OLD SOUTH, NEW SOUTH

Revolutions in the Southern Economy Since the Civil War

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> sumably, be directed into the more profitable channels of Northern or other employment. . . . The agony of it will be more intense at the time, for both workers and owners, [but] the uniform minimum wage would tend to accomplish rapidly what natural forces would accomplish, theoretically, in the long-run.[74]

If the AAA was, as Gunnar Myrdal called it, an "American enclosure movement," then, like its predecessor, it had progressive consequences even while it was inflicting hardships on many people.

But out-migration and better lives in the North were only the first of these consequences. With the decline of the tenant plantation and the effective abolition of the low-wage industrial labor market, southern political and economic leadership no longer had strong interests in regional isolation from outside labor and capital markets. The response to this change in incentives was not immediate or universal, but over the next twenty years, the change in southern political economy was nearly total. Numan Bartley has recently written: "In 1940 the raison d'être of southern state governments was the protection of white supremacy and social stability; thirty years later their central purpose was the promotion of business and industrial development."[75] This change in the fundamentals of southern society ultimately made possible the success of the civil rights revolution of the 1950s and 1960s. As distant as these changes seemed in 1940, the economic bases were already there before World War II.

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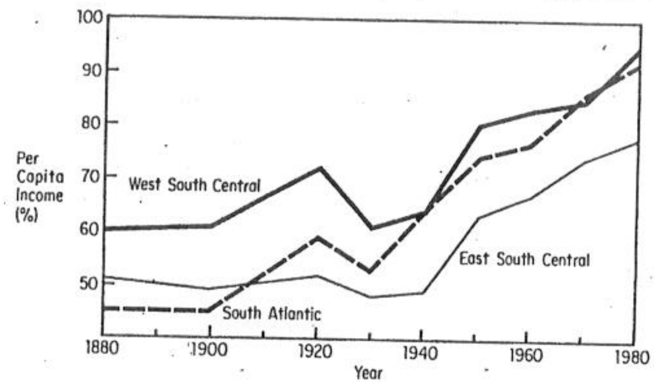
THE NEW ECONOMY OF THE POSTWAR SOUTH

SINCE 1940, per capita income in the South has persistently grown at rates well above the national average. A glance at figure 8.1 will confirm that there was no sustained trend toward regional convergence before 1930. Since the modest rise during the 1930s primarily reflects the fact that the effects of the Great Depression were even greater in the North than in the South, the southern "takeoff" is most appropriately dated from World War II.[1] A number of interpretations have been advanced for this emphatic departure from previous history. Among the most prominent are these:

1. Southern growth has been stimulated by federal spending, beginning during World War II but with a continuing favorable share of defense dollars ever since.
2. Regional growth (so-called) represents primarily the equilibrating flows of capital and labor to locations of highest return.
3. The South has prospered as a part of the Sunbelt phenomenon that reflects the increasing importance of climate and other amenities in the residential preferences of skilled professional and managerial personnel.
4. The South has experienced the dynamism of the "clean slate," the relative absence of labor unions, entrenched bureaucracies, restrictive legislation, and the overall hardening-of-the-arteries that inevitably comes with economic maturity.

FIGURE 8.1

Per Capita Income as Percentage of U.S. Average, 1880–1980



SOURCE: U.S. Bureau of the Census, *Historical Statistics of the United States*, part 1, series nos. 287, 292, 293, 294 (Washington, D.C.: Government Printing Office, 1975). (See note 1.)

Each of these accounts has an important component of truth.[2] What they miss, separately and jointly, is the historical context and the background developments. Why was it that these forces began to operate in the 1940s and not earlier? War plants, shipyards, and military training camps were economically important (and continue to be) in many parts of the South; what was new in the 1940s was the aggressive state-level political pressure for the South's "fair share" of military spending. Massive interregional flows of unskilled labor, skilled labor, and investment capital were critical, but the regional differences in factor prices that prompted these moves were not new in the postwar era. What was new was the drying up of low-wage employment opportunities in the South, and the enthusiastic efforts by public agencies and private interests to welcome outsiders and outside money into the region. The increased attractiveness of southern living to non-Southerners was in some respects new, but these amenities also reflect the conscious effort of the South to remake its image in the interests of a new set of economic strategies and purposes. Of course, voices of boosterism had been there all along; what was new was the balance of economic interests at the state level, the acquiescent silence of the voices of low-wage isolation whose economic future had been undercut in the 1930s.

The New Economy of the Postwar South

By the 1980s (and indeed much earlier in many places), a new Southern economy prevailed, located in the same geographic space as the old one, but encompassing a very different package of labor, capital, natural resources, and entrepreneurship: not an advanced version of the old economy, but a new economy. Thus the metaphor of the "clean slate" has basic appropriateness for the postwar South. But the South did not start over with a clean slate all at once as of any precise date. History seldom works that way, and it certainly didn't in this case. There was a distinct transitional phase between the war and the 1960s, and during this period completing the mechanization of the cotton harvest was the dominant regional development (a less devastating replay of a similar scenario has more recently been completed in tobacco). Since then, economic growth and immigration have been rapid in almost all parts of the South, to the point that it is now virtually impossible to find an essentially regional southern identity in economic life.

Southern Labor and the Mechanized Cotton Harvest

During World War II, the labor that had long been bottled up in southern agriculture poured out. The farm population declined by more than 3 million (about 22 percent) as young men responded to induction notices or to wartime job opportunities in the North or South. Most of the departures were not by owners or tenants, but by farm laborers and sharecroppers. Labor shortages in agriculture became acute. As farm wages tripled, women, children, and townspeople were pressed into service, and in some areas, shortages were so severe that war prisoners were ordered to the cotton fields. After a brief postwar "back to the farm" respite, the outflow continued in the late 1940s. The earlier trend toward mechanization was greatly accelerated during the war, but throughout the decade, cotton farmers were unable to complete the mechanization process for one specific reason: the harvest bottleneck. Though the International Harvester Company had begun to manufacture mechanical cotton pickers for commercial sale as early as 1941, numerous problems of operation, adaptation, and cost had kept both production and sales to insignificant levels for the rest of the 1940s. As late as 1950, an authority on southern agriculture could write that there was "little likelihood that mechanization will shortly sweep the entire cotton belt."[3]

Mechanizing the cotton harvest was a formidable task, it is true. The deft picking motion of the hand was much more difficult to replicate mechanically than the sweeping arm motion of the wheat cradle, for example. The successful diffusion of the mechanical harvester in the 1950s was not just a challenge to mechanical ingenuity, but involved the mobilization of a wide range of specialized technical and scientific talents working on complementary developments from weed control to the uniform maturation of the cotton bolls. But even when the full range of technical problems is acknowledged, it is difficult to believe that cotton could not have been mechanized years earlier if the incentives had been strong. As one writer observed in 1937: "A successful cotton picker has been just around the corner for the last eighty-seven years," the first patent having been issued as early as 1850.[4] Promising harvest strategies coming out of Texas around the turn of the century had not been taken up and developed to a state of commercial success.[5] And when John and Mack Rust demonstrated their mechanical picker in a series of tests in the early 1930s, the assistant director of the Delta Experiment Station observed that the Rust model was better as a cotton picker than the Model T Ford had been as an automobile when it was first introduced.[6] But by 1942 the Rust brothers still had only a development shop, the tools from which were sold to pay off their company's obligations. Only with the labor shortage of the 1940s did a giant corporation like International Harvester throw the full weight of its resources behind the effort to develop a commercially successful picker.

In other words, it was the integration of the national market for unskilled labor during the 1940s that created the pressure that led to the concentrated technological effort on the harvest

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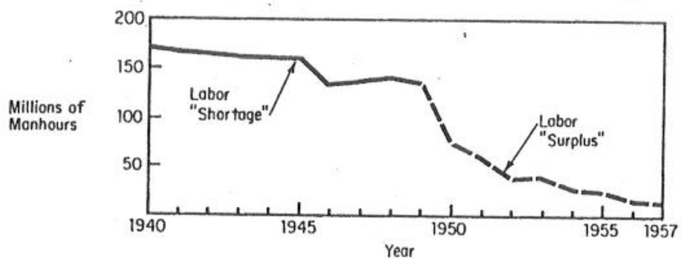
bottleneck. From the viewpoint of the individual grower during the decade, the technical and financial elements were binding; diffusion could not proceed until they were solved. Taking the historian's long view of the matter, however, the technical and financial barriers were broken down because, for the first time, the scarcity of harvest labor was severe enough that they had to be broken down. Or to view it from the standpoint of the machinery manufacturer, enough cotton planters were now potentially in the market for a mechanical harvester that it was worth the investment of time and money to satisfy their demand. Before the end of the decade, Deere and Allis Chalmers had entered the market as well. One may thus view the cotton picker as a delayed effect of the war. One may just as well view it, however, as a delayed effect of the organizational changes in southern agriculture in the 1930s. The planters who relied on wage labor for the harvest before the war now found that these laborers saw no good reason to stay in farming when decent jobs opened up elsewhere.

It is understandable that planters felt that they had no choice but to mechanize, that labor mobility had forced this decision on them willy-nilly. But it is equally understandable that many sharecroppers and farm laborers came to see "mechanization" as the villain, because with the successful breakthrough in mechanical cotton harvesting, the character of the labor market radically changed in the 1950s from "shortage" to "surplus." A dynamic simulation for the Delta region by economist Richard Day vividly portrayed the difference in the labor constraint before and after 1949 (figure 8.2).[7] On the Thomas Hottel Gist plantation in eastern Arkansas, expenses for hired labor fell from $5,215 to $2,428 in this one-year period.[8] The market transition was, of course, not the exclusive result of a single invention, but also reflected the slower pace of the national economy in the 1950s. Once the mechanical picker had been perfected, however, diffusion was far more rapid and thoroughgoing than observers had predicted. The percentage of the American cotton crop that was machine harvested went from 5 in 1950 to 50 in 1960, and was over 90 by the end of the 1960s (table 8.1). The market for unskilled labor has never returned to the level of tightness experienced in the 1940s.

FIGURE 8.2

The Derived Demand for Unskilled Labor in Delta Agriculture



NOTE: Richard Day, "The Economics of Technological Change and the Demise of the Sharecropper," *American Economic Review* 57 (1967): fig. 3.
Figure shows unskilled labor for all crops.

TABLE 8.1

Percentage of Upland Cotton Mechanically Harvested, 1949–1972

Year	Ark.	La.	Miss.	Tex.	U.S.
1949	1		4	11	6
1950	1	3	3	12	8
1951	2	11	7	19	15
1952	2	13	7	22	18
1953	9	34	13	24	22
1954	16	28	11	21	22
1955	25	28	23	24	23
1956	27	31	25	25	27
1957	15	35	17	37	32
1958	22	43	19	35	34
1959	36	50	38	44	43
1960	42	49	40	58	51
1961	51	56	48	64	59
1962	68	64	58	78	70
1963	73	75	65	81	72
1964	75	78	68	85	78
1965	83	82	76	90	85
1966	87	88	82	95	89
1967	93	93	87	97	94
1968	96	96	93	98	96
1969	96	97	94	98	96
1970	98	99	97	99	98
1971	99	99	99	99	99
1972	100	100	99	99	100

SOURCE: U.S. Department of Agriculture, Economic Research Service, *Statistics on Cotton and Related Data, 1920–1973* (Washington, D.C.: Government Printing Office, 1974), 218.

TABLE 8.2

Farm Operators in the South, 1930–1969 (in Thousands)

	White		Black	
Year	Owners[a]	Tenants[b]	Owners[a]	Tenants[b]
1930	1250	1092	183	699
1940	1384	943	173	507
1945	1526	690	189	476
1950	1553	540	193	366
1954	1454	399	181	283
1959	1151	228	128	138
1964	1017	171	102	82
1969	953	118	72	18

SOURCE: U.S. Bureau of the Census, *Historical Statistics of the United States to 1970*, part 1 (Washington, D.C.: Government Printing Office, 1975), 465.
[a] Includes part owners and managers.
[b] Includes croppers.

The oscillation from a decade of "pull" to a decade of "push" had profound effects on every aspect of human relations in the South. During the 1940s, the labor market was a sellers' market. In late 1944, the general manager of a Mississippi cotton co-operative observed: "Our Negroes have moved away. I don't think they will come back unless forced by necessity." When a labor leader inquired in 1946 about labor displacement in cotton, a Texas agricultural engineer replied that "instead of the machines replacing labor, they were used to replace the labor that had left the farm."[9] Concern for the loss of labor led Southerners to upgrade the level of spending on black schools. Though segregation persisted, a marked decline in racial inequality in education occurred in the South between 1945 and 1950.[10] The outflow of southern tenants and sharecroppers continued, however, long after these labor market conditions had reversed. The number of southern farm operators declined by 350,000 between 1940 and 1950, but by more than one *million* between 1950 and 1959 (table 8.2). Wage-labor employment temporarily expanded between 1945 and 1954 as the first wave of partial mechanization reached completion. With full mechanization, the decline in hired labor was equally precipitous. In this latter phase, it was not just footloose wage laborers

TABLE 8.3

Migrant and Nonmigrant Unemployment Rates by Race, 1950

	Nonmigrant		Migrant	
	White	Nonwhite	White	Nonwhite
New York, Area A	5.2	14.6	6.8	33.3
New York, Area G	7.8	11.2	6.8	19.0
Pennsylvania, Area D	5.5	12.2	14.9	44.3
Pennsylvania, Area N	4.8	12.1	7.7	22.0
Ohio, Area A	4.6	16.8	10.1	39.3
Ohio, Area B	3.8	10.6	7.3	17.5
Ohio, Area C	2.3	7.3	5.5	17.2
Ohio, Area E	3.4	10.3	8.3	22.0
Ohio, Area F	7.1	15.2	17.4	38.9
Ohio, Area H	4.5	11.1	10.9	25.5
Ohio, Area K	4.0	12.9	8.4	36.3
Illinois, Area C	3.4	9.9	7.7	21.5
Illinois, Area F	4.9	11.0	4.3	16.4
Michigan, Area F	6.5	10.1	11.7	32.7
California, Area G	9.8	23.2	16.7	40.3
California, Area A	5.3	13.6	9.3	19.4
California, Area F	5.7	14.6	14.5	26.4

SOURCE: Alan L. Sorkin, "Education, Migration and Negro Unemployment," *Social Forces* 47 (1969): 272.

who departed, but established tenant farmers of both races. As the large tenant plantations transformed themselves into giant, fully mechanized "neoplantations," neither wage laborers nor tenants were needed. As Gilbert Fite wrote, "Nothing so modified the southern rural landscape in the 1960s and 1970s as the destruction of tens of thousands of sharecropper and tenant houses."[11]

Displaced tenant farmers poured into the cities in the 1950s, despite the fact that job prospects were no longer favorable, particularly for blacks. As early as 1950, black unemployment rates were between 10 and 15 percent in almost all the major points of southern in-migration; and the unemployment rates for new immigrants were staggering (table 8.3). The view of things that portrays the southern blacks as simply the "next immigrant group," successor to the European migrants of the pre–World War I era, is thus seriously inappropriate. After 1950, black migrants, and indeed many southern white mi-

grants, were not moving into areas where jobs were waiting for them, where the industrial employment structure and the educational system was geared to integrating them as quickly as possible into the economy. Instead, they were moving into places where they may have had friends and relatives, but where the economy had relatively little use for them. Now it still may be, taking all relevant factors into account, that the lifetime economic prospects for blacks were better in the North than they would have been in the cotton South even in the absence of mechanization, and thus that the process as a whole was an improvement. It remains the case, however, that they had no choice. As blacks in Tunica, Mississippi, told a reporter in the 1980s:

> At one time, there were houses all over this plantation. . . . We didn't make much money but there was a place to live on the plantation and everybody had a little money. Now there's no work. . . . At first the farmers wanted to keep industry away from their labor, then they wanted to see them gone. They were careful not to do anything that might keep blacks here.[12]

For most white Southerners, it was "out of sight, out of mind." As knowledgable an economist as William Nicholls could write in 1960 that "fears of a parallel Southern enclosure movement, particularly through the effects of mechanization of cotton production, have failed to materialize."[13]

The question naturally arises: Could this history realistically have been very different? Ultimate mechanization may have been inevitable, and yet the speed and heartlessness of the transition did not have to be what it was. The perfection of mechanization involved an all-out research effort by public agencies as well as private firms, with intense concern for the competitive position of American cotton but little for the human consequences. Reflecting on his own early work on agricultural technology, Richard Day observed:

> At a time when the rest of the economy sluggishly ignored the growing influx of displaced agricultural workers, economists and popular commentators ironically suggested policies that would move resources out of agriculture even faster.[14]

The example of tobacco offers a glimpse of an alternative scenario. Mechanization of the tobacco harvest was also within technical reach as of the early 1950s, if not before. But mechanization was delayed until the 1970s by limitations on the size of farming operations, limits that were institutionalized in the tobacco allotment system dating from 1938. Because individual allotments could not be transferred and combined, the acreage of a single farm could not expand to the scale needed to cover the large fixed cost of a mechanical harvester. These restrictions reflected the fact that tobacco politics were dominated by small farmers rather than big planters. As pressure for change built up over time, tobacco allotments first became transferable at the county level, and then became detachable from the original acreage. Because of these and additional liberalizations (primarily the elimination of the requirement that leaves be "tied" by hand, which opened the door to bulk curing), large operations have been able to lease allotments and consolidate, passing the forty-acre threshold for economic adoption of the mechanical harvester. As in the case of cotton, when the demand emerged, the technology was forthcoming. No economist would give the tobacco program high marks by the standard of static efficiency (or horizontal equity), but at least the small farmers had a "property right" in the program that prevented gross evictions and hardships. As mechanization has proceeded gradually but steadily since 1970, displaced farmers have been able to find jobs in local industry, with little sign of worsening unemployment or outmigration.[15]

Yet, however different the history of cotton mechanization might have been, it must be acknowledged that for most of the South there was little promise in the future of cotton agriculture by 1950, no matter what arrangements might have been made or policies pursued. The prospects for American cotton were bounded by competition from synthetic fibers on the one hand, and from new centers of cotton production in Asia, Africa, and South America on the other. Quite possibly the high price supports maintained in the United States from 1933 onward served to accelerate both of these trends. But if the price of cotton had been thrown to the market, it could only have

accelerated the internal migration of production from the Old South to the new areas of the Southwest and Far West, whose potential was enhanced by developments in artificial irrigation.[16] Sooner or later, therefore, the tenants and farm laborers of the Southeast would have had to leave the farms and seek their fortunes in cities and towns. Hence our attention returns to the labor market, and to the changing relationship between the southern and national labor markets.

Migration and Regional Labor Markets

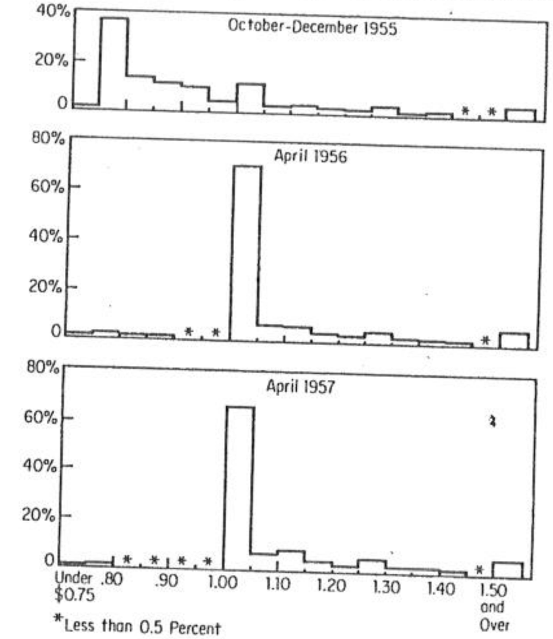
In recent years, the American economy has moved steadily toward national labor market integration in which wage and salary differentials come to reflect only costs of living and locational amenities. Even in the 1970s, many economists have found that with moderate adjustments for cost-of-living differences, there was little left of the "North-South wage differential."[17] It is tempting, especially for economists, to see this convergence as a long-run market equilibration, the migration of labor and capital to locations of highest return. Direct empirical studies of regional factor movements, however, show that this simple model does not fit the data in any consistent way over the twentieth century as a whole.[18] In light of the analysis of previous chapters, this should not be surprising. The migration of labor had different character at different times, sometimes following labor market channels but sometimes following only in the wake of displacement and desperation. The migration of capital was bound up with the migration of people and all of the social and economic forces that kept the South separate. Nor should it be surprising that studies of long-term trends in regional wage differentials report a bewildering array of conflicting conclusions, ranging from claims of steady, progressive convergence to claims of stubborn persistence over most of the century.[19] We can now see that convergence has occurred, but the process has been anything but steady.

One reason that wage trends have conflicted is that different southern wages have been pushed by different forces. Between the 1930s and the 1960s, wages at the low end of the southern distribution were directly influenced by federal legislation and pressure. In some other sectors, wages were influenced by the policies of national organizations, such as the federal government, national unions, or corporations with branches in the South. Still others may be considered "market-determined," but even this term has a different meaning when referring to people who have Ph.D.'s in chemistry (on the one hand) or to janitors and common laborers on the other. The "North-South differential" has had an unsteady history because the "southern wage" has been a complex average of these different components at different times.

One significant factor in the 1950s and 1960s was the federal minimum wage. Though wages in the South quickly outgrew the prewar floor during the 1940s, a new minimum of $.75 per hour was established in 1950, raised to $1.00 in 1956, $1.25 in 1961, and $1.60 by 1970. Beginning in 1961, coverage of the legislation was significantly broadened to include most retail trade, construction, and service industries, and some agriculture. In every case, the only significant immediate effects of these changes were felt in the South; in the rest of the country, wages were well above these levels. Though early surveys by the Bureau of Labor minimized the adverse effects of these increases on low-wage firms and on employment, closer study shows a lasting impact on the shape of the southern wage distribution, with wages in several industries bunched at the federal floor as much as five years after the initial legislation.[20] The most dramatic effect was on employment in lumber and sawmills, which had been the single most important source of nonagricultural jobs for black teenage males in 1950 (see figure 8.3). Black teenage employment in the industry declined by 74 percent between 1950 and 1960.[21] Thus, it was not just the direct effects of mechanization that forced unskilled blacks out of the South, but the interaction between mechanization, itself the longer-term consequence of federal policies, and the

FIGURE 8.3

Percent of Distribution of Nonsupervisory Workers in Southern Sawmills by Average Straight-Time Hourly Earnings



NOTE: U.S. Department of Labor, Bureau of Labor Statistics, *Studies of the Effects of the $1 Minimum Wage, Southern Sawmills*, Report no. 130 (Washington, D.C.: Government Printing Office, 1957), 15. Graphs exclude premium pay for overtime and for work on weekends, holidays, and late shifts.

decision to impose national wage standards on the South. A recent study by John Cogan demonstrates that the drastic national decline in relative black teenage employment rates between 1950 and 1970 was largely attributable to the disappearance of low-wage jobs in the South (table 8.4). Even in 1950, the northern cities to which these unskilled black teenagers were moving were distinctly uninviting labor markets to them.

More broadly, the minimum wage operated to slow the growth of employment in low-wage industries in all parts of the country, an effect whose greatest impact was felt in the South. The list of industries affected is like a list of prominent southern industries: lumber, furniture, textiles, apparel,

TABLE 8.4

Male Youth (16–19 Years of Age) Employment-to-Population Ratios, 1950–70

	1950		1970		Change	
	Black	White	Black	White	Black	White
United States	46.6	40.4	27.0	40.5	−19.6	+0.1
Northeast	23.5	33.2	26.1	39.6	+2.6	+6.4
North Central	28.1	46.7	27.8	45.0	−0.33	−1.7
South	54.8	42.5	27.4	37.7	−27.4	−4.8
West	23.3	33.8	24.6	29.0	+1.3	−4.4

SOURCE: John Cogan, "The Decline in Black Teenage Employment, 1950–70," *American Economic Review* 72 (1982): table 1.

leather.[22] Table 8.5 presents data from a study that compares the period 1939–47 (when no effective minimum prevailed) with the period 1947–58 (when both the 1950 and 1956 increases were in effect). Total southern low-wage industry employment expanded in the first period, but declined in the second; the decline in the low-wage industry share of total employment accelerated under the minimum wage laws in the South, though not elsewhere. In South Carolina through the 1960s, manufacturing job placements declined in each of the periods following a federal minimum wage increase.[23]

The minimum wage laws, however, were only one of several administrative or quasi-political forces that worked to reduce regional wage disparities. In industries in which national unions were in place, strong pressures toward equalization were felt. In the steel industry, for example, the first major postwar wage schedule provided for uniform minimum rates for all U.S. plants except those in Birmingham and Duluth. The plant in Duluth was brought up to scale within three months (April 1947), while under union pressure, the Birmingham differential was cut from seventeen and one-half cents per hour to zero by 1954.[24] Even in the absence of unions, multi-plant companies with operations in more than one region often found that differential wages were hard to justify or maintain. Such firms showed a clear tendency to compress wage differentials or eliminate them entirely.[25]

These various tendencies would not be expected to produce

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TABLE 8.5

Employment Changes in Low-Wage Manufacturing, 1939–47 and 1947–58

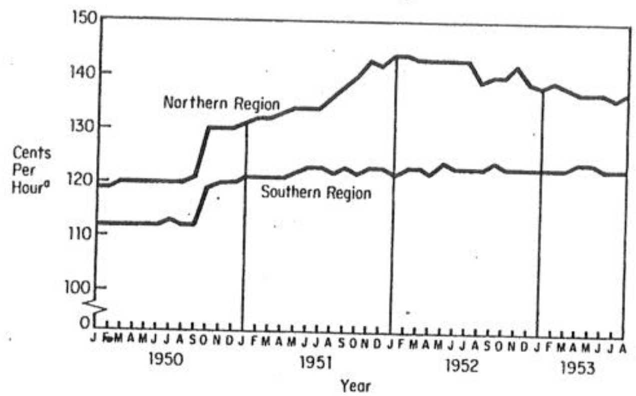
	Percentage of Change in Number of Workers		Percentage Point Change in Share of Total	
	1939–47	1947–58	1939–47	1947–58
All manufacturing				
Non-South	53	−7		
South	48	15		
Low-Wage Industries				
Non-South	−15	−18	−45	−12
South	31	−4	−11	−16
Lumber				
Non-South	33	2	−13	9
South	48	−30	−.3	−47
Textiles				
Non-South	−56	−51	−71	−47
South	16	−8	−22	−19
Fertilizer				
Non-South	30	75	14	63
South	30	−16	−12	−39
Tobacco				
Non-South	−16	−46	−30	−43
South	46	−16	−1	−27
Sawmilling				
Non-South	33	−22	−26	−16
South	53	−47	3	−53
Furniture				
Non-South	48	−9	−4	−3
South	53	31	3	14
Hosiery				
Non-South	−41	−80	−62	−80
South	−20	−21	−46	−31
Apparel				
Non-South	26	−6	−18	1
South	50	63	1	42

SOURCE: David Evan Kaun, "Economics of the Minimum Wage" (Ph.D. diss., Stanford University, 1963), 126, 131, 135.

a uniform trend toward regional wage convergence. Indeed, after 1950 the short-term effect of agricultural mechanization and higher wages in some sectors was to *reduce* wages in the uncovered and casual employment sectors of the South. In industries in which political pressures had pushed wages well above prevailing local levels, the effects of "market forces" in the 1950s was toward slower increases in the South and wider

FIGURE 8.4

Average Hourly Earnings[a] in Cotton, Silk, and Synthetic Broad-Woven Fabrics, Northern and Southern Regions, January 1950–August 1953



NOTE: U.S. Department of Labor, Bureau of Labor Statistics, *Cotton and Synthetic Textiles: Wage Trends, 1950–53*, Report no. 50 (Washington, D.C.: Government Printing Office, 1953), 8.
[a] Excludes premium pay for overtime.

North-South spreads. In textiles, decisions of the War Labor Board in 1943–45 all but eliminated the overall regional gap (while technically reaffirming that the differential should not be altogether eliminated). But the increasing softness of the labor market allowed the industry to defeat a strike for higher wages in 1951, accelerating the decline of the textile unionization that had seemed imminent after the war. The effect was temporarily to widen the North-South wage differential in the early 1950s (figure 8.4). Similarly, in the pulp and paper industry, which paid base mill rates 50 percent higher than the minimum wage, analysts in the 1950s had no doubt that labor market pressures were acting to restrain wage advances in the South.[26]

The more lasting effects of these pressures, however, were to reduce the growth of jobs for unskilled southern workers, to reduce skill premiums within the South, to accelerate mechanization and the upgrading of hiring standards, and to rechannel southern growth away from labor-intensive lines. Migration patterns reflect this reorientation. The South was a region of net out-migration until the 1960s and has been a

region of net in-migration since then. But, in fact, immigrants were moving in as well as out through the entire period, and the flows were highly selective along two dimensions: education and race. Here too, numerous studies appear to give conflicting results, in part because of a misguided search for timeless "laws of migration," in part because the nature and directions of migration have changed fundamentally over time. For example, it is often advanced as a general proposition that migration rates increase with the level of education.[27] During the 1940s, however, out-migration from the South was highest at *both* extremes of the distribution, the well-educated and the very poorly educated.[28] Throughout the 1950s, "educational selectivity" looked very different at the point of origin and at the point of destination: those with at least an eighth-grade education were more likely to leave the South, but the *median* educational level of black migrants was only 6.6 years. Southern migrants to the Northeast, Midwest, and West were significantly less educated than the typical resident of the region of destination. By contrast, migrants into the South were highly educated by southern standards (table 8.6). (Both of these contrasts are understated by not adjusting for the lower quality of southern education.) By 1960, more than 35 percent of white males in the South with five or more years of college had been born outside the region.[29]

Selectivity was even more striking by race. Whereas net white migration varied sharply by age and education, blacks left the South at all ages and educational levels. Net out-migration became increasingly black over time, and the reason is evident: most new jobs in the South were reserved for whites. In the Deep South, where blacks were 43 percent of the population in 1950, only 21 percent of new nonagricultural jobs went to blacks. Even these few were mostly in personal services, as blacks actually lost jobs in manufacturing.[30] The arrival of new industries and new non-southern employers was no guarantee of improved job opportunities for blacks. In the rubber tire industry, for example, where a major southward move occurred between 1947 and 1960, the new plants were highly automated and had few openings for blacks. The percentage of black employees went down in the 1950s and 1960s,

TABLE 8.6

Indices of Migration Differentials of White Males by Educational Level (Areas of Destination)

Level of Education	Middle Atlantic Pre-1955	Middle Atlantic 1955–60	East North Central Pre-1955	East North Central 1955–60	Pacific Pre-1955	Pacific 1955–60
North						
Elementary (8 years and under)	64.3	37.3	65.2	57.6	61.0	61.2
High School (1–3 years)	41.8	28.8	46.5	35.6	51.0	48.9
High School (4 years)	41.0	41.9	41.7	39.7	47.6	44.5
College (1–3 years)	47.2	59.3	43.6	50.8	47.9	45.5
College (4+ years)	50.7	74.3	48.4	68.4	45.4	54.7

Level of Education	South Atlantic Pre-1955	South Atlantic 1955–60	East South Central Pre-1955	East South Central 1955–60	West South Central Pre-1955	West South Central 1955–60
South						
Elementary (8 years and under)	32.5	29.8	38.8	27.8	41.7	29.0
High School (1–3 years)	42.5	40.4	44.7	39.5	43.1	40.6
High School (4 years)	53.1	51.7	51.0	50.9	50.5	53.8
College (1–3 years)	59.7	59.9	62.3	65.2	57.5	59.9
College (4+ years)	68.8	72.3	66.8	75.1	63.0	68.3

SOURCE: A. V. Zodgekar and K. S. Seetheram, "Interdivisional Migration Differentials by Education for Groups of Selected SMSAs, United States 1960," *Demography* 9 (1972): 688–89.

and by 1966 was actually lower in southern than in northern plants.[31] It was never as explicitly planned or implemented as in Senator Richard Russell's 1949 proposal for a commission to disperse the black population equally to all parts of the country.[32] But whereas in 1940, almost 80 percent of the American black population lived in the South, by 1970 the figure was barely one half.

Between 1940 and the 1960s, the South thus presents us with an amazing economic spectacle. It was the most rapidly

growing region in the country, as measured by either per capita income or industrialization—a region whose political and economic leadership continually complained about the "low-wage" character of its industrial structure. And yet all of this was occurring at the same time that job-hungry workers were leaving the region by the thousands, often to go to cities where they faced hostility, unemployment, and a host of social problems.[33] Was this "southern economic development," or was it the replacement of one economy by another, the two having in common only the coincidence that they both occupied the same geographic space? The "Southern economy" came to look less and less southern over time, but the pressures behind these changes did not come exclusively from outside interests and forces. Southerners who stayed home were actively engaged in selling themselves to the outside world.

The Selling of the South

The imposition of the national minimum wage and the dimming of growth prospects for traditional southern low-wage industries coincided strikingly with the rise of organized political efforts to recruit outside capital into the South. An early survey (1944) noted that "the spread of state-financed industrial programs in the South has been especially rapid since 1937," and the author's interviews with program officials led him to associate this development directly with "recent changes in wage differentials and union status," as well as with the decline in export markets for southern crops. This sort of activity was virtually absent in the South in 1935, yet by the 1940s, every state had some sort of program.[34]

The industrial development promotions of the late 1930s were of modest scope and debatable effect, but a major southern-initiated explosion of such programs came after World War II, and especially after 1950. The devices used to attract industry are described in detail in James C. Cobb's aptly titled

TABLE 8.7

Print and Broadcast Advertising by State Development Programs as of 15 August 1964

	Amount	National Rank
Arkansas	$ 160,000	4
Florida	325,000	2
Georgia	55,000	13
Kentucky	125,000	7
Louisiana	90,000	9
Mississippi	161,265	3
North Carolina	140,000	5
South Carolina	71,181	11
Tennessee	90,000	9
TOTAL	1,217,446	
Average of 31 states reporting	73,202	
Average of 9 Southern states reporting	135,272	

SOURCE: James C. Cobb, *Selling of the South* (Baton Rouge: Louisiana State University Press, 1982), 91.

recent book, *The Selling of the South*.[35] A favorite inducement, pioneered by Mississippi's Balance Agriculture With Industry program, was the issuance of municipal industrial development bonds for plant construction that would then be leased to private firms. Long-term tax exemptions for new manufacturing plants were increasingly utilized, with the South well ahead of the rest of the nation by the mid-1960s. Local industrial development corporations proliferated in the South after 1950, spending substantial sums on advertising and recruitment and offering loans and special services of various kinds (table 8.7). Eventually, the more advanced and successful areas obtained state support for sophisticated technological research centers. The Research Triangle Park in North Carolina is the best known, but by no means the only example; others emerged in Virginia and Georgia in the 1960s, and by the 1970s, even Mississippi had an impressive "R & D Center."

The coincidence of timing is too close to ignore. State-level industrial recruitment efforts began only after federal policies had decisively reduced the regional wage differential, and they became quantitatively significant only after the last technical obstacle to full mechanization of the plantation had been broken through. Southern boosterism had existed before at local

levels in programs like the Forward Atlanta movement of the 1920s, or the town-building campaigns of the late nineteenth century. But these advocates were always minorities at the state level. In his classic analysis of pre-1950 southern politics, V. O. Key observed that the "hard core of the political South" was in the black-majority plantation counties that "managed to subordinate the entire South to the service of their peculiar local needs." Referring to the state of Georgia and its county-unit voting system, Key went so far as to say: "In Georgia . . . the only effective vote lies in the country."[36] State regulations sharply restricted cities and towns from offering subsidies and inducements to outside industry. Though Key believed southern political unity revolved fundamentally around the "position of the Negro," the *economic* underpinning was the separate low-wage labor market, and the implicit coalition included not just planters but lumber and sawmill operators, textile millowners, and other employers. Roll-call analysis from the 1930s showed that southern unity was greatest not just on racial issues, but wherever *federal intervention* in the South was involved.[37]

One clue about the posture of state government toward attracting industry is the corporate tax rate. Surprising as it may seem, the South was a high-corporate-tax region prior to the 1950s. Six of the eight states to adopt corporate income taxes in the 1920s were in the South, and all the southern states except Texas and Florida had adopted such taxes by 1934.[38] Between 1950 and 1978, the median corporate tax rate in the South went from 85 percent above, to 13 percent below, that of the rest of the country (table 8.8).

Prior to the 1940s, southern political representatives gave low priority to attracting federal funds to their states and districts, if indeed they were not actively hostile. As W. H. Nicholls wrote in another classic work, "the South has been its own worst enemy in obtaining much-needed and much-deserved federal grants-in-aid for its economic development."[39] The aptness of this indictment for the 1930s is illustrated by the figures on New Deal expenditures by region (table 8.9). Despite the fact that the South was the nation's poorest region, and despite the fact that southern congressmen and senators were

TABLE 8.8
Median Corporate Tax Rates by Region, 1950–78

Year	South	Non-South	South/Non-South (Median)
1950	3.8%	2.0%	1.85
1960	3.8	3.5	1.09
1970	5.5	5.6	.98
1978	5.9	6.75	.87

SOURCE: Robert J. Newman, *Growth in the American South* (New York: New York University Press, 1984), 42.

uniquely well placed to channel funds toward their home districts, the South received the *lowest* level of per capita spending. The responsibility was not just in Congress. Many programs required local sponsorship and at least token local support. But such backing was often not forthcoming in the South. Complaints about the threat to local wages and labor discipline were common.[40]

TABLE 8.9
Per Capita Federal Expenditures, 1933–39

	Expenditures Per Capita	Percentage of U.S. Average
United States	$224	
West	306	137
Midwest	224	100
Northeast	196	88
South	189	84
Alabama	175	78
Arkansas	256	114
Georgia	171	76
Louisiana	221	99
Mississippi	228	102
North Carolina	143	64
South Carolina	198	88
Tennessee	183	82
Texas	205	92
Virginia	175	78

SOURCE: Leonard Arrington, "The New Deal in the West: A Preliminary Statistical Inquiry," *Pacific Historical Review* 38 (1969): 312–14.

TABLE 8.10
Index Numbers of Relative Per Capita Federal Expenditures, 1952–76

	1952	1959–61	1969–71	1974–76
United States	100	100	100	100
New England	103	124	112	109
Mideast	104	104	106	111
Great Lakes	96	79	73	79
Plains	99	88	90	91
Far West	131	136	128	120
South	83	88	96	97
Alabama	83	88	96	97
Arkansas	78	70	76	87
Georgia	77	91	105	94
Louisiana	95	69	83	83
Mississippi	63	72	93	104
North Carolina	56	74	77	82
South Carolina	99	88	84	91
Tennessee	111	66	79	84
Virginia	106	154	148	133

NOTE: U.S. Advisory Commission on Intergovernmental Relatives, *Regional Growth: Historic Prospective* (Washington D.C.: Government Printing Office, 1980), 80–81.

Even by the beginning World War II, this picture had noticeably changed. Southern governors and development agencies pushed hard for their "fair share" of war contracts and industrial facilities, training camps and airfields. In substantial measure they succeeded, obtaining for the region as a whole a proportion of new industrial facilities that was 50 percent higher than the South's prewar share of manufacturing plants.[41] To be sure, the incidence of this spending was highly uneven (the southeastern textile states receiving far less than their share), and much of the activity was temporary. But it was a sign of change. Between 1952 and 1970, the South's share of federal government expenditures per capita increased steadily, from 17 percent below average to virtual parity (table 8.10). Some areas were completely transformed by defense-related activity. Huntsville, Alabama, grew from a small mill town to a major research center under the stimulus of the Redstone Arsenal and the Marshall Space Flight Center. Huntsville drew its electric power cheaply from the Tennessee Valley Authority, itself a major federal investment in one of the poorest parts of the South. Some congressmen, like Mendel Rivers of South Carolina, grew famous for packing their districts with defense facilities. In some states, most clearly Mississippi, defense purchases have been a major contributor to economic growth, but it would be a serious error to suggest that defense spending or federal expenditures generally have been the main force behind postwar regional growth in the South.[42] But the changing position is a good indicator of the complete reversal in the region's attitude toward "outside money."

How influential was the new salesmanship in attracting new industry into the South? For years economists and public policy experts argued that subsidies and tax breaks were wasteful and ineffective, that desirable companies would not require such inducements if a location were fundamentally attractive. In survey responses, business executives rarely acknowledged that subsidies affected their location decisions, and early statistical studies found little evidence that state tax differentials could explain industrial growth patterns.[43] But these conclusions are suspect, not just because businessmen may be unreliable informants about their own motives, but because in a competitive process (resembling a market), differentials that really matter may not be observable for very long because all states quickly follow the tactics of the leaders.

Certainly southern townspeople *believed* that they had no choice but to compete in these ways; for example, the officials of Lafayette, Tennessee, said in 1957:

> The little town that wants industry to stop the flow of young people away from its surrounding rural area does what is called "buying industry" or it does not get any. You listen to the experts tell you "No." Then if you are wise you do whatever it takes to get the plant, and I mean just that, "whatever it takes."[44]

There is undoubtedly inefficiency and waste, from a national point of view, in the whole process of interarea competition for industry. But it is hard to believe that the aggressive entry of southern states and localities into this competition was not an important part of the broad shift of industrial location to the South. The most recent and most systematic study of relative industrial growth does indeed find significant effects, not

just for corporate tax rates but for variables representing the vaguer but no less important forms of welcome known as the "business climate."[45]

Some observers in the South have complained that "business climate" is nothing but a euphemism for low wages and anti-unionism, and that boosterism has largely served to tighten the grip of the old cheap-labor economy. It is true that into the 1950s, southern industrial growth continued to be in low-skill, labor-intensive industries, an understandable trend given the low educational standards and narrow scope of industrial experience of most southern workers.[46] It is also true that reports of *opposition* to new high-wage or unionized firms by local employers continued to appear even in the 1970s. As late as 1978 a Fantus Company executive told the *Wall Street Journal*: "There are literally scores of companies that have been turned away from Southern towns because of their wage rates or their union policies."[47] Finally, it is also true that progress toward true national labor market integration for blue-collar workers has been far slower than for professional and white-collar workers, or than the trends in per capita income might indicate. The most detailed studies of interregional wages find that even in the 1970s, though white-collar differentials had disappeared completely (after cost-of-living and city-size effects are corrected), blue-collar differentials by region were still present and still significant.[48]

However, even when all of these qualifications are acknowledged, the decisiveness of the break with the past remains undeniable. Since the end of the era of out-migration in the mid-1960s, the Southern economy has caught up with and moved well past the national minimum wage, and the regional trends of standardized occupational wages have been clearly ahead of the national average.[49] The centers of growth since then have been entirely changed. In a few cases, like tobacco manufacturing, an industry that was initially hard hit by the minimum wage has mechanized so thoroughly that it has moved completely out of the low-wage class. But in this and in almost all of the "traditional" southern industries, employment has shown a steady decline since the 1950s; the five that comprised two-thirds of southern industrial jobs in 1939 (textiles, tobacco, food, paper, and lumber) accounted for less than one-third in 1976, and undoubtedly still less today. In 1980 the chemical industry was the largest in four southern states (Louisiana, Tennessee, Texas, and Virginia), and chemicals, machinery, electronics, and transport equipment were gaining fast in Georgia, the Carolinas, Alabama, Mississippi, and Arkansas. Since modern electrical machinery plants began to move into the Piedmont in the late 1950s, the range of job choices and occupational mobility has notably expanded. To be sure, southern industry is largely nonunion, and one can choose to see this feature as an element of continuity in southern history. But the high-tech corporate antiunionism of the 1980s is quite a different phenomenon from the prewar recipe of tradition, racism, and brute-force isolation. Rather than identification with older southern loyalties, it has been as often the newness of the firms and the jobs and the labor force that explain the absence of unions.

> There is no doubt that by moving South we only escape trade unionism for the moment. . . . But it is supremely important to me that in the years during which I am organizing this new industry and training labor in the plant that I should not have to operate within the straight-jacket of union rules with respect to seniority, featherbedding practices and the like.[50]

Whether the South ever becomes highly unionized, as this man assumed, is an open question. But if it does not, it will be a sign of the late twentieth-century American times, not the persistence of the Old South.[51]

The New South and the Civil Rights Movement

As the South began to move from the political economy of an isolated labor market to the political economics of attracting industry, it was never part of the plan to revolutionize the region's race relations in the process. Indeed, during the transitional period 1930–60 the effect of economic change was to

strengthen the supports for racism in two ways: the tendency toward a dualistic wage structure increasingly along racial lines strengthened the association between race and cheap labor in the plantation sector; and the conditions of surplus labor and job scarcity reinforced the interests of white workers in racial separation. With all the increasing talk about the need for more jobs to "stop the outflow of our young people," it was not young blacks that such spokesmen had in mind. One may go further: the increasing integration of national labor markets served to minimize economic pressures to overturn racial segregation, by opening up a wider array of labor force options to new southern employers. Only where blacks had previously built up experience in industrial work were there strong economic incentives to employ or upgrade blacks, or to lobby for better education and social acceptance for black employees. Northern-based firms in such industries as steel, rubber, autos, and textiles typically adopted local segregation lines and did not press for basic changes in racial practices.

And yet the "selling of the South" did contribute fundamentally to the successes of the Civil Rights movement and the overthrow of segregation in the 1960s. One significant factor was that the rise of an urban black voting bloc in the North created a strong force for federal action. Even at the state level, blacks sometimes came to represent a swing vote with enough clout to influence the positions of senatorial candidates. Racial problems in the North were, of course, also plentiful, but this very fact actually increased the temptation to appeal to black voters by attacking the more overt forms of racism in more distant parts of the country. There may have been elements of hypocrisy in the positions of some northern representatives (as Southerners were fond of pointing out), but federal pressure was an increasingly potent force nonetheless. In a state like Mississippi, which received over a billion dollars in federal money in 1964, the direct threat of withdrawal was not to be sniffed at.

But many southern whites did not mind standing in direct defiance of federal authority. The leverage of the Civil Rights forces came from the fact that the southern leadership was no longer trying to protect a fortress; they were trying to bring in outside firms, and this required that they present their towns and cities as safe, civilized communities, and their labor force as well behaved and eager for work. In repeated cases, cities and towns found that turmoil over segregation in schools or other local facilities made the industrial recruitment difficult or impossible. The most famous example was Little Rock, Arkansas, where a promising postwar development program came to a complete standstill when Orval Faubus called out the National Guard to block court-ordered school integration in 1957. Though the city had attracted eight new plants in 1957, not a single new plant came to Little Rock during the next four years, and the figures indicated that the entire state of Arkansas had suffered. One industrial firm that had been considering an Arkansas location wrote:

> You may dismiss ——— from consideration. Our contacts with Arkansas have given us an unfavorable opinion of that state in comparison with Tennessee, Mississippi, or Missouri. We have no desire to be involved in the segregation problems of that state.[52]

The return of prosperity to Little Rock in the 1960s was attributable to improved racial relations, in which local business forces took a leading part. The case was widely discussed in the South, and its lesson widely absorbed, as reflected in the *Wall Street Journal* headline of May 26, 1961: "Business in Dixie: Many Southerners Say Racial Tension Slows Area's Economic Gains."

There were other concrete examples of the cost of racial turmoil and the potential benefits of conciliation. In 1963, Oxford, Mississippi, was reported to have lost two new industries because of its racial crisis. Tourism and convention businesses were badly hurt in New Orleans, Atlanta, Saint Augustine, and other places, during the clashes of the early 1960s. Even in 1970, when the president of Allis-Chalmers Corporation visited Jackson, Mississippi, in the midst of violent confrontations between police and black students on the Jackson State campus, he expressed grave concern about community stability and the school system. Shortly after a seven-year deadlock over school integration was broken with a comprehensive bi-

racial agreement, Allis-Chalmers announced plant construction plans and New York bond-rating firms raised the classification of the city's municipal bonds.[53]

The coeditor of a systematic review of the role of southern businessmen in the desegregation crises reached the following conclusion:

> In the 1950s and 1960s white businessmen across the South found themselves pushed—by the federal government and civil rights forces as well as by their own economic interests and values—into becoming reluctant advocates of a new departure in southern race relations.[54]

To be sure, the businessmen were often pushing for mere tokenism and public-relations "racial harmony." And there was an element of ex post facto claiming of credit for what had become inevitable as a result of federal enforcement. As Carl Abbott has pointed out, "The image of a mobilized business leadership which could take the city's problems in hand was a sophisticated form of boosterism as much as it was a description of political realities." Yet with all necessary qualifications, the new priorities of the southern businessmen and their belated support for concessions were of crucial importance. "The changes they accepted were the entering wedge for the much greater changes that have since taken place in southern life and race relations," proving the ultimate validity of W. H. Nicholls' view that the South would have to choose between tradition and regional progress.[55]

The link between economic progress and desegregation was not, however, the one so often claimed. It had little to do with labor market pressures, and even less to do with the alleged openness and rationalism of industrial society. In Alabama, with one of the longest industrial histories in the South, a survey of firms in all major branches of the economy found not a single case before the 1960s where management, "drawing on cost calculations, business norms, or some abstract concept of justice, chose to desegregate the work place or break down job discrimination. . . . Even in retrospect, off the record, within the confines of their own offices, businessmen did not recall that the racial order created any 'impediments' or 'difficulties' for their enterprises." In the end, virtually every major manufacturing establishment had to face the federal courts, leading one officer to conclude: "We know what it is like to be occupied."[56] To be sure, compliance was hastened in cases in which employers did have potential gains from change, like the textile and furniture firms in the Carolinas who faced tight labor markets and stiff competition in the early 1960s. But equally tight labor markets in the early 1900s and 1940s had not generated lasting change in racial employment barriers in these industries. Carefully specified labor market analysis shows unmistakably that the expansion of black jobs in the early 1960s was a structural break with the past, not simply a labor market response.[57] In South Carolina, for example, employment of blacks in textiles has steadily risen since 1961, and is today higher than the black percentage of the state labor force. Even in service jobs with high "public visibility," formerly denied to blacks almost universally, times have changed. Today blacks are employed not just as clerks and cashiers but as store managers, television cameramen, announcers, and reporters. Like the rest of the country, the South is a long way from racial equality in access to jobs and pay; but it is even farther away from its own past.

The overwhelming testimony from the case studies is that the business forces that ultimately supported racial change were motivated by a desire for the absence of turmoil and for the economic benefits of a good national reputation, and not by the thought of gains in efficiency or a lowering of production costs. As important as this understanding is, it is even more important to recognize the basic contribution of the voices that were *not* heard on the other side, the planters and other protectors of the old isolated low-wage southern labor market. In Alabama, the Farm Bureau, long the dominant state voice of reaction and racism, "unobtrusively gave up the race issue" by the 1960s.[58] As Jack Temple Kirby has recently written: "Change merely seemed sudden during the 1950s and 1960s, when foundations, long before undermined, collapsed."[59]

Does it lessen the achievements of the heroes of the Civil Rights revolution to recognize that their success required a prerevolution in the countryside and in the labor market? Not

at all. The greatest human accomplishments only occur when they happen to be possible, which was as true of Jefferson's Declaration and Lincoln's Proclamation as it was of the overthrow of segregation. But things don't happen just because they are possible. The evidence shows that Martin Luther King was right when he wrote in his letter from the Birmingham jail that the passage of time alone does not bring change. Vociferous protest was essential to the whole process. If the southern experience has any lesson for South Africa today, it is that the natural forces of economic progress do not break racial barriers unless people speak up through every possible channel.

The breakthroughs of those years were distinctly limited and did not translate magically into rapid economic advancement for the majority of black people. So it is understandable that today's young people have trouble comprehending what all the fuss was about. As a black student at Selma High School told a reporter in 1985: "Try as you can, you can't believe that white people once treated black people that way. It seems like something that happened long, long ago."[60] Her statement is testimony to how thoroughly things have changed.

The South, the Nation, and the World Economy

If this book is accurate, it has chronicled the history of an economy that no longer exists. The South became an economic entity through a series of historical conjunctions dating to colonial times. The tobacco, rice, and indigo regions of the eighteenth century were simply a few more elements among many others in the British colonial empire, with populations and economic structures midway between those of the sugar islands of the Caribbean and the grain-growing colonies of the North. They acquired some political separateness when they joined the American Revolution, and some economic distinctness when the northern states abolished slavery and the southern states did not. This political alignment was in place prior to the great antebellum cotton boom that crystallized the South as an economic entity unified by the market for slave labor. The secession of 1860–61 attempted to insulate this economic entity within an independent political unit, but it failed. Though the abolition of slavery revolutionized the economic structure within the South, with the major exception of the place of the cotton economy in the world, the historical legacy of separateness has carried on until recent times. Though the term has been used polemically and mistakenly more often than not, in a sense *colonial economy* is just the right description of the South's condition: a distinct economy located within the political jurisdiction of a larger country, subject to laws, markets, policies, and technologies that it would not have chosen had it been independent. The ironic conclusion to the story is that the only major act of conscious economic suppression by northern forces, the imposition of national wage and labor standards beginning in the 1930s, was the decisive step in abolishing the separate Southern economy. When southern property owners no longer had an economic stake in maintaining the separateness of the southern labor market, they opened the regional doors to much larger flows of outside labor and capital, with the result that the South as a distinct economic entity has all but disappeared. There are many remnants that still exist, and the whole account may seem fictitious to people working in low-wage, single-industry towns of the Southeast, or to residents of the many rural areas that have not attracted industry and are still losing population. Their problems are real, but they are not southern regional problems any longer. The "colonial economy" no longer exists because "outsiders" have so thoroughly penetrated the South that both the people and the economy have lost their distinct identities, economically speaking.

The southern story has been recounted here in terms of the decade-by-decade interactions between regional, national, and world effects, following what seem to have been the immediate dynamic pressures at each point. There is no question that it could also have been viewed in terms of much larger and longer-term global developments. Cotton would have declined one way or another, and labor has left farming almost every-

where. The automobile and the plane have reduced economic distances while television and other instruments of mass consumption have reduced cultural distances as well. Capital is more mobile and technologies more flexible. Corporations and financial institutions now have the organizational capacity to maintain branches and divisions all over the globe, under more or less unified management. These trends have all occurred for reasons having little to do with the South. But it remains true that every supply has to have a demand. Air conditioning may be essential for today's South, but the technology developed over the whole of the twentieth century, and the particulars of its diffusion in the South after 1950 were shaped by the region's strong new desire to welcome in outside capital and people. Not many of today's Southerners would agree with the Florida woman who said:

> I hate air conditioning; it's a damnfool invention of the Yankees. If they don't like it hot, they can move back up North where they belong.[61]

Similarly, capital and corporations may be more geographically mobile than they used to be, but they still stay away from places with a poor "business climate."

Still, it is difficult to deny that the broad trends in communications, technology, and economics in this century have tended to reduce geographic differences generally, and that in light of these trends, the South could hardly have maintained its labor market and associated cultural isolation into the indefinite future. The object of this book has not been to suggest that the South would have persisted unchanged into the 1990s if it had not been for some bits of legislation passed in the 1930s. The southern states would have moved into the modern era one way or another, but it may well be that the specific shape and character of today's South has been determined by how it got there. Not every colonial economy has the scale and capacity to shape its own technology, its own industrial standards, its own educational system, and its own political culture, but the South might have done it. It might have been a development of and by the southern people rather than an absorption of the southern territory into the U.S. national economy. One can feel sympathy for the southern journalist who deplores the loss of southern regional identity:

> For the last few decades the South has been mightily laboring to mutate itself into a tinfoil-twinkly simulation of southern California, and in the process has unwittingly worked on itself a spiritual impoverishment. Faulkner's Flem Snopes has evolved into a relentlessly bouncy and glitter-eyed neo-Babbit with an almost touching lust for new chemical plants, glassy-maized office parks and instant subdivisions. The mischief is that, in its transfiguration into What-a-Burger drive-ins and apartment wastelands, the South is being etherized, subtly rendered pastless, memoryless and vague of identity.[62]

The larger point of the book, however, is that an economy's performance cannot be evaluated independently of an evaluation of that economy's political legitimacy and culture. We can't overlook the reality that the southern regional polity was not democratic and that large portions of its population were denied access to the political process and other fundamental human rights. Only federal pressure caused these things to change. A genuinely grass-roots development process would not very easily have evolved in the South as it was. In 1928 the doctrine of "self-determination for the Black Belt" was approved in Moscow and passed on to the predominantly black Communist party councils in Alabama, where it raised confusion and interminable issues of interpretation.[63] It is not hard to see why. If the South was a colonial economy, southern blacks were the colonial economy's own colonial economy.

This assessment must be shared all the more strongly by those blacks who are well aware that even today they do not have their proper place in the nation and in the national economy. Overt racial barriers have been abolished, but as the national economy (now including the southern states) has moved toward professional, white-collar, high-tech, high-skill structure, unskilled minority people have become more excluded rather than less.[64] It may be small comfort to them to know that their plight is now more or less the same everywhere.

Some observers still view the South as a colonial economy,

pointing out that much of the industry and finances of the region still belong to "outside economic actors." In 1981 a journalist asked "Who Owns Atlanta?" and concluded: "Atlanta has become a city owned by absentee landlords." These facts have led historian Numan Bartley to suggest that the South "may have exchanged one form of colonial dependency for another."[65] At a more basic economic level, Jane Jacobs argues that the TVA and other federal programs to develop the South have "failed" because they have not generated the kind of interactive, indigenous, reinforcing urban technological and economic communities that have been at the heart of past economic success stories, including America's.[66]

These descriptions are accurate enough, but what they miss is the understanding that the economic world has fundamentally changed. If Atlanta is owned by "outside economic actors," these actors are not firmly attached to any other city either. The South is not a colony to any other geographic entity, but to placeless global organizations and markets. What these writers say about the South is true for the country as a whole. The decline of "American manufacturing," for example, has not been a decline in the performance of "American manufacturing firms" so much as a decline in the role of the United States as a geographical location of production. The firms have held their own, but they are not attached to America in the way they used to be.[67] In this one respect, all economies are coming to resemble the economy of the antebellum South, where slave owners were rootless and footloose because their wealth was portable. To a considerable extent, we all have to get used to this idea, because technological and economic communities can now operate over longer and longer distances, and there is no way to turn back the clock to the kind of small-city, closed national economy of the past, however much we might miss it.

Is there any further use or meaning then for national economies? Yes, because countries command the loyalties of people, and they embody the traditions and culture and values of people. Despite, and indeed because of, the global nature of technologies and markets, the character of countries today is more an object of human choice than ever before. With all its faults and hypocrisies, the American national tradition does contain a basis for a decent, humane economic order that does its best to expand opportunities for all its citizens—as the Old South's tradition did not. Accepting this commitment to its people is the proper place of a national economy today, a national economy that includes the South and the Southerners, wherever in the country they happen to be living.

NOTES

Preface

1. William H. Nicholls, *Southern Tradition and Regional Progress* (Chapel Hill: University of North Carolina Press, 1960), 34.
2. Gavin Wright, *Political Economy of the Cotton South* (New York: Norton, 1978).

Chapter 1

1. *Business Week*, 2 September 1972, p. 30; *Fortune*, June 1977, pp. 132–37; *Industrial Distribution*, January 1977, pp. 39–46; *Paper Trade Journal*, July 1984, p. 8.
2. Fred Hobson, "A South Too Busy to Hate?," in Fifteen Southerners, *Why the South Will Survive* (Athens: University of Georgia Press, 1981), 45–46.
3. *Natura non facit saltum* was the great Victorian motto carried on the title page of all eight editions of Alfred Marshall's *Principles of Economics*, 9th ed., vol. 2 (New York: Macmillan, 1961), 35.
4. Stanley Engerman, "Some Economic Factors in Southern Backwardness in the Nineteenth Century," in *Essays in Regional Economics*, ed. John F. Kain and John R. Meyer (Cambridge, Mass.: Harvard University Press, 1971), 292.
5. Sheldon Hackney, "Origins of the New South in Retrospect," *Journal of Southern History* 38 (1972): 195. The author reaffirms the classic "colonial economy" analysis of C. Vann Woodward, *Origins of the New South* (Baton Rouge: Louisiana State University Press, 1951).
6. Jonathan Wiener, *Social Origin of the New South* (Baton Rouge: Louisiana State University Press, 1978), 73.
7. This phrase is from the "oral tradition" of Parker students at Yale. His views on economic history may be sampled in his *Europe, America, and the Wider World* (New York: Cambridge University Press, 1984).
8. Jane Jacobs, *Cities and the Wealth of Nations* (New York: Random House, 1984), 29–36.
9. Walter Prescott Webb, "The South's Future Prospect," in *The Idea of the South*, ed. Frank E. Vandiver (Chicago: University of Chicago Press, 1964), 70–71.

of black displacement are cited in Michael S. Holmes, "The Blue Eagle as 'Jim Crow Bird': The NRA and Georgia's Black Workers," *Journal of Negro History* 57 (1972): 276–79.

51. Unpublished study cited by Gilbert Fite, *Cotton Fields No More: Southern Agriculture 1865–1980* (Lexington: University Press of Kentucky, 1984), 170. Holmes, "The Blue Eagle," minimizes the problem of displacement, but from a short-term perspective and without quantitative evidence.

52. "Proceedings of the Southern Regional Conference" (1938), p. 35.

53. D. Gale Johnson, "Functioning of the Labor Market," *Journal of Farm Economics* 33 (1951): 86.

54. Quoted in Robert E. Snyder, *Cotton Crisis* (Chapel Hill: University of North Carolina Press, 1984), 132. Snyder's book covers the rise and fall of the "Cotton Holiday" movement in detail.

55. A good brief account of the early AAA may be found in Fite, *Cotton Fields No More*, 120–134. See also David Conrad, *The Forgotten Farmers* (Urbana, Ill.: University of Illinois Press, 1965), 37–63.

56. The strongest indictment of the "purge" is in Donald H. Grubbs, *Cry from the Cotton* (Chapel Hill: University of North Carolina Press, 1971), 30–61. The most recent reassessment is Lawrence J. Nelson, "The Art of the Possible: Another Look at the 'Purge' of the AAA Liberals in 1935," *Agricultural History* 57 (1983): 416–35, from which the quotations are taken.

57. This section draws on Warren Whatley, "Labor for the Picking: The New Deal in the South," *Journal of Economic History* 43 (December 1983): 913–26.

58. Arthur F. Raper, *Preface to Peasantry* (Chapel Hill: University of North Carolina Press, 1936), 34.

59. T. J. Woofter, *Landlord and Tenant on the Cotton Plantation*, WPA Division of Social Research, Research Monograph 5 (1936), p. 156.

60. Ibid., 157. A follow-up survey in 1937–38 continued to show relatively moderate changes in the proportions of families in wage labor, cropper, share tenant, and renter categories. See William C. Holley, Ellen Winston, and T. J. Woofter, Jr., *The Plantation South 1934–1937*, WPA Research Monograph 22 (1940), pp. 81–82. Note, however, that these tables refer to "resident families on plantations," and hence neglect nonresident wage laborers.

61. See Grubbs, *Cry From the Cotton*; Paul Mertz, *New Deal Policy and Southern Rural Poverty* (Baton Rouge: Louisiana State University Press, 1978); Sidney Baldwin, *Poverty and Politics: The Rise and Decline of the Farm Security Administration* (Chapel Hill: University of North Carolina Press, 1968).

62. Charles S. Johnson, Edwin R. Embree, and W. W. Alexander, *The Collapse of Cotton Tenancy* (Chapel Hill: University of North Carolina Press, 1935), 51.

63. David Wayne Ganger, "The Impact of Mechanization and the New Deal's Acreage Reduction Programs on Cotton Farmers During the 1930s" (Ph.D. diss., University of California, Los Angeles, 1973), chap. 8.

64. Jack Temple Kirby, "The Transformation of Southern Plantations, 1920–1960," *Agricultural History* 57 (1983): 269.

65. Whatley, "Labor for the Picking," 908.

66. Lawrence J. Nelson, "Welfare Capitalism on a Mississippi Plantation in the Great Depression," *Journal of Southern History* 50 (1984): 244.

67. Warren Whatley, "A History of Mechanization in the Cotton South," *Quarterly Journal of Economics* 100 (1985): 1191–1215. The classic article is Paul David, "The Mechanization of Reaping in the Antebellum Midwest," in David, *Technical Choice, Innovation and Economic Growth* (New York: Cambridge University Press, 1975). David's article has been criticized, most strongly by Alan Olmstead, "The Mechanization of Reaping and Moving in American Agriculture, 1833–70," *Journal of Economic History* 35 (1975): 327–52. But the underlying model has been shown to have great

scope in American history, especially in the twentieth century. See Nicholas Sargen, *Tractorization in the United States and its Relevance for Developing Countries* (New York: Garland, 1979); and Moses Musoke and Alan Olmstead, "The Rise of the Cotton Industry in California: A Comparative Perspective," *Journal of Economic History* 42 (1982): 389–97.

68. Nelson, "The Art of the Possible," 431.

69. Figures on 1937 harvest labor are in Holley, Winston, and Woofter, *The Plantation South*, 84. The cropper-wage system and other transitional tenure forms are described in James H. Street, *New Revolution in the Cotton Economy* (Chapel Hill: University of North Carolina Press, 1957), 218–22.

70. A good recent monograph is Anthony Badger, *Prosperity Road: The New Deal, Tobacco, and North Carolina* (Chapel Hill: University of North Carolina Press, 1980).

71. T. J. Woofter and A. E. Fisher, *The Plantation South Today* (WPA Social Problems Series no. 5 [1940]), p. 3; Donald Crichton Alexander, *The Arkansas Plantation 1920–1942* (New Haven: Yale University Press, 1943).

72. Roger L. Burford, "The Federal Cotton Programs and Farm Labor Force Adjustment," *Southern Economic Journal* 33 (1966): 223–36; Fligstein, *Going North*, chap. 8.

73. H. M. Douty, "Minimum Wage Regulation in the Seamless Hosiery Industry," 176–90; John F. Maloney, "Some Effects of the FLSA on Southern Industry," *Southern Economic Journal* 9 (1942): 15–23; Vernon Ruttan, "Industrial Progress and Rural Stagnation in the New South," *Social Forces* 34 (1955): 114–18; Calvin B. Hoover and B. U. Ratchford, *Economic Resources and Policies of the South* (New York: Macmillan, 1951), 392.

74. Mercer G. Evans, "Southern Wage Differentials under the NRA," *Southern Economic Journal* 1 (1933): 8.

75. Numan V. Bartley, "In Search of the New South: Southern Politics After Reconstruction," in *The Promise of American History*, ed. Stanley T. Kutler and Stanley N. Katz (Baltimore: The Johns Hopkins University Press, 1982), 160.

Chapter 8

1. The standard regional per capita income figures presented in *Historical Statistics of the United States, Colonial Times to 1970* (p. 242) and widely reproduced, convey the misleading impression that convergence to the national average dates from 1930. The data come from a study by Richard Easterlin that was primarily concerned with estimating regional incomes in the nineteenth century. For the sake of smoothing "cyclical" effects, Easterlin recorded figures for 1940 that were actually averages for the years 1937–44. The original study by Schwartz and Graham presented annual estimates, which plainly show that the acceleration of growth occurred only after 1940, especially in the South Central regions. See Richard Easterlin, "Interregional Differences in per Capita Income, Population, and Total Income, 1840–1950," in *Trends in the American Economy in the Nineteenth Century* (Princeton, N.J.: Princeton University Press, 1960), 74; Charles F. Schwartz and Robert E. Graham, Jr., "Personal Income by States since 1929," *Survey of Current Business*, (September 1955).

2. Competing theories are surveyed in Bernard R. Weinstein and Robert E. Firestine, *Regional Growth and Decline in the United States* (New York: Praeger, 1978), 48–67, and in Robert J. Newman, *Growth in the American South* (New York: New York University Press, 1984), chap. 4. Federal spending is emphasized in Charles P. Roland, *The Improbable Era* (Lexington: University Press of Kentucky, 1975); Robert Haveman, "The Postwar Corps of Engineers Program," in *Essays in Southern Economic Development*, ed. Melvin Greenhut and W. T. Whiteman (Chapel Hill: University of North Carolina Press, 1964); and in an article entitled "Federal Spending: The Northeast's

Loss is the Sunbelt's Gain," *National Journal*, June 1976, p. 878–91. Equilibrating factor flows are analyzed by Marshall Colberg, *Human Capital in Southern Development 1939–1963* (Chapel Hill: University of North Carolina Press, 1965), and in more sophisticated fashion by Peter Mieszkowski, "Recent Trends in Urban and Regional Development," in *Current Issues in Urban Economics*, ed. Peter Mieszkowski and Mahlon Straszheim (Baltimore: The Johns Hopkins University Press, 1979). The "clean slate" argument is most forcefully presented by Mancur Olson, in *The Rise and Decline of Nations* (New Haven: Yale University Press, 1982), and with specific reference to the South, in "The South Will Fall Again," *Southern Economic Journal* 49 (1983): 917–32. The increased role of amenities is emphasized by Edward L. Ullman, "Amenities as a Factor in Regional Growth," *Geographical Review* 44 (1954): 119–32. Richard J. Cebula and Richard K. Vedder, "A Note on Migration, Economic Opportunity, and the Quality of Life," *Journal of Regional Science* 13 (1973): 205–11.

3. Gilbert Fite, "Recent Progress in the Mechanization of Cotton Production," *Agricultural History* 24 (1950): 28. The best accounts of the development of mechanical cotton harvesting are Gilbert Fite, *Cotton Fields No More: Southern Agriculture 1865–1980* (Lexington: University Press of Kentucky, 1984), chap. 9, and James H. Street, *The New Revolution in the Cotton Economy* (Chapel Hill: University of North Carolina Press, 1957), chap. 6. A brief summary may be found in Jay Mandle, *The Roots of Black Poverty* (Durham, N.C.: Duke University Press, 1978), chap. 7.

4. Ralph C. Hon, "The Rust Cotton Picker," *Southern Economic Journal* 3 (1937): 384.

5. Heywood Fleisig, "Mechanizing the Cotton Harvest in the Nineteenth Century South," *Journal of Economic History* 25 (1965): 704–6.

6. Street, *New Revolution*, 125–26.

7. Richard Day, "The Economics of Technological Change and the Demise of the Sharecropper," *American Economic Review* 57 (1967): 427–49.

8. Jack Temple Kirby, "The Transformation of Southern Plantations," *Agricultural History* 57 (1983): 270.

9. Both quotations are in Gilbert Fite, "Mechanization of Cotton Production Since World War II," *Agricultural History* 54 (1980): 198–99.

10. Stanley Lieberson, *A Piece of the Pie* (Berkeley: University of California Press, 1980), 142–43.

11. Fite, *Cotton Fields No More*, 190. The term *neoplantation* was coined by Merle Prunty, "The Renaissance of the Southern Plantation," *The Geographical Review* 45 (1955): 482–89. On the decline in hired farm labor, see U.S. Department of Labor, *Cotton Harvest Mechanization: Effect on Seasonal Hired Labor*, BES no. 209 (1962), and Kirby, "The Transformation of Southern Plantations," figure 2.

12. Statements of three Tunica residents quoted by Fred Grimm, article in *San Jose Mercury News*, 18 July 1984.

13. *Southern Tradition and Regional Progress* (Chapel Hill: University of North Carolina Press, 1960), 61. By the 1960s, however, many observers did call attention to the "Southern Roots of Urban Crisis." See the article with that title by Robert Beardwood in *Fortune* 78 (1968): 80–87, 151–56, and also John F. Kain and Joseph J. Persky, "The North's Stake in Southern Rural Poverty," in *Essays in Regional Economics*, ed. John F. Kain and John R. Meyer (Cambridge, Mass.: Harvard University Press, 1971).

14. Day, "Technological Change," 428.

15. Recent developments in tobacco are recounted in William R. Finger, ed., *The Tobacco Industry in Transition* (Lexington, Mass.: Lexington Books, 1981), and Paul R. Johnson, *The Economics of the Tobacco Industry* (New York: Praeger, 1984). A useful comparative survey of mechanization in southern crops is Pete Daniel, "The

Crossroads of Change: Cotton, Tobacco and Rice Cultures in the Twentieth Century South," *Journal of Southern History* 50 (1984): 429–56.

16. The many advantages of growing cotton in California rather than in the Southeast are discussed in Moses S. Musoke and Alan L. Olmstead, "The Rise of the Cotton Industry in California: A Comparative Perspective," *Journal of Economic History* 42 (1982): 385–412.

17. P. R. Coelho and M. A. Ghali, "The End of the North-South Wage Differential," *American Economic Review* (1971): 932–37; Don Bellante, "The North-South Differential and the Migration of Heterogeneous Labor," *American Economic Review* (1979): 166–72. See, however, the criticisms of these studies in Robert S. Goldfarb and Anthony M. J. Yezer, "Evaluating Alternative Theories of Intercity and Interregional Wage Differentials," *Journal of Regional Science* 16 (1976): 345–63, and Robert J. Newman, *Growth in the American South* (New York: New York University Press, 1984), 116–17.

18. George Borts, "Equalization of Returns and Regional Economic Growth," *American Economic Review* 50 (1960): 319–47; George Borts and Jerome Stein, *Economic Growth in a Free Market* (New York: Columbia University Press, 1964), chap. 3.

19. Long-run convergence is asserted in a report of the United States Advisory Commission on Intergovernmental Relations, *Regional Growth: Historic Perspective* (Washington, D.C.: Government Printing Office, 1980). The absence of any long-term trend to convergence is argued in H. M. Douty, "Regional Wage Differentials: Forces and Counterforces," *Monthly Labor Review*, March 1968, pp. 74–81, and reiterated as recently as 1980 in H. M. Douty, *The Wage Bargain and the Labor Market* (Baltimore: The Johns Hopkins University Press, 1980), 119–20.

20. The most detailed study of the 1950s is David Evan Kaun, "Economics of the Minimum Wage: The Effects of the FLSA, 1945–1960" (Ph.D. diss., Stanford University, 1963).

21. John Cogan, "The Decline in Black Teenage Employment: 1950–70," *American Economic Review* 72 (1982): 629–30.

22. This is the list of industries showing significant wage and employment effects in a study by John M. Peterson, *Minimum Wages: Measures and Industry Effects* (Washington: American Enterprise Institute, 1981), 54–63.

23. James E. Estes, *The Minimum Wage and Its Impact on South Carolina* (Columbia, S.C.: University of South Carolina, 1968), 31–33.

24. Lloyd G. Reynolds and Cynthia H. Taft, *The Evolution of Wage Structure* (New Haven: Yale University Press, 1956), 50–54.

25. Martin Segal, "Regional Wage Differences in Manufacturing in the Post-war Period," *Review of Economics and Statistics* 43 (1961): 148–55.

26. On textiles, see Reynolds and Taft, *Evolution of Wage Structure*, chap. 4. The War Labor Board decisions may be found in *War Labor Reports: Wage and Salary Stabilization, 1942–1945*, vol. 2 (1943), pp. 345–99; vol. 21 (1945), pp. 793–820, 876–87. A general study that stresses downward pressure on southern wages during the 1950s is Victor Fuchs and Richard Perlman, "Recent Trends in Southern Wage Differentials," *Review of Economics and Statistics* 42 (1960): 292–300.

27. Several studies reaching this conclusion are surveyed in Weinstein and Firestine, *Regional Growth and Decline*, 69–70. See also John B. Lansing and Eva Mueller, *The Geographic Mobility of Labor* (Ann Arbor: Institute for Social Research, 1967), 43.

28. C. Horace Hamilton, "Educational Selectivity of Net Migration from the South," *Social Forces* 38 (1959): 33–42.

29. Elizabeth M. Suval and C. Horace Hamilton, "Some New Evidence on Educational Selectivity in Migration to and from the South," *Social Forces* 43 (1965): 540.

30. Joseph J. Persky and John F. Kain, "Migration, Employment and Race in the Deep South," *Southern Economic Journal* 36 (1970): 268–76.

31. Herbert Northrup, "The Negro in the Rubber Tire Industry," in *Negro Em-*

ployment in Southern Industry, ed. Herbert Northrup and Richard Rowan (Philadelphia: University of Pennsylvania Press, 1971).

32. David Potenziani, "Striking Back: Richard B. Russell and Racial Relocation," *Georgia Historical Quarterly* 45 (1981): 263–77.

33. The characterizations are by no means limited to blacks. The problems of "briars," "hillbillies," and "Okies" have been understudied, but some material is contained in a useful survey by Jack Temple Kirby, "The Southern Exodus, 1910–1960: A Primer for Historians," *Journal of Southern History* 49 (1983): 585–600.

34. Paul Barnett, *An Analysis of State Industrial Development Programs in the Thirteen Southern States* (Knoxville, Tenn.: University of Tennessee Press, 1944), 5–11.

35. James C. Cobb, *The Selling of the South: The Southern Crusade for Industrial Development 1936–1980* (Baton Rouge: Louisiana State University Press, 1982).

36. V. O. Key, *Southern Politics* (New York: Knopf, 1950), 5–11, 115–21.

37. Key, *Southern Politics*, 345–68.

38. Newman, *Growth in the American South*, 41.

39. Nicholls, *Southern Tradition and Regional Progress*, 98.

40. In 1974 I published an interpretation of New Deal spending in terms of a national political strategy: the South was a low-priority region for the Democrats because it always voted Democratic in national elections, while the West was uncertain. Gavin Wright, "The Political Economy of New Deal Spending," *Review of Economics and Statistics* 56 (1974): 30–38. This analysis explains much of the national pattern, but I now see that I was missing an important component: much of the southern political leadership didn't want the money.

41. Barnett, *State Industrial Development Programs*, 11–13; Tindall, *Emergence of the New South*, chap. 20.

42. R. E. Bolton, *Defense Purchases and Regional Growth* (Washington, D.C.: Brookings Institution, 1966) found that among the southern states, only Mississippi was in the "growth greatly stimulated" category over 1952–62, while Alabama, Florida, Georgia, North Carolina, Texas, and Virginia were identified as "moderately stimulated" (p. 100).

43. An influential early book was Glenn E. McLaughlin and Stefan Robock, *Why Industry Moves South* (Washington, D.C.: National Planning Association, 1949). Studies from the 1950s are summarized in John T. Due, "Studies of State-Local Tax Influences on Location of Industry," *National Tax Journal* 14 (1961): 163–73.

44. Quoted in Cobb, *Selling of the South*, 58.

45. Newman, *Growth in the American South*, esp. chap. 5; Newman, "Industry Migration and Growth in the South," *Review of Economics and Statistics* 65 (1983): 76–86.

46. See Victor Fuchs, *Changes in the Location of Manufacturing in the United States Since 1929* (New Haven: Yale University Press, 1962), which analyzes changes between 1929 and 1954.

47. Quoted in Cobb, *Selling of the South*, 256.

48. Robert S. Goldfarb and Anthony M. J. Yezer, "Evaluating Alternative Theories of Intercity and Interregional Wage Differentials," 343–63; Charles Hirschman and Kim Blankenship, "The North-South Earnings Gap: Changes during the 1960s and 1970s," *American Journal of Sociology* 87 (1981): 395; Robert S. Goldfarb and Anthony M. J. Yezer, "Have Regional Wage Differentials Really Disappeared?" *Growth and Change* 14 (1983): 48–51.

49. A wide range of evidence for the 1960s is presented in Newman, *Growth in the American South*, chap. 8.

50. Quoted in Calvin Hoover and B. U. Ratchford, *Economic Resources and Policies of the South* (New York: Macmillan, 1951), 413.

51. Other sources for this paragraph include R. L. Simpson and D. R. Norsworthy,

"The Changing Occupational Structure," in *The South in Continuity and Change*, ed. John C. McKinney and Edgar T. Thompson (Durham, N.C.: Duke University Press, 1965); Thomas J. Storrs, "The Southern Economy," and Richard A. Beaumont, "Working in the South," in *Southern Business: The Decades Ahead*, ed. David Shannon (Indianapolis: Bobbs-Merrill, 1981); James C. Cobb, *Industrialization and Southern Society 1877–1984* (Lexington: University Press of Kentucky, 1984).

52. Quoted in Cobb, *Selling of the South*, 125–26.

53. A catalogue of examples and incidents from the early '960s was compiled in a booklet entitled *The Price We Pay*, prepared by Barbara Patternson and other staff members of the Southern Regional Council and the anti-Defamation League, and issued in June 1964. The Jackson case is from Charles Sallis and John Quincy Adams, "Desegregation in Jackson, Mississippi," in *Southern Businessmen and Desegregation*, ed. Elizabeth Jacoway and David R. Colburn (Baton Rouge: Louisiana State University Press, 1982).

54. Elizabeth Jacoway, "Introduction," in Jacoway and Colburn, *Southern Businessmen and Desegregation*, 1.

55. Jacoway, "Introduction," p. 5, and Carl Abbott, "The Norfolk Business Community," p. 101, in Jacoway and Colburn, *Southern Businessmen and Desegregation*; W. H. Nicholls, *Southern Tradition and Regional Progress*.

56. Stanley B. Greenberg, *Race and State in Capitalist Development* (New Haven: Yale University Press, 1980), 231–33.

57. J. Heckman and G. Sedlacek, "The Impact of the Minimum Wage on the Employment and Earnings of Workers in South Carolina," in *Report of the Minimum Wage Commission*, vol. 5 (Washington, D.C.: Government Printing Office, 1981). The authors find a dramatic rise in the black-participation rate in the minimum-wage-covered sector, though their model predicts a decline.

58. Greenberg, *Race and State*, 125. An extensive survey documenting the primacy of the absence of turmoil is described in James C. Cobb, "Yesterday's Liberalism," in Jacoway and Colburn, *Businessmen and Desegregation*, 161.

59. Jack Temple Kirby, "Black and White in the Rural South, 1919–1954," *Agricultural History* 58 (1984): 442.

60. "Selma, 20 Years After the Rights March," *New York Times*, 1 March 1985, A12.

61. Raymound Arsenault, "The End of the Long Hot Summer: The Air Conditioner and Southern Culture," *Journal of Southern History* 50 (1984): 598.

62. Marshall Frady, *Southerners* (New York: New American Library, 1980), 281.

63. Nell Irvin Painter, *The Narrative of Hosea Hudson* (Cambridge, Mass.: Harvard University Press, 1979), 16–17.

64. Among many possible references, see Robert M. Hauser and David L. Featherman, "White-Nonwhite Differentials in Occupational Mobility Among Men in the U.S., 1962–1972," *Demography* 11 (1974): 247–65; Wayne J. Villemez and Candace Hinson Wisivell, "The Impact of Diminishing Discrimination on the Internal Size Distribution of Black Income, 1954–1974," *Social Forces* 56 (1978): 1019–34; Alfonso Pinkney, *The Myth of Black Progress* (New York: Cambridge University Press, 1984); Reynolds Farley, *Blacks and Whites: Narrowing the Gap?* (Cambridge, Mass.: Harvard University Press, 1984).

65. Numan V. Bartley, *The Creation of Modern Georgia* (Athens: University of Georgia Press, 1983), 203 (where the other quotes may also be found).

66. Jane Jacobs, "Why TVA Failed," *New York Review of Books*, 10 May 1984, pp. 41–47, and Jacobs, *Cities and the Wealth of Nations* (New York: Random House, 1984), chaps. 7–10.

67. See Robert E. Lipsey and Irving B. Kravis, "The Competitive Position of U.S. Manufacturing Firms," National Bureau of Economic Research Working Paper no. 1557 (February 1985).