers.

Carolina's burgeoning cosmopolitan climate, Hunt continued to emphasize the state's lack of unions and work stoppages, and other recruiters portrayed its rural labor force as eager to complete a hard day's work on the assembly line.

The business-friendly climate that Hunt maintained in North Carolina was equally valued across party lines. Indeed, his successor, Republican James Martin, touted Hunt-era policies when reaching out to industrial prospects. Shortly after taking office in January 1985, for example, Martin's Commerce Secretary, Howard Haworth, attempted to sell the Isuzu Motor Company on North Carolina as a site for a new truck factory. Haworth cited three main policies as evidence of the state's "pro-business philosophy": the "relatively conservative" workers' compensation fund, the "fiscal soundness" of its unemployment fund, and its right-to-work law. While the right-to-work law had been on the books since 1947, Hunt continued to support it as a tool for industrial recruitment, and business contributions to workers' compensation and unemployment were reduced under his administration. And as Haworth further explained, North Carolina had a longstanding commitment to allowing its businesses to operate relatively free of governmental oversight—to exist in isolation, in other words. "Our state's basic philosophy," he told Isuzu, "is that the private sector must have the ability to operate its enterprises with a minimum of interference from any governmental agency."⁵⁵³

While Hunt in many ways strengthened North Carolina's business-friendly climate, it would be a mistake to dismiss the industrial development that occurred during his administration as no different than that of his predecessors. The \$8 an hour that Novo workers earned in Franklinton would have been the envy of most textile or apparel plant

⁵⁵³ Howard H. Haworth to B. William Dorsey, January 28, 1985, Box 7 of 8 (unprocessed), Commerce Clients File.

workers. Likewise, Data General paid better than most local alternatives, even if assembly workers in North Carolina still earned less than their Massachusetts counterparts. Those desirable job opportunities, however, were mostly restricted to the urban Piedmont and nearby rural areas. Again, Data General's request for an "isolated" plant site that nonetheless had access to "municipal utilities" is telling. In the late 1940s and 1950s, isolated communities in North Carolina could attract low-wage textile and apparel factories because the state made improvements and expansions to the rural highway system. But firms in high-technology industries needed more than a paved road to operate efficiently. They needed access to research facilities and skilled workers, and had higher demands for water and sewage infrastructure. Novo and Data General were able to find suitable sites in rural North Carolina, but only because they stayed within the greater Triangle area. In short, towns like Clayton and Apex benefited from Governor Hunt's pursuit of high-wage employers because they were isolated enough to offer a non-union rural workforce, but close enough to a large metropolitan area to offer access to modern infrastructure and research facilities.

"Where Is All This Industry Located?": The Search for Balanced Growth

The new jobs created in North Carolina during Hunt's administration allowed the governor to paint a sunny portrait of the economy, and of his own work as an industrial recruiter. His office issued press releases announcing new industrial investments on a regular basis, and Hunt was a fixture at factory ribbon-cuttings and dedication ceremonies. By the end of the 1970s, optimism in Raleigh was so high that in June 1980 one of Hunt's economic advisors published an op-ed in the *Raleigh News and Observer*, suggesting that North Carolina had avoided the worst of the national recession. For

residents and community leaders in the eastern and western sections of the state, such claims were laughable. “Surely you do not pay people a salary for being ignorant to the facts,” wrote one Tarboro man, inviting the governor to tour his southeastern community “so the facts will be known first hand.”⁵⁵⁴ Similarly, after a speech in which Hunt touted recent industrial growth in North Carolina, William Godfrey of Elizabeth City reminded him that not only were new industries not arriving in the northeastern section of the state, but that the area’s traditional sources of employment were withering away. “Where is all this industry located?” Godfrey asked. “It is not in this area as there have been some businesses that have folded and will not open anymore. Two or three of these places employed several people in this area and now they are on unemployment with no hope of finding anything else.” To Godfrey, the relative prosperity of metropolitan North Carolina masked economic stagnation in the countryside. “Sure there is industry in North Carolina,” he conceded, “but it is around the capital and in the Piedmont sections. There is no industry in the northeastern part of North Carolina.”⁵⁵⁵

In the opinion of many easterners, especially county commissioners and local boosters, state industrial recruiters in Raleigh were only “working for the Piedmont.”⁵⁵⁶ To illustrate this point, Reese Hart, director of the Pitt County Development Commission, mailed the Department of Commerce a geographic breakdown of their industrial development data. A December 1977 press release noted that the state had secured 104 new industrial commitments in the final six months of the year alone. As Hart pointed

⁵⁵⁴ Garland Shephard to Jim Hunt, June 4, 1980, Folder "S, Industrial Development, N.C. Board of," Box 510, General Correspondence 1980, Hunt Papers.

⁵⁵⁵ William Godfrey to Jim Hunt, n.d., Folder "G-H, Industrial Development, N.C. Board of," Box 657, General Correspondence 1981, Hunt Papers.

⁵⁵⁶ Mac Campbell to Hunt, June 6, 1978, Folder "C, Industrial Development, Division of," Box 149, General Correspondence 1978, Hunt Papers.

out, however, only 14 of those commitments were made for areas east of Interstate 95. Worse, many of those new industries were low-wage “cut and sew” operations, or small factories that would do little to aid the region’s long-term unemployed. “I am thoroughly disappointed,” Hart said of the department’s efforts to bring new industries to the east. “The 76,000 tax paying citizens of Pitt County need help and the members of the Pitt County Development Commission hope [Department of Commerce officials] are aware of the critical and increasingly serious economic conditions of our area.”⁵⁵⁷

Western North Carolinians told similar stories. Margaret Hayden, a state congresswoman representing Alleghany County, believed that the Department of Commerce was not doing enough to help bring new industries to areas outside of the Piedmont, and called for the department’s “active participation in helping us attract a new, but selective, industry to Alleghany County.” Alleghany had long been an industrial community, but with most of their factories producing textiles and apparel, local officials began pressing for higher-paying jobs by the early 1980s. That Alleghany had failed to secure new industries under the Hunt regime was not for a lack of effort on the part of its community leaders, as evidenced by the county’s success in the Community of Excellence Program. Conceived by Governor Hunt as a way to help small towns attract new industries, the program encouraged local officials and business and civic leaders to organize their own recruitment teams and compile their own brochures to publicize the advantages of doing business in their community. Communities that excelled in these areas were given Community of Excellence Awards by the governor’s office, a distinction Alleghany earned twice. Recipients of the award expected to receive special

⁵⁵⁷ Reese Hart, Jr. to Bryan Smith, January 3, 1977, Folder "H-J, Industrial Development, Division of," Box 149, General Correspondence 1978, Hunt Papers.

attention from industrial recruiters in Raleigh, yet Hayden found that most of the state's economic growth continued to be funneled toward the central region. "We were of the opinion that Governor Hunt's commitment was to help the east and west develop proportionately to the development of the Piedmont," Hayden wrote. "Unfortunately, Alleghany County has not realized the industrial growth that has been evident elsewhere."⁵⁵⁸ In the southwest, Zeyland Mckinney of the Toe River Veterans Council felt that the governor's office could be doing more to bring new industry to Yancey County. Economic conditions in Yancey, Mckinney explained, had become "near desperate" by the early 1980s, as one of the county's largest employers, a textile manufacturer, had issued three major layoffs in recent years. According to Mckinney's organization, almost half of the local workforce now commuted outside of Yancey for work, traveling 100-140 miles roundtrip each day in some cases. Mckinney urged Governor Hunt to "bring the full force of your office to bear on this problem," calling it a "tragedy that 200 graduating seniors...have no better employment opportunities than did the graduating class a decade before."⁵⁵⁹

Despite the frustrations expressed by these western and eastern North Carolinians, a lack of industrial job opportunities was not the most important economic problem in rural North Carolina. Both the west and east added manufacturing jobs through the 1970s, but they were not typically in what Hayden called "selective" industries. Instead, the most rural parts of the state continued to rely on low-wage industries like textiles and apparel. While those industries were in decline, as historians Peter Coclanis and Louis

⁵⁵⁸ Margaret Hayden to Duncan M. Faircloth, March 24, 1981, Folder "Commerce, Department of," Box 656, General Correspondence 1981, Hunt Papers.

⁵⁵⁹ Zeyland G. Mckinney to Jim Hunt, February 29, 1980, Folder "M-N, Industrial Development, N.C. Board of," Box 509, General Correspondence 1980, Hunt Papers.

Kyriakoudes have noted, they remained the leading source of jobs in rural counties in North Carolina into the 1990s.⁵⁶⁰ The metropolitan Piedmont, meanwhile, added higher-paying industries like pharmaceuticals, chemicals, and electronics, amplifying the divergence between the state's eastern and western sections and its central Piedmont section.⁵⁶¹ By 1976, Western North Carolina was, on a per capita basis, the most industrialized region within the state. Approximately 40 percent of the region's workforce was engaged in manufacturing, compared to 32 percent and 24 percent for the Piedmont and the East, respectively. The problem for workers, however, was that 69 percent of the West's manufacturing jobs were in low wage industries (defined as paying an average annual wage of less than \$8,000). In the East, meanwhile, during the 1970s, the number of manufacturing jobs increased by 34 percent.⁵⁶² Although more eastern residents worked in manufacturing than in agriculture by the end of the decade, 55 percent of those manufacturing jobs were in low-wage industries.⁵⁶³

Because of the lack of well-paying manufacturing jobs, a clear disparity emerged in the per capita incomes of North Carolina's three main regions. Statewide, North Carolina was steadily closing the gap with the rest of the nation. In 1975, North Carolina's per capita income of \$4,922 was 17 percent less than the national figure of \$5,903. The Piedmont, however, had almost caught up with the nation, with a per capita income of

⁵⁶⁰ Peter A. Coclanis and Louis M. Kyriakoudes, "Selling Which South? Economic Change in Rural and Small Town North Carolina in an Era of Globalization, 1940-1970," *Southern Cultures* 13 (Winter 2007): 90-92.

⁵⁶¹ Alfred W. Stuart, "Manufacturing," in Douglas M. Orr, Jr., and Alfred W. Stuart, eds., *The North Carolina Atlas: Portrait for a New Century* (Chapel Hill: University of North Carolina Press, 2000), 180-181, 189-191.

⁵⁶² Jonathan Bascom, "Revisiting the Rural Revolution in East Carolina," *Geographical Review* 90 (July 2000): 433.

⁵⁶³ "Table III: Manufacturing Employment by Wage Characteristics," n.d., Folder "Balanced Growth and Economic Development, Gov. Conference," Box 135, General Correspondence 1978, Hunt Papers.

\$5,399 (within 9 percent of the national average). The rest of the state lagged much farther behind, with a \$4,518 per capita income in the West (23 percent of the national average) and \$4,424 in the East (25 percent).⁵⁶⁴

Not only were textile and apparel jobs low-paying, they were also vulnerable to global economic forces. By the late 1970s, manufacturers of these products were beginning to relocate some of their factories to nations of the Global South, finding labor costs there even cheaper than the rural American South. In addition to immediate job losses, cheaper international labor produced cheap imported products, which, in turn, contributed to layoffs at companies that initially remained in the United States.⁵⁶⁵

The shoe industry was one of the first to feel the effects of this process. In 1968, the U.S. shoe industry employed 233,000 people and produced 642 million pairs of shoes per year. The U.S. also imported just under 400 million pairs of shoes each year, mainly from manufacturers in Taiwan, Brazil, and South Korea, who could offer prices as low as \$4-6 per pair. By 1975, competition from these imports had contributed to a net loss of nearly 300 shoe factories in the U.S., and employment in the industry had declined to 161,000.⁵⁶⁶

Tariffs on imported shoes, then, became what the *New York Times* called the “first hard decision in the field of foreign trade” made by the Jimmy Carter administration in early 1977.⁵⁶⁷ In January, the 6-member U.S. International Trade Commission issued a unanimous finding that “imports were causing injury to the domestic [shoe] industry.” To

⁵⁶⁴ “Table IV: Per Capita Income,” n.d., Folder “Balanced Growth and Economic Development, Gov. Conference,” Box 135, General Correspondence 1978, Hunt Papers.

⁵⁶⁵ See Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven, 2010).

⁵⁶⁶ Paul Kemezis, “Stepping Abroad for Shoes,” *New York Times*, January 30, 1977.

⁵⁶⁷ “Test on Foreign Trade,” *New York Times*, February 11, 1977.

protect the domestic industry, the ITC proposed a modification to the existing 10 percent tariff on imported shoes. Under the ITC's proposal, the first 265 million pairs of shoes each year would enter the U.S. at the existing 10 percent rate, with each pair exceeding that benchmark assessed a 40 percent duty. The 40 percent tariff would be gradually phased out, and eliminated completely within five years.⁵⁶⁸ Although the ITC estimated that the proposal would create 5,000 jobs in the U.S. and "save an equal amount which are currently threatened," the *Times* deemed the recommendation the "mildest remedy" under consideration.⁵⁶⁹ U.S. manufacturers were reportedly "less than satisfied with the plan," having lobbied for a strict quota system that would ban imports over certain levels.⁵⁷⁰ Nevertheless, Carter, leery of provoking a trade war in the first months of his administration, declined to implement the plan.⁵⁷¹

Carter's decision frustrated Governor Hunt, who had urged the president to accept the ITC ruling, and to take a tougher stance on imports more generally. In 1978, Hunt introduced a resolution at the Southern Governor's Conference opposing any reduction in tariffs on textile imports.⁵⁷² That same year, ahead of multilateral trade negotiations in Geneva, he encouraged the president to establish a prohibition on any U.S. concessions on textile tariffs as a precondition for the talks. Hunt was concerned about imports because many of his constituents worked in industries susceptible to them, like textiles and apparel. According to the North Carolina Textile Manufacturers Association, by 1978, 45,000 of the state's textile and apparel plant workers had lost their jobs due to

⁵⁶⁸ Edwin L. Dale, Jr., "New Curbs Asked on Shoe Imports," *New York Times*, January 7, 1977.

⁵⁶⁹ Kemezis, "Stepping Abroad"; Dale, "New Curbs."

⁵⁷⁰ Kemezis, "Stepping Abroad."

⁵⁷¹ Kemezis, "Stepping Abroad"; Clyde H. Farnsworth, "Rise in Shoe Tariffs Rejected by Carter," *New York Times*, April 2, 1977.

⁵⁷² Press Release, "Resolution Passed Urging Textile Tariff Rates Maintained," September 20, 1978, Folder "Foreign Imports," Box 150, General Correspondence 1978, Hunt Papers.

imports. If existing tariff levels remained, the NCTMA estimated, another 19,000 could be out of a job by 1985.⁵⁷³ As Hunt reminded the Carter administration, these workers included “many of our poorest people who most need jobs.”⁵⁷⁴ Moreover, the industries employed large numbers of women and minorities. In a reversal of a decades-long history of racial discrimination, by the late 1970s, African Americans accounted for approximately 20 percent of textile and apparel workers. Women, who had always played a large role in both industries, represented 50 and 80 percent, respectively, of the textile and apparel workforces.⁵⁷⁵

Hunt and other North Carolinians were especially supportive of the ITC ruling on shoe imports because, during the 1960s and 1970s, several shoe manufacturers had relocated to small towns in west and east. One of the most prominent of these new employers was the New York-based Melville Shoe Corporation, which opened six factories in North Carolina between 1961 and 1976. All six of Melville’s factories were located in small towns outside of the Piedmont—from Sparta, Hot Springs, Boone, and Wilkesboro in the West to Robersonville and Aulander in the East. North Carolina’s largest shoe factory, a division of Converse employing between 1,000 and 2,500 people in Lumberton, was also located in the East.⁵⁷⁶

Because they were concentrated in small rural towns, shoe factories were often one of

⁵⁷³ Jim Hunt to President Jimmy Carter, October 23, 1978, Folder "Foreign Imports," Box 150, General Correspondence 1978, Hunt Papers.

⁵⁷⁴ Jim Hunt to Robert Strauss, July 3, 1978, Folder "Foreign Imports III," Box 150, General Correspondence 1978, Hunt Papers.

⁵⁷⁵ Hunt to Carter, October 23, 1978, Folder "Foreign Imports," Hunt Papers. See also, Timothy J. Minchin, *Hiring the Black Worker: The Racial Integration of the Southern Textile Industry, 1960-1980* (Chapel Hill: University of North Carolina Press, 1999).

⁵⁷⁶ North Carolina Department of Natural and Economic Resources, *1976-77 Directory of North Carolina Manufacturing Firms* (Raleigh, N.C.: Department of Natural and Economic Resources), see the entries for Melville Shoe Corporation and Converse in Section “C.”

the few sources of employment in their communities. As a result, workers in North Carolina felt especially vulnerable to increased imports, and after the ITC issued its ruling in January 1977, wrote to urge the president to implement the higher tariffs. Rolf Kaufman, for example, president of a shoe company with operations in Waynesville, wrote to Carter on behalf of his more than 600 employees in that mountain community. Kaufman asked Carter to endorse the ITC ruling, citing the fact that his company's factories were located in "areas where alternate employment is not easy to find." Kaufman's employees in Waynesville echoed this reasoning, and looked to the ITC proposal to protect their jobs. Should they lose their job, workers insisted, they had little hope of finding another in Waynesville. "We only know work in a shoe factory as our trade," wrote Eva Edwards, a self-described "working mother" who appealed to Carter to "help us keep our jobs." Edwards' co-worker, Ernest Sutton, also told the president that shoemaking was his only option, as the industry was "where all my experience is." J.C. Crayne used similar language. "This is where all my experience is," Crayne wrote, "and if I am out a job, there will be no place to find another."⁵⁷⁷ Collectively, these responses to the ITC ruling suggest a dependency on a small number of industries and an even smaller number of employers in the state's rural areas, especially those in the eastern and western sections. The insecurity and pessimism about future job prospects also highlights the growing disparity between rural and metropolitan North Carolina. As cities like Raleigh, and small towns on the perimeter of larger metropolitan areas, began attracting higher-paying jobs in high-tech industries, small towns in more isolated rural areas

⁵⁷⁷ Rolf Kaufman to President Jimmy Carter, March 11, 1977, Eva Edwards to Carter, n.d., and Ernest M. Sutton to Carter, February 7, 1977, all in Folder "Foreign Imports," Box 41, General Correspondence 1978, Hunt Papers.

continued to depend on low-wage industries with uncertain futures.

The worst fears of many North Carolina shoe factory employees were realized in 1983. At the time, imported shoes had grown to 65 percent of the U.S. market. The rise of imports contributed to plant closings and layoffs, which claimed 455 jobs in North Carolina by December 1983. The biggest blow, however, came just a few weeks before Christmas, when the Melville Corporation announced that it would shut down its factories in Hot Springs, Sparta, Boone, and Wilkesboro. The shutdowns, all of them in small western Carolina towns, left 2,000 people without work, cutting North Carolina's total workforce in the shoe industry by more than half.⁵⁷⁸

As textiles and apparel demonstrated their vulnerability, many rural communities looked increasingly to food processing industries as a more durable, less import-sensitive replacement. If Governor Sanford's hope of becoming the "food basket of the nation" was premature in 1962, by the 1980s, North Carolina's claim on the title seemed more plausible.⁵⁷⁹ Employment in food processing industries increased by 12 percent between 1973 and 1984, and another 28 percent between 1984 and 1996.⁵⁸⁰ Especially successful were the turkey and hog producers in eastern North Carolina. By the mid-1990s, North Carolina was the nation's leading producer of processed turkeys, with the Warsaw-based Carroll's Foods turning out 15 million birds per year, more than any other company. Meanwhile in Rose Hill, 12 miles south of Warsaw, Murphy Family Farms emerged as the nation's top producer of hogs; Carroll's Foods was second. And in the town of Tar

⁵⁷⁸ Jim Hunt, "Statement on the Melville Corporation Plant Closings," December 15, 1983, in Jeffrey J. Crow and Jan-Michael Poff, eds., *Addresses and Public Papers of James Baxter Hunt, Jr., Vol. 2, 1981-1985*, (Raleigh, N.C.: Division of Archives and History, Department of Cultural Resources, 1987), 421-422.

⁵⁷⁹ "Gov. Sees Food Basket Role for NC," *Raleigh News and Observer*, August 11, 1962.

⁵⁸⁰ Stuart, "Manufacturing," in Orr, Jr. and Stuart, eds., *North Carolina Atlas*, 181.

Heel, in neighboring Bladen County, Smithfield Foods operated what was believed to be the largest hog processing plant in the world, with a capacity for 32,000 hogs per day.⁵⁸¹ The poultry industry continued to grow as well, with Moore, Chatham, and Duplin Counties joining Wilkes as the state's top broiler producers.⁵⁸²

These food processing industries represented some of the few factory jobs available to rural African American southerners. With the victories of the Civil Rights Movement, African Americans finally gained entry into the textile and apparel industries—just when those industries were beginning their steady decline.⁵⁸³ Opportunities in agriculture were not much better. Rural African Americans were disproportionately harmed by the decline of the family farm in the second half of the twentieth century. Between 1950 and 1974, the number of black farmers in the South declined by 80 percent.⁵⁸⁴ By 1982, historian Loren Schweningen has written, “the number of black farm owners in the region was only slightly greater than it had been during the early post-Civil War period.”⁵⁸⁵ Part of the reason for the sharp decline was that African Americans typically had smaller land holdings than white farmers. This prevented African American farmers from growing soybeans or other experimental crops, forcing them to rely instead on increasingly mechanized cotton and tobacco.⁵⁸⁶ Systemic discrimination in the U.S. Department of Agriculture also played a role, denying African Americans access to the loans and government assistance that helped some of their white counterparts stay on their land.⁵⁸⁷

⁵⁸¹ Hart and Mayda, "Industrialization of Livestock Production," 73-75.

⁵⁸² Arndt, "Locational Considerations," 73.

⁵⁸³ Minchin, *Hiring the Black Worker*.

⁵⁸⁴ Loren Schweningen, "A Vanishing Breed: Black Farm Owners in the South, 1651-1982," *Agricultural History* 63 (Summer 1989): 53.

⁵⁸⁵ *Ibid.*

⁵⁸⁶ *Ibid.*, 52.

⁵⁸⁷ Pete Daniel, *Dispossession: Discrimination Against African American Farmers in the Age of Civil Rights* (Chapel Hill: University of North Carolina Press, 2013).

And with the expansion of mechanical tobacco harvesters in the 1960s and 1970s, farm workers also found themselves in need of off-farm employment.⁵⁸⁸ Food processors saw in the tobacco producing region of eastern North Carolina, then, an opportunity to access an abundant supply of cheap labor, one with few alternative sources of employment.

African American women especially made up the backbone of the poultry industry. As historian LaGuana Gray writes, the industry “capitalized both on their status as women, constructed as more compliant and docile than men, and on the historical defeminization of black women, which characterized them as fit for the dangerous, arduous, often grisly work usually reserved for men.”⁵⁸⁹

Work in poultry slaughterhouses was (and is), indeed dangerous and grisly. Much of the danger derived from the breakneck speed of the line. With thousands of broiler carcasses whizzing by each hour, workers needed to handle sharp knives and scissors to cut and debone the birds. Lacerations and lost fingers were not uncommon, nor were repetitive motion disorders and chronic back and joint injuries. Workers also had to toil in near freezing temperatures, made even worse by the spraying of water and chemicals to clean the birds. Supervisors kept a close watch over line workers, timing bathroom breaks and threatening to fire those who were unable to keep pace with the speed of the line.⁵⁹⁰ At poultry factories throughout the region, African American women also reported hostile work environments, due to racist comments and sexual harassment from

⁵⁸⁸ Daniel, *Breaking the Land*, 266-267; John Fraser Hart and Ennis L. Chestang, “Rural Revolution in East Carolina,” *Geographical Review* 68 (October 1978): 435-458.

⁵⁸⁹ LaGuana Gray, *We Just Keep Running the Line: Black Southern Women and the Poultry Processing Industry* (Baton Rouge: Louisiana State University Press, 2014), 4.

⁵⁹⁰ Gray, *We Just Keep Running*, 104-117; Steve Striffler, *Chicken: The Dangerous Transformation of America’s Favorite Food* (New Haven, Conn.: Yale University Press, 2005), 111-134; Bryant Simon, *The Hamlet Fire: A Tragic Story of Cheap Food, Cheap Government, and Cheap Lives* (New York: The New Press, forthcoming).

supervisors.⁵⁹¹ The dangers of food processing work were most clearly illustrated in 1991, when a fire at the Imperial Food Products factory in Hamlet, North Carolina killed 25 people, the majority of them women. The deaths might have been avoided, if not for the factory exits being locked, a tragic testimony to the control exercised by plant managers and to the unregulated nature of much of the state's rural manufacturing.⁵⁹²

High-wage employers in safer, more desirable industries, meanwhile, continued to bypass North Carolina's rural counties and small towns. Residents and local officials had an opportunity to share their perspective on the causes of this unbalanced growth at a series of conferences held in late 1977. The state government held conferences on economic growth in all 100 counties, as a lead-in to a statewide Governor's Conference on Balanced Growth and Economic Development in Charlotte in January 1978. The conferences were intended to give local residents, community leaders, and elected officials an opportunity to explain the most pressing economic problems in their area and to offer solutions. Either Governor Hunt or members of his administration attended each conference, and used the feedback they received to formulate policies that would bring good industries and high-paying jobs to rural small towns.⁵⁹³ In his welcome letter to the statewide conference, Hunt explained that his goal for Balanced Growth was to "have a strong growing economy in North Carolina, and still preserve our environment and the small-town lifestyle that we love so well."⁵⁹⁴ In short, Hunt's pursuit of Balanced Growth was the latest manifestation of a long sought after goal among North Carolina

⁵⁹¹ Gray, *We Just Keep Running*, 80-82.

⁵⁹² Simon, *The Hamlet Fire*.

⁵⁹³ Lynwood Smith to Economic Development Board, December 6, 1977, Folder "Balanced Growth and Economic Development, Gov. Conference I," Box 1, General Correspondence 1977, Hunt Papers.

⁵⁹⁴ Conference Program, "Governor's Conference on Balanced Growth and Economic Development, January 9-11," Folder "Balanced Growth and Economic Development, Gov. Conference," Box 135, General Correspondence 1978, Hunt Papers.

policymakers: to preserve the state's rural, small-town way of life by distributing manufacturing jobs evenly across the state, rather than having them concentrated in a handful of metropolitan areas. Although North Carolina had experienced rural industrial growth throughout the postwar era, the challenge Hunt faced was to steer the types of industries that made the Sunbelt boom toward the countryside.

The inability of rural areas to attract better jobs was, in the nearly unanimous opinion of Balanced Growth conference attendees, primarily a result of poor infrastructure. At the Hertford County conference, where Hunt delivered the keynote address, local speakers informed the governor that "Some prospects don't want to go [east] of I-95."⁵⁹⁵ In the final report on the conference, attendees reported that Hertford's "rural-isolated setting" and "lack of four-lane highways" disadvantaged the community in the pursuit of new industries.⁵⁹⁶ Throughout the series of conferences, in fact, easterners expressed frustrations with the lack of modern highways. "If there was one consistent 'train of thought' in the county conferences in the East," one report noted, "it was [that] highways, especially east-west highways" needed to be improved to entice new industries. Many highways connecting eastern communities with the Piedmont to the west and state ports to the east remained two-lanes. Widening them to four-lanes, conference attendees claimed, could provide high-tech employers with easier access to the Research Triangle, and manufacturers of all types with more access to markets in the urban Piedmont and, via coastal ports, throughout the world. Rural counties in the East also called for better

⁵⁹⁵ Conference Program, "Hertford County Conference on Balanced Growth and Economic Development, November 2, 1977," Folder "Balanced Growth and Economic Development, Gov. Conference I," Box 1, General Correspondence 1977, Hunt Papers.

⁵⁹⁶ "Governor's Conference on Balanced Growth and Economic Development, County Report: Hertford," Folder "Balanced Growth and Economic Development, Gov. Conference I," Box 1, General Correspondence 1977, Hunt Papers.

airports, arguing that the region's existing facilities were unable to accommodate corporate jets and commercial shipping demands.⁵⁹⁷ Conferences in the West raised similar concerns. Avery and Alleghany Counties argued that "the lack of an airport, rail lines and good roads hamper[ed] growth" in their communities. A consensus emerged at the western conferences that the lack of adequate connecting highways to Interstates 40, 77, and 81 also served as a serious impediment to growth.⁵⁹⁸

These concerns were nothing new for North Carolina. In the late nineteenth and early twentieth century, farmers called for better farm-to-market roads to stimulate growth in the agricultural economy. In the postwar era, rural citizens pressured Governors Cherry and Scott to increase investments in secondary roads in order to make rural industrial development possible. The challenge facing Governor Hunt was different, however, because by the late 1970s, communities had identified more infrastructure needs than simply better roads and highways. While transportation infrastructure remained important, rural communities also found that their water and sewage facilities were inadequate and hindered their ability to sell themselves to new industries. When the governor's office condensed the findings of all Balanced Growth conferences in the West, they found that "the lack of water and sewer facilities" was identified as the "primary impediment to industrial expansion."⁵⁹⁹ A similar report on conferences in the East concluded that "Sewage facilities must be upgraded and enlarged."⁶⁰⁰

⁵⁹⁷ "The East: Observations from the Eastern Counties' Conferences on Balanced Growth and Economic Development," Folder "Balanced Growth and Economic Development, Gov. Conference I," Box 135, General Correspondence 1978, Hunt Papers.

⁵⁹⁸ "The West: Observations from the Western Counties' Conferences on Balanced Growth and Economic Development," Folder "Balanced Growth and Economic Development, Gov. Conference I," Box 135, General Correspondence 1978, Hunt Papers.

⁵⁹⁹ *Ibid.*

⁶⁰⁰ "The East: Observations."

In addition to water and sewage infrastructure, eastern and western communities also lacked the vocational training and skilled workforce needed to woo employers in high-paying industries. A report summarizing the Balanced Growth conferences in the East noted that “Easterners feel that several industries have been lost due to a lack of appropriately trained labor,” and called for more vocational training “to develop skills of laborers who can then hopefully stay home to work.”⁶⁰¹ Final reports on conferences in the West also called for more community and vocational colleges, along with more training at the high school level, in order to help the region achieve “a more diversified industry mix.”⁶⁰²

The deficiencies of infrastructure in eastern North Carolina were clearly illustrated when Ajinomoto, a Japanese manufacturer of amino acids, announced their decision to open their first U.S. manufacturing facility in Raleigh. In publicizing the announcement, Governor Hunt lauded the \$40 million investment as “creating the kinds of high-wage, high-skill jobs that will boost North Carolina’s economy and improve the lives of our people.” Hunt had toured the company’s factories during his Japan trip in 1979, and came away impressed with their operations. Even more than the well-paying skilled jobs Ajinomoto offered, Hunt saw the “advanced technology” used to process amino acids as an important step toward a more modern industrial economy. Winning the Ajinomoto plant was one of the crowning achievements of his first term in office, a sign that his efforts to recruit industries outside of the state’s traditional strengths were working.⁶⁰³

Raleigh, however, was not Ajinomoto’s first choice. In early 1979, the company

⁶⁰¹ *Ibid.*

⁶⁰² “The West: Observations.”

⁶⁰³ “Industrial Announcement--Ajinomoto Co., Inc., January 7, 1980, Box 3 of 8 (unprocessed), Commerce Clients File.

privately told officials in Greenville that the eastern North Carolina town was its favored destination. A third-party consulting firm hired by Ajinomoto confirmed that Greenville was the best location for the factory, and members of Greenville Industries, a local development organization, believed that the company's official announcement was forthcoming. The deal began to unravel in June 1979. Ajinomoto officials visited Greenville for a second time, and found the town's public sewage system to be more primitive than they anticipated.⁶⁰⁴ An amino acid factory of this size could be expected to use as much as 600,000 gallons of water each day and discharge up to 430,000 gallons of sewage. As Charles Horne, director of the Greenville Utilities Commission, admitted, "Both of these requirements will put a severe load on our existing facilities."⁶⁰⁵ Worried that Greenville's infrastructure would not support their factory, Ajinomoto reevaluated their options and eventually made their selection of Raleigh public in January 1980.⁶⁰⁶

Ajinomoto's backing out of their verbal commitment to Greenville unnerved the town's boosters. "Very few industrial prospects touch the hearts of a community the way in which your proposed facility has touched ours," wrote Reese Hart, director of the Pitt County Development Commission.⁶⁰⁷ Hart begged the company to reconsider, telling Ajinomoto that his organization had reached "unanimous agreement that we must not simply accept your current decision."⁶⁰⁸ In an attempt to sway Ajinomoto, the Pitt County Development Commission and Greenville Industries submitted a revised package of incentives. Greenville Industries, the owner the 280-acre tract of land proposed as an

⁶⁰⁴ "Greenville Lost a \$37 Million Plant," *The Daily Reflector* (Greenville, N.C.), May 30, 1980.

⁶⁰⁵ Charles Horne to Dale Jones, July 20, 1979, Box 3 of 8 (unprocessed), Commerce Clients File.

⁶⁰⁶ "Greenville Lost a \$37 Million Plant."

⁶⁰⁷ Reese Hart to Yasuo Maetani, October 23, 1979, Box 3 of 8 (unprocessed), Commerce Clients File.

⁶⁰⁸ Reese Hart to Akikazu Kikkawa, September 25, 1979, Box 3 of 8 (unprocessed), Commerce Clients File.

industrial site, lowered their asking price, while the county development commission pledged to underwrite up to \$100,000 for the cost of extending a rail line to the site.⁶⁰⁹ Most important, the Utilities Commission reached out to Ajinomoto to assure the company that Greenville was committed to improving its water and sewage facilities. The town was currently in the planning stages of a new water treatment plant, with an estimated completion date of July 1982, as well as a new sewage treatment plant, to be completed by July 1984.⁶¹⁰ But Ajinomoto was unwilling to wait for Greenville to upgrade its infrastructure. The company moved forward with its decision to locate in Raleigh, where the necessary infrastructure was already in place, and began operations there in the spring of 1982.

Despite the failure to secure a commitment from Ajinomoto, Greenville was one of the most rapidly modernizing towns in the East, boasting a growing university and medical center. That it nonetheless lacked the infrastructure to attract a high-wage, advanced manufacturing firm suggested even greater struggles for the region's more isolated towns. Indeed, many eastern communities found that their isolation actually worked against them when recruiting high-wage manufacturers, as seen in the case of the Nissan Motor Corporation. Governor Hunt and the Department of Commerce worked for more than four years to convince Nissan to establish a factory in North Carolina. In particular, they tried to sell the automotive company on a location in the east. One Department of Commerce recruiter promoted Elizabeth City as "probably the prime area in our state for your project," but they also submitted Roanoke Rapids and Wilson

⁶⁰⁹ W.W. Speight to Hajim Tabuchi, October 22, 1979, Box 3 of 8 (unprocessed), Commerce Clients File; Greenville Industries, Inc. to Ajinomoto U.S.A., Inc., November 20, 1979, Box 3 of 8 (unprocessed), Commerce Clients File.

⁶¹⁰ Charles Horne to Yasuo Maetani, October 23, 1979, Box 3 of 8 (unprocessed), Commerce Clients File.

County for Nissan's consideration.⁶¹¹ None of those suggestions, however, were able to meet the level of accessibility that Nissan required. The company deemed Elizabeth City and Roanoke Rapids too far east to provide convenient Interstate access. Although Interstate 95 ran through Wilson County, it lacked a large enough metropolitan area to supply Nissan's labor demands. Eventually, the company sited their factory in Smyrna, Tennessee, a town 25 miles south of Nashville at the intersection of Interstates 40 and 24.⁶¹²

Like W. Kerr Scott, one of his political heroes, Governor Hunt recognized the importance of transportation infrastructure to economic development. Noting that North Carolina "simply cannot permit a weakening of our transportation program to threaten our balanced growth policy," he pushed for several upgrades to the state highway system.⁶¹³ One of his first acts as governor was to call for a referendum on a \$300 million highway bond issue, which voters approved in November 1977.⁶¹⁴ Larger economic conditions at the time, however, as well as Hunt's own propensity to shield businesses from higher tax burdens, limited the scope of infrastructure improvements during his time in office. Indeed, one of the ironies of the Hunt administration is that while the governor first became interested in politics as a young boy observing the progress of Scott's farm-to-market road building campaign, by the time he left office in 1985, the state highway system was arguably in worse shape than when he entered.

At the beginning of his second term in office, Hunt acknowledged that North

⁶¹¹ William Teague to William Eberle, July 28, 1980, Box 3 of 8 (unprocessed), Commerce Clients File.

⁶¹² Memorandum, "Nissan Motor Corporation U.S.A., Alvah H. Ward to Jim Hunt, August 1, 1980, Box 3 of 8 (unprocessed), Commerce Clients File.

⁶¹³ Jim Hunt, "Better Transportation for North Carolina," June 7, 1979, in Memory F. Mitchell, ed., *Addresses and Public Papers of James Baxter Hunt, Jr. Governor of North Carolina, Volume 1, 1977-1981* (Raleigh, N.C.: Division of Archives and History, Department of Cultural Resources, 1982), 543.

⁶¹⁴ Turner, *Paving Tobacco Road*, 85.

Carolina's highways were deteriorating, and that drivers were "just starting to see and feel the cracks."⁶¹⁵ According to a Blue Ribbon Commission he had appointed to study long-term highway needs, the 1977 bond issue would be depleted as soon as 1982.⁶¹⁶ The Commission also found that simply to keep up with normal wear and tear, North Carolina would need to resurface 2,600 miles of road per year. The state could only afford to resurface, at most, half of that amount. In addition, more than 8,000 of the state's bridges needed to be repaired or replaced, the Commission reported.⁶¹⁷ Some of the causes of the state's deteriorating highways were out of Hunt's control. Simply put, inflation in the 1970s meant that a \$300 million highway bond issue did not buy what it used to. The price of asphalt, concrete, and steel fluctuated at least 10 percent per year in the late 1970s. All told, the cost of highway maintenance and construction increased as much as 20 percent per year.⁶¹⁸

Still, the solutions Hunt posed for the state's weakening transportation infrastructure were limited by his own business-friendly politics. In an address to the General Assembly in April 1981, Hunt proposed two main strategies for raising the revenue needed to improve the highway system. "The first source of that money," he stated, "should be savings in the operation of the Department of Transportation."⁶¹⁹ By re-prioritizing existing highway projects and reducing the DOT workforce, Hunt estimated that the state could save up to \$20 million per year, and re-allocate that money toward resurfacing and maintenance. Ultimately, Hunt eliminated more than 2,500 DOT jobs in the name of cost

⁶¹⁵ Jim Hunt, "Address to the General Assembly on Highway Needs," April 28, 1981, in Crow and Poff, eds., *Addresses and Public Papers... Volume 2*, 25-26.

⁶¹⁶ Turner, *Paving Tobacco Road*, 86.

⁶¹⁷ Hunt, "Address to the General Assembly on Highway Needs," 26.

⁶¹⁸ Hunt, "Better Transportation for North Carolina," 539-540; Hunt, "Address to the General Assembly on Highway Needs," 26.

⁶¹⁹ Hunt, "Address to the General Assembly on Highway Needs," 27.

efficiency.⁶²⁰ To make up for the lost manpower, he doubled the number of prisoners working on the highways. As he told the General Assembly, the state needed “to get every prisoner in our system that we possibly can working on the roads...I don’t want a single idle prisoner in the corrections system of North Carolina on any day when it is possible to have him working on the roads.”⁶²¹

The second major transportation initiative Hunt proposed was an increase in the state gasoline tax. In 1981, he signed legislation to increase the gas tax from 9 cents per gallon to 12, raising an estimated \$90 million in revenue per year. As Paul Luebke has pointed out, however, the gas tax is a regressive form of taxation, in that the wealthy and the poor pay the same rate, and the amount of revenue contributed by the non-wealthy constitutes a greater portion of their income.⁶²² In short, by promoting infrastructure improvements, Hunt attempted to use the government to foster job creation in the private sector, which would contribute to his vision for balanced growth. His commitment to maintaining North Carolina’s low-tax, business-friendly climate, however, limited the impact of those improvements, as the state gained relatively meager revenue from budget-trimming efforts, unpaid prison labor, and regressive taxes.

Hunt also fell short in making needed improvements to water and sewage infrastructure. He planned to hold a statewide referendum in 1982 on a \$300 million bond issue for “industrial clean water bonds.” If approved, the bonds would have upgraded water and sewer systems throughout the state. Hunt rightly noted that the bonds were “absolutely essential to economic growth,” especially in rural communities, where

⁶²⁰ Turner, *Paving Tobacco Road*, 85.

⁶²¹ Hunt, “Address to the General Assembly on Highway Needs,” 29.

⁶²² Turner, *Paving Tobacco Road*, 86; Luebke, *Tar Heel Politics*, 52.

industrial recruitment efforts were often stymied by limited water and sewer capacity. Despite their obvious importance, Hunt cancelled the public vote, citing the ongoing recession of the early 1980s and the toll it had taken on the state budget.⁶²³

Governor Hunt did manage to make some improvements to North Carolina's system of community colleges and technical institutes. Specifically, he expanded the role of the state Department of Community Colleges' industry services program. The program essentially provided state-sponsored worker training for new industries. Hunt encouraged the Director of Industry Services and training specialists within the community college system to work more closely with the Department of Commerce in the industrial recruitment process. Community college officials communicated with industrial prospects and made frequent on-site visits to new factories, to learn from companies about the specific skills demanded of their employees. Then, community colleges designed curriculum tailored to the needs of new industries and provided classes exclusively for the company's employees.⁶²⁴

Governor Hunt and the Department of Commerce attempted to use the industrial training program to convince employers requiring skilled labor that rural areas could be viable plant sites. With 58 campuses in the state community college system, one brochure claimed, 99 percent of the state's population lived within 30 miles of a community college or technical institute. "And wherever industry may choose to locate," the brochure added, "it will be within the service range of at least one community

⁶²³ Jim Hunt, "Statement on Clean Water Bond Referendum," May 7, 1982, in Crow and Poff, eds., *Addresses and Public Papers...Volume 2*, 262.

⁶²⁴ North Carolina Department of Commerce, "Industrial Training," in *North Carolina Industrial Data File* (Raleigh, N.C.: North Carolina Department of Commerce, 1981).

college...all of which offer quality training programs.”⁶²⁵

Improving North Carolina’s vocational training was key to implementing Hunt’s most ambitious development strategy: the creation of the North Carolina Microelectronics Center (NCMC). In his boldest declarations, Hunt argued that the center could make North Carolina the East Coast version of Silicon Valley, a key player in the research and production of microelectronics (mainly the silicon chips used in computers). In November 1980, Hunt visited with industry leaders in Silicon Valley, where he outlined his vision for the NCMC. A cooperative venture between the Research Triangle Institute and five state universities, the NCMC would promote microelectronics research and, through its training programs, would “dramatically increase the availability of microelectronics-educated people” in the state.⁶²⁶ According to Hunt, Silicon Valley leaders were “of the opinion that the [NCMC] can be the magnet to attract a major expansion of this industry to the eastern United States.”⁶²⁷

Hunt used the publicity surrounding his Silicon Valley trip, and his reportedly favorable reception there, to build support for a \$24 million investment in the NCMC. The General Assembly authorized the spending in a budget appropriation in May 1981, clearing the way for construction of the research facility at RTP.⁶²⁸ Building a strong microelectronics industry, Hunt argued, “place[d] North Carolina on the leading edge of what could be a second Industrial Revolution—the Information and Communications

⁶²⁵ *Ibid.*

⁶²⁶ Press Release, “North Carolina Making Major Effort to Attract Microelectronics Industry,” n.d., Folder “Industrial Development, N.C. Board of,” Box 509, General Correspondence 1980, Hunt Papers.

⁶²⁷ “Statement by Gov. Jim Hunt, Press Conference,” November 24, 1980, Folder “Industrial Development, N.C. Board of,” Box 509, General Correspondence 1980, Hunt Papers.

⁶²⁸ Dale Whittington, “Microelectronics Policy in North Carolina: An Introduction,” in Whittington, ed., *High Hopes for High Tech: Microelectronics Policy in North Carolina* (Chapel Hill: University of North Carolina Press, 1985), 13-14.

Revolution.”⁶²⁹ In addition to research and development jobs, he expected the center to spin-off high-tech manufacturing jobs in rural communities. With rural North Carolina’s traditional manufacturers facing a bleak future, Hunt viewed the microelectronics industry as “our chance—perhaps the only chance that will come in our lifetime—to make a dramatic breakthrough in elevating the wages and per capita income of the people of this state.”⁶³⁰

Ultimately, the pursuit of microelectronics and other high-tech industries only furthered the rural-metropolitan divide in North Carolina. Compared to the state’s traditional manufacturers, high-tech, high-wage employers placed greater importance on a community’s overall quality of life when selecting a new plant site. This placed rural areas at a disadvantage because, despite some investments in public infrastructure and human capital during the Hunt administration, the governor’s efforts did not go far enough. By the mid-1980s, North Carolina ranked fortieth in the nation in state and local expenditures on public education, and in the bottom half among all states in public health care spending. And by 1985, the state that once called itself the “Good Roads State” ranked forty-fifth in per capita highway spending.⁶³¹

Because the effects of North Carolina’s limited public spending were especially pronounced in rural counties, metropolitan areas by the early 1980s were more appealing to new employers, especially the microelectronics firms targeted by Hunt. In one study, for example, University of North Carolina geographer Emil Malizia found that executives in high-tech industries made relocation and expansion decisions according to different

⁶²⁹ Press Release, “North Carolina Making Major Effort,” Folder “Industrial Development, N.C. Board of,” Hunt Papers.

⁶³⁰ Whittington, “Microelectronics Policy in North Carolina,” 19.

⁶³¹ Luebke, *Tar Heel Politics*, 188.

criteria than their counterparts in labor-intensive industries. In Malizia's survey, high-tech employers rated a rural location as a negative characteristic when selecting a new site for their company. They also placed much more importance on the quality of a community's infrastructure, school system, and overall quality of life, compared to employers in labor-intensive or low-tech industries.⁶³² Not surprisingly, then, jobs in new microelectronics and other high-tech industries concentrated in three major metropolitan areas: the Research Triangle, the Piedmont Triad (Greensboro, Winston-Salem, and High Point), and Charlotte-Mecklenburg. As the research director of the state Employment Security Commission acknowledged, by 1982, those three areas accounted for more than three-quarters of the microelectronics jobs in the state.⁶³³

Besides high-tech employers, manufacturers across a range of industries began to prefer metropolitan or suburban locations by the early 1980s. A survey conducted by *Business Week* in 1980 showed that manufacturers placed increasing importance on a community's quality of life. The magazine presented executives with a list of factors that companies typically considered when making a new site selection, and asked them to identify which ones they deemed important. Two-thirds of respondents identified "pleasant living conditions for employees" as an important consideration, up from 48 percent for the same survey in 1976. Similarly, 53 percent rated "adequate educational facilities" as an important factor, compared to only 35 percent in 1976. These shifting priorities translated to a growing preference for suburban areas. Fifty-seven percent of respondents said that finding a plant site in a suburban location was important to their

⁶³² Emil E. Malizia, "The Locational Attractiveness of the Southeast to High-Technology Manufacturers," in Whittington, ed., *High Hopes for High Tech*, 183-185.

⁶³³ Gregory B. Sampson, "Employment and Earnings in the Semiconductor Electronics Industry: Implications for North Carolina," in Whittington, ed., *High Hopes for High Tech*, 287.

company, while only 32 percent said the same for rural areas.⁶³⁴

By the time Jim Hunt left office in 1985, the dream of North Carolina's post-World War II policymakers—building a stable industrial economy around rural manufacturers—was dying. The low-wage, labor-intensive factories that filled the countryside in the mid-century decades were closing down, seeking out even lower-wage climates in the Global South. Meanwhile, metropolitan areas were thriving, thanks to an influx of advanced manufacturing firms and high-technology industries.

Although he left office as a broadly-popular two-term governor, this rural-urban divide represented a clear failure of Hunt's chief economic goal, Balanced Growth. Like his predecessors, Hunt wanted rural North Carolinians to have access to job opportunities that would enable them to remain in the country. By the late 1970s and early 1980s, however, the priorities of American businesses had shifted. In the immediate postwar years, North Carolina's investments in rural infrastructure were successful in creating industrial jobs in the countryside, because they coincided with a larger trend of American manufacturers seeking out rural areas as an escape from New Deal liberalism. As those jobs began migrating to the Global South, Hunt's Balanced Growth vision depended on his ability to replace them with new industries using more advanced technology and offering higher wages. Employers in those industries, however, did not value rural areas as their counterparts in low-wage, labor-intensive industries did. Instead, industries like microelectronics gravitated to North Carolina's metropolitan areas, where they found a more educated and skilled workforce, as well as superior municipal services and overall quality of life. In his attempt to create Balanced Growth, in other words, Hunt was using

⁶³⁴ "Plant Site Selection: A Survey of *Business Week's* Executive Subscribers in Industry," n.d. Folder "Industrial Development, N.C. Board of," Box 656, General Correspondence 1981.

an old sales pitch for a product most employers were no longer interested in buying.

Hunt's Balanced Growth agenda was also undermined by his own commitment to a political economy defined by accessible isolation. For decades, North Carolina governors and industrial recruiters offered their state's "business-friendly" climate as an alternative to New Deal liberalism. The state promised to create the infrastructure needed to allow manufacturers access to national markets and local labor, while keeping their costs to a minimum and not interfering with managerial prerogatives. Hunt furthered this tradition by maintaining pro-business policies on taxation and labor unions, and promising a climate of limited government meddling in the private sector. This approach to economic development had been successful during the mid-century decades in attracting labor-intensive industries like textiles and apparel. It did not, however, prepare rural communities to meet the needs of high-tech, high-wage employers in the late twentieth century. Rather than making investments in public services and human capital, which could have made rural North Carolina a viable site for late-twentieth century economic development, the state made the minimal investments needed to attract migratory factories. And even the results of those investments, mainly the state highway system, were beginning to deteriorate by the early 1980s. As a result, North Carolina, like much of America, underwent a hollowing out in the late twentieth century. Well-paying jobs concentrated in metropolitan counties, while the manufacturing jobs that once flocked to rural counties left for lower-wage climates.

CONCLUSION

One of the underlying assumptions of this dissertation has been that the history of southern industrialization after World War II is best told as a rural story. Nowhere is this point better illustrated than in North Carolina. Like other states across the South, North Carolina took part in the postwar “crusade for industrial development,” and the high-tech hub of the Research Triangle Park and the gleaming skyscrapers of Charlotte stand as beacons of a prosperous, modern Sunbelt South.⁶³⁵ Yet even though state political leaders and economic development officials welcomed this new economy, they did not want to let go of their rural past.

The journalist John Gunther took note of this contradictory impulse in his 1947 travelogue *Inside U.S.A.* “Most responsible southerners both hope for and fear further industrial expansion,” he wrote. “They don’t want any more slums like those in the Carolina mill towns. What they would prefer as an ideal is the development of small decentralized industries.” Not only were southern states reacting to their experience with congested, class conflict-ridden textile villages, they were also hoping to avoid the urban-industrial model of the North. “The South does not want to industrialize a la New England,” Gunther explained. “What it seeks is a balance between the present overwhelmingly rural economy and the growth of new industry in modest semiurban units.”⁶³⁶

Gunther’s observations track with North Carolina’s explicit goal of bringing industry to isolated rural enclaves throughout the state. As Governor W. Kerr Scott explained in

⁶³⁵ Cobb, *The Selling of the South*.

⁶³⁶ John Gunther, *Inside U.S.A.* (New York: Harper and Brothers, 1947), 672.

his “How You Gonna Keep ‘Em Down on the Farm?” speech, the state’s industry hunters aimed to bring the “advantages of living and wage earning traditionally associated with urban dwelling to the country,” rather than compelling rural people to seek out those advantages in the city. By investing in rural transportation infrastructure, he believed, the state could entice factory owners to relocate to a rural area, creating local jobs and stemming outmigration. Such an arrangement, he and other state leaders believed, constituted a more stable, “wholesome” model of development.⁶³⁷ Rural-dwelling factory workers could keep one foot in agriculture, having a farm to fall back on in the event of hard economic times. This stood in stark contrast to the urbanites outside of the South who were left “totally dependent upon public welfare” if and when the industrial economy lagged.⁶³⁸

Achieving this rural-industrial balance, however, required a hard bargain. State officials saw rural factories as a solution to economic hardships, but manufacturers saw rural communities as a solution to the demands and pressures placed on them by the New Deal state. In other parts of the country, particularly the traditional industrial strongholds of the Northeast and Upper Midwest, a Keynesian social compact empowered workers on the shop floor and provided an unprecedented level of economic security. “Business, government, and workers all accepted unions and collective bargaining as legitimate pillars of American working life,” historian Jefferson Cowie has written. Wages and

⁶³⁷ Cora Stegall, “State Planning More Industry,” *Raleigh News and Observer*, July 15, 1945.

⁶³⁸ W. Kerr Scott, “How You Gonna Keep ‘Em Down on the Farm?,” September 30, 1949, address delivered at the opening of the Carolina Power and Light Company steam plant in Lumberton, in David Leroy Corbitt, ed., *Public Addresses, Letters, and Papers of William Kerr Scott, Governor of North Carolina, 1949-1953* (Raleigh, N.C.: State Department of Archives and History, 1957), 128-129, 132.

income rose, working hours dropped, and a progressive tax code helped ensure a level of economic equality not replicated elsewhere in American history.⁶³⁹

Corporate America did not accept this new ethos passively. Rather, business elites launched what historian Kim Phillips-Fein has called a “crusade against the New Deal,” a political and public relations campaign on behalf of free enterprise that culminated with the election of Ronald Reagan in 1980.⁶⁴⁰ But equally important as the frontal assault led by high-profile business leaders and conservative intellectuals is the strategic retreat from the New Deal employed by scores of manufacturers large and small. Factory owners looking to avoid the political climate of the urban industrial North increasingly looked to the rural South in the post-World War II decades. In offering up rural areas as industrial sites, then, North Carolina created jobs for rural people, but also aided manufacturers in their campaign against New Deal liberalism. Manufacturers found in small towns and rural areas places that provided the freedom to ignore the New Deal state’s promises of economic security, where the political economy was defined by low wages, low taxes, limited regulations, and anti-unionism. For their part, rural North Carolinians, with few options to replace the declining opportunities in agriculture, had little choice but to accept whatever work was available. As Linda Flowers recalled of the factory workers in her native eastern Carolina, “The need of one group to survive met head-on with the desire of the other to make a killing.”⁶⁴¹

With an astute reading of prevailing business trends in the age of the New Deal, North Carolina’s industry hunters were able to make the countryside an attractive site for

⁶³⁹ Cowie, *The Great Exception*, quote at 154.

⁶⁴⁰ Phillips-Fein, *Invisible Hands*.

⁶⁴¹ Linda Flowers, *Thrown Away: Failures of Progress in Eastern North Carolina* (Knoxville: University of Tennessee Press, 1990), 73.

industrial investment. By 1980, North Carolina claimed more factory workers, as a percentage of the total labor force, than any other state in the country.⁶⁴² Layoffs and plant closings decimated the manufacturing economy in the 1980s and 1990s, yet by turn of the millennium, approximately 30 percent of rural North Carolinians still held factory jobs.⁶⁴³ As historians Peter Coclanis and Louis Kyriakoudes have summarized, by the end of the twentieth century, “The transformation of rural and small-town North Carolina into a manufacturing region was nearly complete.”⁶⁴⁴

Despite its low-wage, labor-intensive nature, the factory jobs that arrived in the postwar era did help many rural people like Linda Flowers and her family survive. By 1990, North Carolina’s per capita income stood at 89 percent of the national figure, an increase from 47 percent in 1930.⁶⁴⁵ Moreover, North Carolina actually fared better than the national average in other economic indicators. The state’s unemployment rate was noticeable lower (4.8 to 6.3 percent), and North Carolina could claim a slight advantage in both childhood and adult poverty.⁶⁴⁶ And with these economic gains, North Carolina remained a rural state. Nearly 50 percent of the population lived in a rural area, compared to only 25 percent nationwide.⁶⁴⁷

⁶⁴² Luebke, *Tar Heel Politics*, 62.

⁶⁴³ Jean Crew-Klein et al., “Manufacturing Layoffs: Hard Times for Rural Factories, Workers and Communities,” April 2002, North Carolina Rural Economic Development Center, accessed April 2, 2017, <http://web.archive.org/web/20040808114316/http://www.ncruralcenter.org/pubs/mfglayoffs.pdf>.

⁶⁴⁴ Coclanis and Kyriakoudes, “Selling Which South,” 91.

⁶⁴⁵ U.S. Census Bureau. Per Capita Income in 1989 Dollars. Prepared by Social Explorer. (accessed March 2, 2017); Coclanis and Kyriakoudes, “Selling Which South,” 94.

⁶⁴⁶ U.S. Census Bureau. Unemployment Rate for Total Population 16 Years and Over, 1990. Prepared by Social Explorer. (accessed March 2, 2017); U.S. Census Bureau. Poverty Status in 1989 by Age Group. Prepared by Social Explorer. (accessed March 2, 2017).

⁶⁴⁷ U.S. Census Bureau. Population: Urban and Rural, 1990. Prepared by Social Explorer. (accessed March 2, 2017).

The state's improved economic status, however, dependent as it was on import-sensitive manufacturing and an anti-New Deal political economy, rested on a vulnerable foundation. That foundation crumbled in the last two decades of the twentieth century, as rural North Carolinians, like rural Americans throughout the country, saw their economic base collapse, followed soon by vital community institutions. In his book *Broken Heartland: The Rise of America's Rural Ghetto*, reporter Osha Gray Davison used the geological formation of sinkholes as an analogy for the devastation he witnessed while traveling throughout rural America. Sinkholes can take thousands of years to form, but they open up without warning. Rainwater eats away at limestone, or some other easily soluble form of bedrock, creating a hole beneath the surface of the earth. Nothing seems amiss, Davidson writes, "until one day the thin layer of soil and all the grass, shrubs, herbs, and trees growing in it and the cows pleasantly grazing upon it suddenly tumble into the earth."⁶⁴⁸

North Carolina's sinkholes, after showing cracks on the surface for decades, opened wider in the 1990s. With the expansion of global trade after the ratification of the North American Free Trade Agreement (NAFTA), rural manufacturing counties found themselves especially susceptible to cheap imported goods and cheap labor markets overseas. As Jason Gray, policy director at the Southern Rural Development Initiative, recalled, rural communities "were unhealthy places to begin with because they're undiversified economies that are relying on manufacturing sectors, which are not competitive in a global economy."⁶⁴⁹ Textiles and apparel industries were especially

⁶⁴⁸ Osha Gray Davison, *Broken Heartland: The Rise of America's Rural Ghetto* (New York: Anchor Books, 1990), 52.

⁶⁴⁹ David Halbfinger, "Factory Jobs, Then Workers, Leaving Poorest Southern Areas," *New York Times*, May 10, 2002, A20.

vulnerable to global economic forces, and at the time of NAFTA's ratification, they were still the leading employment sectors in rural North Carolina.⁶⁵⁰ According to the North Carolina Rural Economic Development Center, between 1994 and 2000, more than 100,000 North Carolinians lost their jobs due to international trade. The recession of 2001 decimated many of the jobs that managed to survive the 1990s. In a single year, North Carolina lost 31 textile plants and 11,695 jobs, 69 percent of which were in rural counties.⁶⁵¹

For rural towns and counties that depended on a small number of industrial employers, job losses had multiplier effects throughout the local economy. Plant closings robbed municipalities of needed tax revenues, and retailers suffered from lost wages in the local workforce. The case of Valdese, in the foothill county of Burke, is instructive. After textile plant closings in 2001, the decline in water usage left the town with a \$500,000 shortfall in its utility fund. To recoup the losses, local officials claimed a 20 percent increase in property taxes was necessary. That same year, in southeastern Robeson County, plant closings and layoffs in textiles led to job losses of more than 1,000. According to the Rural Center, however, after the ripple effects had run their course, the county's total job losses were more than 2,000 and the county lost an estimated \$110 million in economic output. Statewide, the Rural Center reported that the jobs losses in textiles during the 2001 recession led "to the additional loss of 33,214 jobs, \$680 million in lost wages and \$1.6 billion in lost [economic] output."⁶⁵² Rural

⁶⁵⁰ Coclanis and Kryiakoudes, "Selling Which South," 92.

⁶⁵¹ Crew-Klein, et al., "Manufacturing Layoffs."

⁶⁵² *Ibid.*; see also Timothy J. Minchin, "Shutdowns in the Sun Belt: The Decline of the Textile and Apparel Industry and Deindustrialization in the South," in Robert H. Zieger, ed., *Life and Labor in the New New South* (Gainesville, FL: University Press of Florida, 2012), 258-288.

deindustrialization also contributed to a decline in North Carolina's per capita income. After steadily closing the gap with the national average between the 1940s and 1980s, by the early 2000s, the state lagged behind even other southeastern states.⁶⁵³

With jobs in the state's traditional industries withering, rural communities and individuals were left to improvise new ways to survive.⁶⁵⁴ For many communities, the punitive turn in the nation's criminal justice system offered one potential solution. The growth of rural prisons, in fact, became a nationwide trend in the 1980s. The nation needed more prisons to accommodate its era of mass incarceration, which, as Michelle Alexander has demonstrated, represented a "rebirth of caste" in the post-Civil Rights decades.⁶⁵⁵ By the twenty-first century, more than 7 million Americans, the majority of them African American or Latino, would be incarcerated or under some form of supervision, such as probation or parole.⁶⁵⁶ Also by the twenty-first century, the majority of all American prisoners were housed in rural areas. During the 1980s, 16 new prisons were built in a rural area every year; during the 1990s, that figure increased to 25 per year. "Between 1990 and 1999," Tracy Huling of the Prison Policy Initiative writes, "245 prisons were built in rural and small-town communities—with a prison opening somewhere in rural America every 15 days."⁶⁵⁷

⁶⁵³ Coclanis and Kyriakoudes, "Selling Which South," 94-95.

⁶⁵⁴ For a journalistic account of one rural North Carolinian looking to find his way during this time, see the chapters on Dean Price in: George Packer, *The Unwinding: An Inner History of the New America* (New York: Farrar, Straus and Giroux, 2013).

⁶⁵⁵ Michelle Alexander, *The New Jim Crow: Mass Incarceration in the Age of Colorblindness* (New York: The New Press, 2010).

⁶⁵⁶ Heather Ann Thompson, "Why Mass Incarceration Matters: Rethinking Crisis, Decline, and Transformation in Postwar American History," *Journal of American History* 97 (December 2010): 703.

⁶⁵⁷ Tracy Huling, "Building a Prison Economy in Rural America," in Marc Mauer and Meda Chesney-Lind, eds., *Invisible Punishment: The Collateral Consequences of Mass Imprisonment* (New York: The New Press, 2002).

Prisons located in rural areas in the late twentieth century, in part, because state and local leaders saw them as a precious source of jobs and economic growth. In a competition that mirrored the industrial recruitment of earlier decades, local governments offered land concessions, upgraded sewer and water systems, and, for private prisons, tax breaks to make their communities attractive sites for new prisons. The communities most aggressive in selling themselves as prison sites were those in the poorest areas, decimated by agricultural and industrial decline. West Texas, for example, added 11 new prisons during the 1990s, after jobs in oil fields dried up. Likewise, the coalfields of southern Appalachia added nine correctional facilities during the decade. As Huling summarizes, “the large scale use of incarceration to solve social problems has combined with the fall-out of globalization to produce an ominous trend: prisons have become a ‘growth industry’ in rural America.”⁶⁵⁸

North Carolina took part in the rural prison boom as well. In fact, the state was among the top five in the nation for new non-metropolitan prisons built during the 1990s, with 15 such facilities.⁶⁵⁹ At least some of those prisons were privately operated. Privatizing corrections had been a pet issue for some state politicians since the 1980s, when Governor Jim Martin floated the idea of a pilot program with the Nashville-based Corrections Corporation of America, the nation’s first privately-run prison company. “It is consistent with the Republican philosophy to let the private sector do its share,” said a spokesman for the state Department of Corrections.⁶⁶⁰ In addition to the purported cost

⁶⁵⁸ *Ibid.*, 198-199, quote at 197.

⁶⁵⁹ Tracy Huling, “Prisons as a Growth Industry in Rural America: An Exploratory Discussion of the Effects of Young African American Men in the Inner Cities,” *Prison Policy Initiative*, April 1999, available at https://www.prisonpolicy.org/scans/prisons_as_rural_growth.shtml (accessed March 4, 2017).

⁶⁶⁰ Paul Clark, “Private Jails: Pilot Program is Being Considered by Johnson,” *Asheville Citizen-Times*, March 30, 1985.

savings, advocates of a state partnership with CCA pointed out that the company's guards earned more than the \$10,700 national average salary.⁶⁶¹ The idea, however, did not get much traction until the mid-1990s, when even newspaper editors in the liberal enclave of Asheville endorsed private prisons, citing their cost savings. The *Asheville Citizen-Times* acknowledged that "the profit motive could lead unscrupulous operators to do things the state would not," but nonetheless suggested that North Carolina should "join a growing string of states that have put aside the headaches of providing prison space for escalating populations by letting people in the business take charge."⁶⁶² In 1998, CCA opened the Mountain View Correctional Facility in Spruce Pine and the Pamlico Correctional Facility along the coast. Both fit the typical profile of a rural prison community: impoverished and with few other sources of stable employment.⁶⁶³

While Spruce Pine and Pamlico were among the scores of communities "begging for prisons to be built in their backyards," in reality, there is little evidence to suggest that prisons are an economic benefit to rural areas.⁶⁶⁴ For one thing, guard jobs require experience that locals typically do not have, meaning that private companies either transfer employees from other prisons or recruit guards from outside of the area. And as many local boosters have discovered, prisons can often scare away investors in other industries.⁶⁶⁵ "Once you have a reputation as a 'prison town,'" one New York official acknowledged, "you won't become a Fortune 500 company town, or an Internet or software company town, or even a diverse tourism and company town."⁶⁶⁶ Moreover,

⁶⁶¹ *Ibid.*

⁶⁶² "Private Prisons Hold Promise for the State," *Asheville Citizen-Times*, March 14, 1995.

⁶⁶³ John Boyle, "Mitchell Prison Takeover Means Higher Operating Costs, More Jobs," *Asheville Citizen-Times*, July 7, 2000.

⁶⁶⁴ Huling, "Building a Prison Economy," 197.

⁶⁶⁵ *Ibid.*, 201-205.

⁶⁶⁶ *Ibid.*, 206.

some manufacturing jobs have been “outsourced” to rural prisons. Inmates at Spruce Pine and Pamlico, for example, manufacture hosiery products and prison uniforms. “We have gotten industry there, and that’s been something the state is happy about,” said a CCA spokesman of their North Carolina facilities.⁶⁶⁷

While the predominantly white communities of Spruce Pine and Pamlico failed to receive much of an economic boost from their prisons, African Americans obviously felt the most severe impact of the age of mass incarceration. By 2010, African Americans accounted for 55 percent of North Carolina’s prisoners, but only 22 percent of the state’s total population.⁶⁶⁸ Even in low-security facilities, prisoners can face unsafe conditions and cruel treatment. In 2016, in fact, the Department of Justice used the conditions at the privately-run Rivers Correctional Institution in Hertford County as part of its justification for ending the federal government’s partnerships with private prisons. Located in the northeastern part of the state, where the nearest town had a population of less than 1,000, the Rivers facility is, as *North Carolina Policy Watch* recently put it, “a desperate, violent place.” A Department of Justice investigation found that guards used an excessive amount of lockdown procedures, many of which lacked a clear justification, and that Rivers had one of the highest rates of inmate grievances and sexual violence.⁶⁶⁹

Incarcerating predominantly urban African Americans in predominantly white rural communities has also led to a shift in political power, a process policy experts call “prison gerrymandering.” This occurs because, while the incarcerated cannot vote, they

⁶⁶⁷ Thompson, “Why Mass Incarceration Matters,” 725-726; Boyle, “Mitchell Prison Takeover.”

⁶⁶⁸ “North Carolina Profile,” *Prison Policy Initiative*, available at <https://www.prisonpolicy.org/profiles/NC.html> (accessed March 4, 2017).

⁶⁶⁹ Lisa Sorg, “Department of Justice: Rivers Correctional Institution in Hertford County is a Lawless Place,” *The Progressive Pulse: A Blog from North Carolina Policy Watch*, August 18, 2016, available at <http://pulse.ncpolicywatch.org/2016/08/18/departement-of-justice-rivers-correctional-institution-in-hertford-county-is-a-lawless-place/#sthash.JyBQRIIZ.dpbs> (accessed March 5, 2017).

count toward the population of the rural areas where they are housed, distorting the influence of both urban and rural areas.⁶⁷⁰ After the 2000 Census, for example, 30 percent of Anson County's District 6 consisted of prisoners at two newly built correctional facilities, "giving every 7 residents of this district as much influence as 10 residents in other districts," according to the Prison Policy Initiative's Prison Gerrymandering Project.⁶⁷¹ The 2010 Census gave Granville County's District 3 an additional 4,500 residents when it counted inmates at the federal prison complex in the town of Butner. In county commissioner and school board elections, then, District 3 voters have at least twice as much influence as voters in other districts in the county. Prisons also distort representation in the state legislature. State House District 2 gets 6.7 percent of its population from state and federal prisons, while 3 percent of State Senate District 20 is incarcerated. In other words, one of the ironies of the rural prison boom is that it appears to have given rural areas outsized political power, even as it has failed to deliver the economic benefits local boosters anticipated.⁶⁷²

Poultry and other food processing industries have remained a crucial piece of North Carolina's rural economy. In the 1970s and 1980s in particular, poultry plants, despite their low wages and physically-punishing labor demands, were an important source of jobs for rural African American women. But in the 1990s, processors began relying on

⁶⁷⁰ Huling, "Building a Prison Economy," 211-212; Thompson, "Why Mass Incarceration Matters," 732-734; Heather Ann Thompson, "How Prisons Change the Balance of Power in America," *The Atlantic*, October 7, 2013, available at <https://www.theatlantic.com/national/archive/2013/10/how-prisons-change-the-balance-of-power-in-america/280341/> (accessed March 4, 2017).

⁶⁷¹ Drew Kukorowski, "The Harm of Prison Gerrymandering, or is Bernie Madoff Really a Resident of Granville County School Board District 3?" *The Prison Policy Initiative*, December 19, 2012, available at <https://www.prisonersofthecensus.org/news/2012/12/19/granville/> (accessed March 5, 2017).

⁶⁷² *Ibid.*

migrant labor from Mexico, Guatemala, and Central American nations.⁶⁷³ In popular discourse, it is common to hear that these laborers are working jobs that are so undesirable they would otherwise go unfilled by American workers. As sociologist David Griffith and others have shown, however, employers began recruiting migrant workers because they viewed them as a more pliable source of labor. The ever increasing speed of the line in poultry plants, Griffith writes, required “more comprehensive patterns of labor control” that were more easily implemented with workers who could be threatened with deportation or intimidated into “tolerating or underreporting their injuries.”⁶⁷⁴ Employers in seafood processing industries have followed a similar path. In Pamlico County, processors replaced African American women with Mexican immigrants on H-2B visas. Because these visas restrict the movement of those who hold them, employers are able to exert a level of control over their workers and “to assume authoritarian methods of labor control,” Griffith argues.⁶⁷⁵ The growth of food processing industries, then, has rested on a labor system that exploits migrant labor and further entrenches the economic divide between rural and metropolitan areas.

The collapse of traditional manufacturing industries and the growth of food processing industries also coincided with the rise of methamphetamine addiction. As journalist Nick Reding points out, up until the 1980s, meth was a socially acceptable drug. Unlike cocaine or heroin, which the public associated with urban African

⁶⁷³ Kathleen C. Swartzman, *The Chicken Trail: Following Workers, Migrants, and Corporations across the Americas* (Ithaca: Cornell University Press, 2013); Leon Fink, *The Maya of Morganton: Work and Community in the Nuevo New South* (Chapel Hill: University of North Carolina Press, 2003).

⁶⁷⁴ David Griffith, “*Hay Trabajo*: Poultry Processing, Rural Industrialization, and the Latinization of Low-Wage Labor,” in Donald D. Stull, Michael J. Broadway, and Griffith, eds., *Any Way You Cut It: Meat Processing and Small Town America* (Lawrence: University Press of Kansas, 1995), 133, 141; Schwartzman, *The Chicken Trail*, 42-52.

⁶⁷⁵ David Griffith, “New Immigrants in an Old Industry: Blue Crab Processing in Pamlico County, North Carolina,” in Stull, Broadway, and Griffith, eds., *Any Way You Cut It*, 154.

Americans, meth was associated with “soldiers, truck drivers, slaughterhouse employees, farmers, auto and construction workers, and day laborers.”⁶⁷⁶ Many rural, white working-class people relied on the drug because it allowed them to “work harder, longer, and more efficiently.”⁶⁷⁷ Factory workers who needed to pull double-shifts or work multiple jobs to make ends meet came to see the drug as a necessity, even as it caused devastating long-term health problems. With the collapse of farms and factories in the 1980s and 1990s, meth, Reding concludes, “served as an antidote to the small-town sense of isolation, the collective sense of desperation and low morale” that marked much of rural America.⁶⁷⁸ While meth was more prevalent in the Midwest and Southwest, North Carolina, its former manufacturing counties in the western region especially, was not immune. Beginning in the late 1990s, the state saw a sharp increase in both meth-related treatment admissions and meth lab busts.⁶⁷⁹

In popular and political discourse in the twenty-first century, commentators typically talk about rural America as a place “left behind,” bypassed by economic investors and ignored by politicians. But that isn’t quite right. Throughout the postwar era, even as an impressive Sunbelt economy emerged, rural areas remained central to the plans of North Carolina politicians and economic officials, not to mention out-of-state manufacturers. Thanks to investments in rural infrastructure and a marketing campaign premised on the

⁶⁷⁶ Nick Reding, *Methland: The Death and Life of an American Small Town* (New York: Bloomsbury, 2009), 54.

⁶⁷⁷ *Ibid.*

⁶⁷⁸ *Ibid.*, 71.

⁶⁷⁹ National Drug Intelligence Center, “North Carolina Drug Threat Assessment,” April 2003, available at <https://www.justice.gov/archive/ncdic/pubs3/3690/meth.htm> (accessed March 6, 2017); North Carolina Department of Justice, “Meth Lab Busts,” available at www.ncdoj.gov/Top-Issues/Fighting-Crime/Stop-Meth-/Meth-Labs/Meth-Lab-Busts.aspx (accessed March 6, 2017).

virtues of accessible isolation, the state achieved industrialization without replicating the metropolises of the North or the mill villages of the early twentieth century South. The success of rural industrialization, however, came at a cost. For businesses facing higher taxes, regulations, and emboldened labor unions during the New Deal era, North Carolina offered an alternative model of political economy. While the New Deal state used its power to promote the economic security of working- and middle-class Americans—a racialized and gendered model of statecraft, to be sure—the state of North Carolina used its resources mainly on behalf of capital, and potential new industries in particular. State investments in highways were sold as tools for industrial development, and were central to the state’s argument that a cheap, non-union rural labor force had been made accessible. At the same time, by maintaining a “business-friendly” political climate, the state promised manufacturers isolation from the pressures of New Deal liberalism, which had become an especially potent force in urban America. By the late twentieth century, this form of statecraft would become the prevailing political economic system in the United States. Industry hunters and policy makers in North Carolina, however, had used this strategy throughout the New Deal era, believing it the surest route to economic growth and the preservation of their rural geography and population. On the surface, North Carolina’s efforts seemed successful, and its leaders rarely missed opportunities to showcase small-town growth with ribbon-cutting ceremonies and press releases. Rural North Carolinians, however, rarely found long-term economic security in the factories seduced by the state’s message of accessible isolation, and even the tenuous gains made by the move from the fields to the factory began to vanish by the late twentieth century.

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